

20 August 2015

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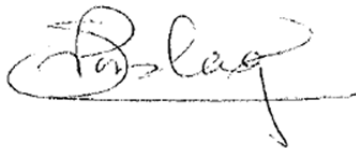
Electronic Lodgement

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

Dear Sir / Madam

Please find attached the 2015 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
2015**



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 2015 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

\$46.9m

▲ Up 9.4% from 2014

TOTAL PORTFOLIO RETURN

+3.2% Including franking*

S&P/ASX 200 Accumulation Index +6.8%*

TOTAL PORTFOLIO

\$863.2m
Including cash at 30 June

\$889.7 million in 2014

NET OPERATING RESULT

\$45.5m

▲ Up 7.2% from 2014

TOTAL SHAREHOLDER RETURN

+7.7% Including franking*

Share price plus dividend

FULLY FRANKED DIVIDEND

16¢ Final
26¢ Total

■ Same as 2014

MANAGEMENT EXPENSE RATIO

0.41%

0.39% in 2014

* Assumes an investor can take full advantage of the franking credits.

5 YEAR SUMMARY

	2015	2014	2013	2012	2011
Net profit after tax (\$ million)	46.9	42.9	37.7	44.1	56.9
Net operating result after tax (\$ million)	45.5	42.4	35.1	37.9	54.9
Investments at market value (\$ million) ^(a)	821.3	871.4	765.0	729.0	811.8
Dividends per share (cents) ^(b)	26.0	26.0	26.0	26.0	26.0
Net asset backing (cents) ^(c)	352	376	350	317	359
Number of shareholders (30 June)	18,990	19,035	19,005	18,779	18,933

Notes

- (a) Excludes cash.
- (b) All dividends were fully franked. For 2015 and 2014 the dividend carried attributable LIC gains of 10.0 cents per share and for 2013 it was 14.3 cents. There were no attributable LIC gains attached to the dividend for 2012. In 2011 the dividend carried an attributable LIC gain of 8.6 cents.
- (c) Net asset backing per share 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 Limited is a listed investment company investing in predominantly Australian equities. For stocks where there is an options market the Company often uses exchange traded and over the counter 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 alongside 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 options with the level of the portfolio 'covered' by call options typically between 20 to 50 per cent of the total portfolio at any one time. From time to time a small amount of put options may also be utilised. 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.

Djerriwarrh has access to lines of credit that allow 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 2014–15, this was 0.41 per cent of the portfolio's average market value.

By investing in Djerriwarrh, shareholders have access to:

- a diversified portfolio of about 65 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 that 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 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 Australian Securities Exchange (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 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 ASX and the Company's website djerri.com.au

REVIEW OF OPERATIONS AND ACTIVITIES

Profit Performance

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 South32 from BHP Billiton, whereas last year's figure included \$1.6 million of demerger dividends from Amcor and Brambles.

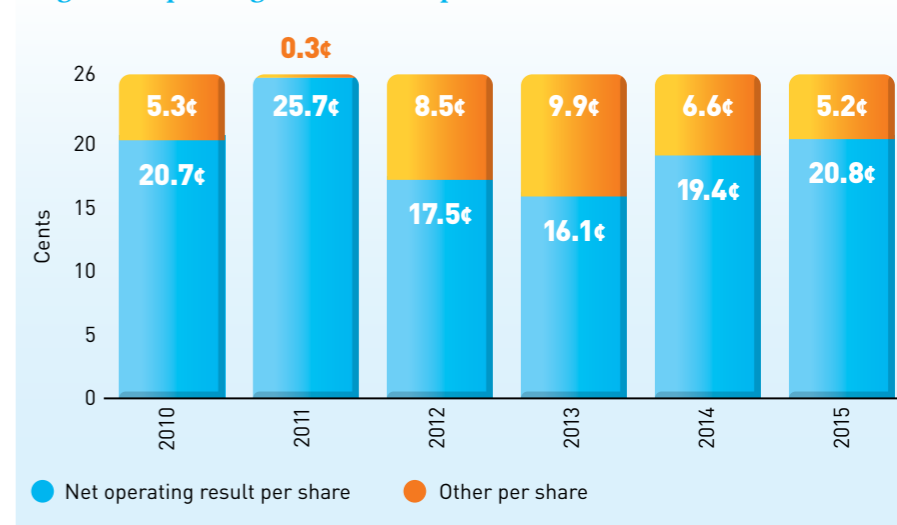
The net operating result, which is our preferred measure of the ongoing investment, trading and option income from the Company's portfolios, was up 7.2 per cent to \$45.5 million compared with \$42.4 million for the last year.

Income from option writing was \$14.1 million in contrast to the \$14.4 million generated last financial year. Whilst the option activity undertaken by Djerriwarrh to enhance income was affected by low interest rates and low volatility for the majority of the year, this was partially offset by keeping option coverage high at 40 per cent. However, this meant that at certain times, as the market rose quickly, options were exercised and holdings sold.

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 a LIC capital gain, is therefore 10 cents per share. This enables some shareholders to claim a tax deduction in their tax return. Further details are provided on the dividend statements. The Dividend Reinvestment Plan remains suspended.

Figure 1: Operating result as a component of the dividend



Franking Position

A key objective of Djerriwarrh is to generate sufficient franking credits from its activities to support the enhanced level of fully franked dividend for shareholders.

Figure 1 illustrates that the Company's annual dividends are not sourced entirely from the operating result. Taxable realised gains, from the sale of holdings primarily associated with the Company's option activity, also contribute to franking and dividends. This financial year \$25.8 million of after tax realised gains were generated.

The balance of the franking account after providing for the payment of the final dividend would allow for the payment of a further \$81.5 million of fully franked dividends. This financial year fully franked dividends paid totalled \$56.8 million.

Dividend Imputation

As shareholders may be aware there has recently been significant commentary about the dividend imputation system. The Tax Discussion Paper issued by the Australian Treasury in March 2015 posed a number of questions about the Australian taxation system. Specifically the following questions outlined in the discussion paper relating to dividend imputation were: 'Is the dividend imputation system continuing to serve Australia well as our economy becomes increasingly open? Could the taxation of dividends be improved?'

REVIEW OF OPERATIONS AND ACTIVITIES

We have responded with our own submission. In summary, we argued the fundamental policy objective of the dividend imputation system is that shareholders receiving dividends from companies do not suffer double taxation on that income stream, that is once in the hands of the Company and then a second time on the dividend received. The system results in Australian investors being taxed at their marginal rate on the underlying company income by being given a tax credit for the company tax already paid. We believe this to be an efficient and equitable system.

It is our view the dividend imputation system has been one of the key policy settings that has supported both the health and robustness of the Australian equity markets and the superannuation system in the years since its introduction. We believe that the case for retaining the dividend imputation system is now stronger and more important than it has ever been in the past. Any move to eliminate or substantially weaken the dividend imputation system could have a significant negative effect on the willingness of Australian investors to put their capital at risk in Australian corporates. We strongly urged the Treasury to recognise the central significance of the dividend imputation system in the strength of the Australian economy.

Djerriwarrh's full submission to the Tax Discussion Paper is available on the Company's website.

Portfolio Performance

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 the year, including the Real Estate Investment Trust (REIT) sector, which was up 20 per cent. In contrast, ongoing weakness in commodity and oil markets has seen falls of 17 per cent in the resources sector and 20 per cent in the energy sector (see Figure 2). Companies with strong growth outlooks have traded on high price earnings ratios, making it unattractive to add to these holdings. Finally towards 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,

Figure 2: Contrast in sector performance against the market

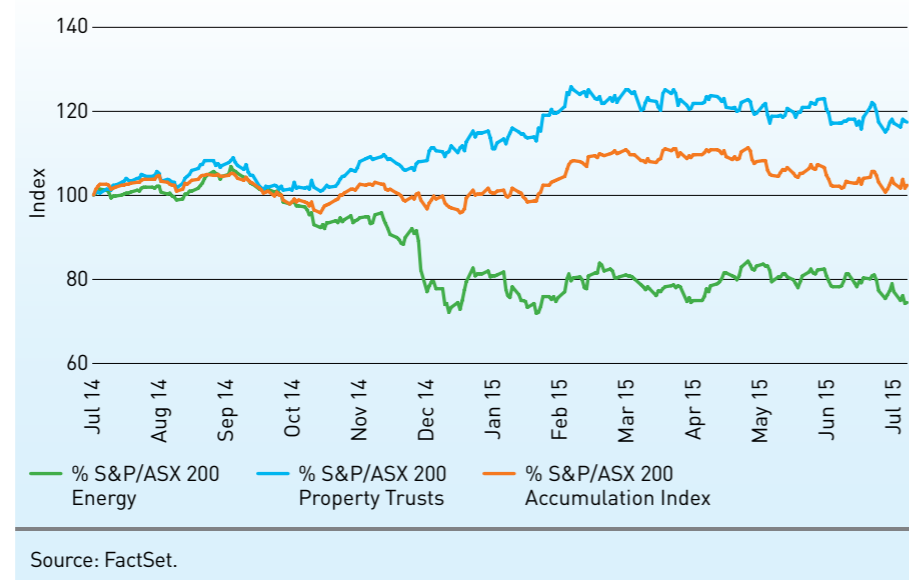
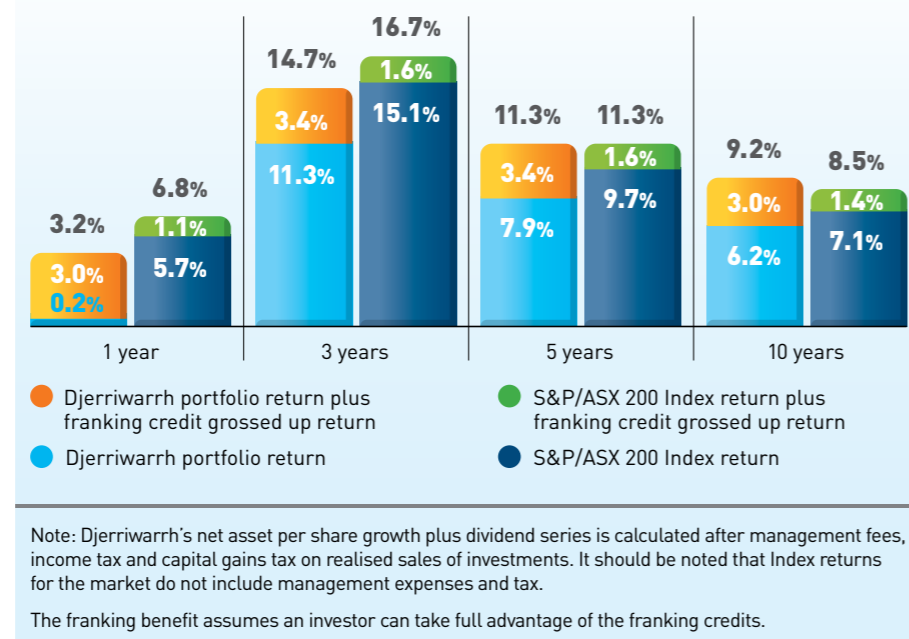


Figure 3: Portfolio performance to 30 June 2015, including the benefit of franking credits



Djerriwarrh has been able to take advantage of the more recent lift in volatility, which is important for the Company's option writing activities.

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

The 10 year return for the portfolio was 9.2 per cent per annum against the benchmark return of 8.5 per cent per annum.

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



Figure 4: S&P/ASX 200 Index vs market volatility

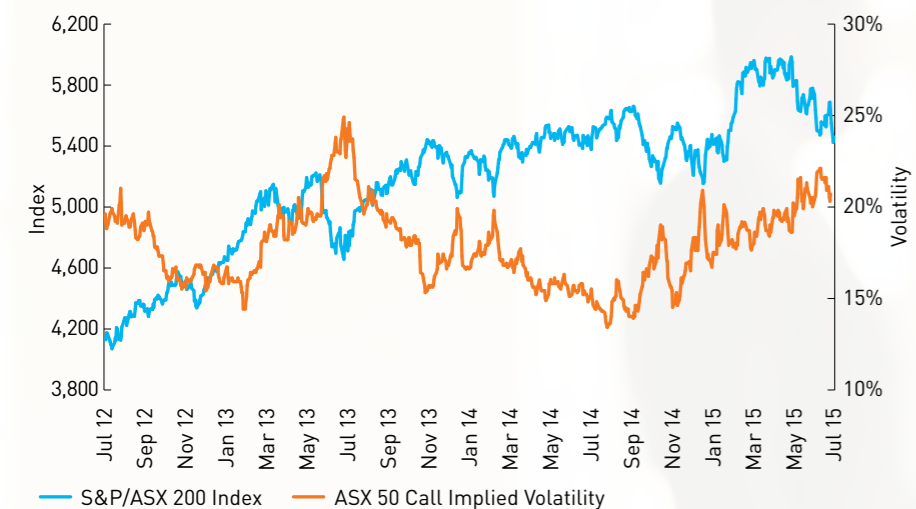


Figure 5: Option coverage of the portfolio

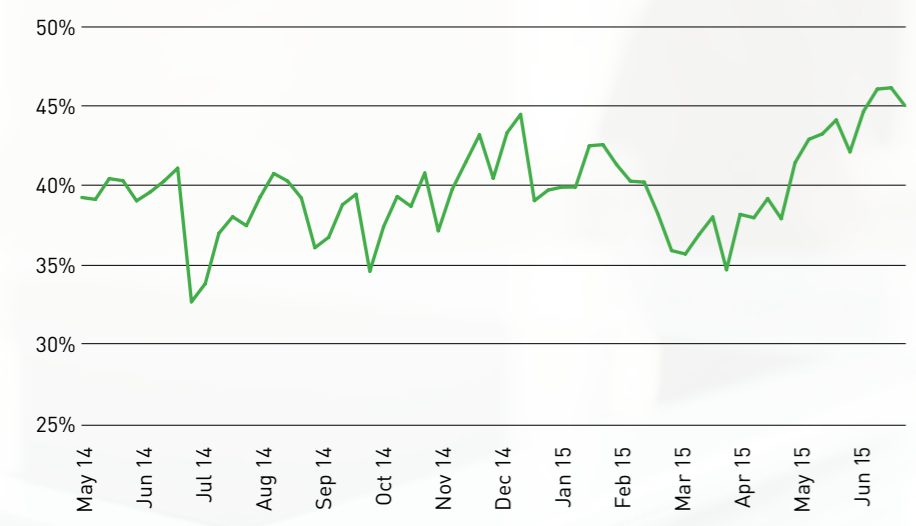


Figure 6: Djerriwarrh yield vs market yield



REVIEW OF OPERATIONS AND ACTIVITIES continued

Positive contributors to the portfolio for the year included Commonwealth Bank, Telstra, QBE Insurance, National Australia Bank and Transurban.

For Djerriwarrh's portfolio we are assessing the major holdings in the energy sector particularly in relation to their respective balance sheets and the initiatives taken to reduce operating costs. Notwithstanding the different challenges each face in the short term, we believe the companies in the portfolio should produce good cash flows over the long term in anticipation of the supply/demand balance for energy markets improving over time.

Option Activity

As mentioned previously, a number of call options were exercised during periods when the market enjoyed strong gains. However, the recent market fall has meant Djerriwarrh has been able to reposition the option profile of the portfolio, including the use of buying shares and writing call options to gain attractive entry points on selected holdings. This has also been assisted by the spike in volatility towards the end of the financial year.

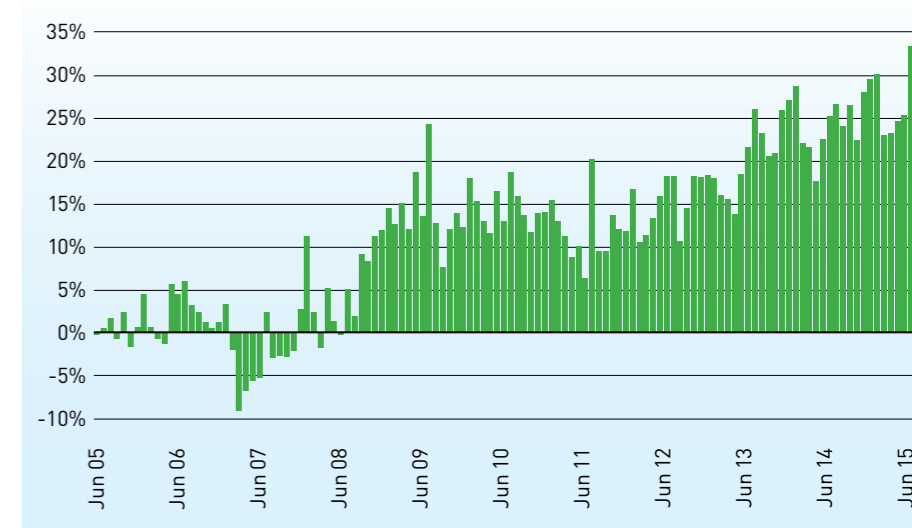
As a result, the Company has also started the new financial year with relatively higher option coverage than normal (see Figure 5).

Portfolio Activity

The Company participated in the Telstra off-market buy-back. 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:

- **Federation Centres** (following the merger between Federation Centres and Novion Property Group on 11 June 2015) is one of Australia's largest owners and managers of shopping centres. The Group's portfolio of assets ranges from large super-regional malls to direct factory outlets, smaller convenience and neighbourhood centres across Australia.
- **Cover-More Group** is a specialist and integrated travel insurance and medical assistance provider. The company holds the leading market position in Australia,

Figure 7: Share price premium/discount to net asset backing



with over 40 per cent market share through 25,000 active agents. It is also steadily growing its footprint in Asia. Cover-More was established in 1986 and listed on the ASX in December 2013.

- **Sims Metal Management** is the leading metals and electronics recycling company in the world. The company specialises in ferrous and non-ferrous metals recycling, post-consumer electronic goods recycling, and municipal waste recycling. Its primary operations are located in the United States, Australia and the United Kingdom.
- **Healthscope** is one of Australia's leading private healthcare operators, providing services through the operation of private hospitals and medical centres in Australia.

Djerriwarrh utilises 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 2015 was \$42 million, compared with \$18.4 million at 30 June 2014.

Yield

Figure 6 highlights the relative dividend yield on Djerriwarrh shares (which is fully franked) in comparison to the dividend yield on the S&P/ASX 200 Leaders 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 share price has continued to trade at a significant premium to the net asset backing as investors focus on dividend yield in the current low interest environment. At 30 June 2015 the premium was 33 per cent. Figure 7 highlights the trend of the share

price premium following the global financial crises when interest rates began the path to the current very low levels.

Outlook

Whilst it is always difficult to forecast the direction of equity markets, heightened volatility arising from the risks outlined earlier is likely to persist at least in the short term. This provides opportunities to do more option writing as a greater level of volatility can feed through to better pricing of the call options and is a positive offset to the low current interest rate environment, which otherwise reduces income from this activity.

At year-end Djerriwarrh had a high level of option coverage. This leaves the Company well placed to manage the ongoing balance between generating income and the desire to deliver capital growth over the longer term.

Directorship Matters

Mr Bruce Teele has advised the Board that he intends to retire as a Director at the conclusion of his current term at the Annual General Meeting (AGM) this year.

Mr Teele has been a Director of Djerriwarrh Investments Limited for 26 years since its activities commenced in 1989. For the first 24 of those years he was Chairman. He was instrumental in the establishment of the Company and has played a pivotal role in Djerriwarrh's growth and development over its life. His dedicated leadership, extensive investment experience and wise counsel have been of immense value to the Company.

Mr Peter Barnett, a Director of the Company, retired from the Board at the conclusion of the Company's AGM held on 6 October 2014. Mr Barnett had been a Director of the Company since October 2007.

The Board wishes to record its deep appreciation to Mr Teele and Mr Barnett for their significant contributions to Board deliberations over the years and wishes them well for the future.

Dr Robert Edgar was appointed to the Board on 26 March 2015. Dr Edgar's initial training was in economics. He spent the majority of his business career at the ANZ Banking Group. He retired as Deputy Chief Executive Officer of the bank in 2009. Dr Edgar is currently a Non-Executive Director of Transurban Limited, Asciano Limited and Linfox Armaguard Pty Ltd. He also serves as the Chairman of the Prince Henry's Institute of Medical Research. He was also previously Chairman of Federation Centres Limited, a Non-Executive Director of Nufarm Limited and three Asian Banks connected with the ANZ Group.

We are delighted to welcome someone with Dr Edgar's skill and experience to the Board of Djerriwarr Investments Limited and look forward to the contribution he will make to our deliberations and governance.

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 2015 were as follows:

	\$'000
Final dividend for the year ended 30 June 2014 of 16 cents fully franked at 30 per cent paid 22 August 2014	34,974
Interim dividend for the year ended 30 June 2015 of 10 cents per share fully franked at 30 per cent, paid 17 February 2015	21,859
	56,833

Listed Investment Company Capital Gains

Listed investment companies (LICs), 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 a 'LIC capital gain attributable part'. The purpose of this is to put shareholders in LICs 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 LIC, which Djerriwarr 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 2015, it carries with it a 10 cents per share LIC capital gain attributable part (2014: 10 cents). The amount that shareholders may be able to claim as a tax deduction depends on their individual situation. Further details are provided in the dividend statements.

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 D2). As at 30 June 2015, \$75 million had been drawn down on existing facilities (2014: \$75 million). The Company's total borrowings of \$75 million at balance date represented 9.8 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 that 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 and Financial Report. Unless specifically stated otherwise, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Corporate Governance Statement

A copy of the Company's Corporate Governance Statement for the financial year ended 30 June 2015 can be found on the Company's website at:

djerri.com.au/Corporate-Governance.aspx

TOP 20 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
Total	591.2	
As a percentage of total portfolio value (excludes cash)		72.0%

*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. 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 in 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 Chairman of Melbourne Business School Ltd and a member of the Financial Reporting Council.

Robert J Edgar BEc (Hons), PhD. Independent Non-Executive Director.

Dr Edgar joined the Board on 26 March 2015. Dr Edgar's initial training was in economics. He spent the majority of his business career at Australia and New Zealand Banking Group Ltd. He retired as Deputy Chief Executive Officer of the bank in 2009. He is a Non-Executive Director of Transurban Limited, Asciano Limited and Linfox Armaguard Pty Ltd. He also serves as the Chairman of the Prince Henry's Institute of Medical Research and was a former Chairman of Federation Centres Limited. He was also previously a Non-Executive Director of Nufarm Limited and three Asian banks connected with the ANZ Group.

Kathryn J Fagg BE (Hons), MCom (Hons). Independent Non-Executive Director.

Ms Fagg joined the Board in 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. Ms Fagg is currently a Board member of the Reserve Bank of Australia and a Non-Executive Director of Incitec Pivot Limited and Boral 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 interests including as a Fellow of the Academy of Technological Sciences and Engineering where she chairs the Industry and Innovation Forum.

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

Mr Goldsmith was appointed to the Board in April 2013. He is a Non-Executive Director of SEEK Limited and of Zhaopin Limited and is Chancellor of Swinburne University of Technology. 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. 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. He is a former Chairman of Brambles Limited, 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 appointed Chairman of the Company at the commencement of operations in 1989 until 7 October 2013. He is also Chairman of AMCIL Limited. He was formerly the Chairman of AFIC and Executive Chairman of the JBWere Group.

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, Guild Group, Cooper Energy, Port of Melbourne Corporation and Defence Health and is a council member of Cancer Council Victoria. She is also a Non-Executive Director of Barristers Chambers Limited. She was formerly a Director of Victorian Funds Management Corporation, 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, MAICD. 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 Deputy Chairman 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 investment 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 17 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 its National Legislation Review and Remuneration Committees and Deputy Chairman of its 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 21 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 and a member of the National Executive of the G100, the peak body for CFOs.

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 2015 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	11	11	32	30	-	-	3	3
RE Barker	11	11	32	31	-	3 [#]	-	-
PC Barnett**	3	2	-	7 [#]	-	-	-	-
RJ Edgar*	4	4	-	4 [#]	-	-	-	-
KJ Fagg	11	10	-	17 [#]	-	-	-	-
GB Goldsmith	11	11	32	28	-	-	-	-
AF Guy	11	11	32	32	3	3	3	3
GJ Kraehe	11	11	-	23 [#]	3	2	3	3
BB Teele	11	10	32	30	-	-	3	3
AJM Williams	11	11	32	26	3	3	-	-

Attended meetings as non-members.

* RJ Edgar became a Director of the Company on 26 March 2015.

** PC Barnett retired as a Director on 6 October 2014.

Retirement, Election and Continuation in Office of Directors

PC Barnett retired from the Board at the conclusion of the 2014 AGM on 6 October 2014.

Dr RJ Edgar, having been appointed to the Board on 26 March 2015, will retire and, being eligible, will offer himself for election at the forthcoming 2015 AGM.

Mr AF Guy, being eligible, will offer himself for re-election at the forthcoming 2015 AGM.

Mr BB Teele has announced his intention to retire at the conclusion of the 2015 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.

(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 AGM, the total 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 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 include quantitative and qualitative assessments that 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.

(b) Remuneration of Directors

Details of the nature and amounts of each Director's remuneration in respect of the year to 30 June 2015 were as follows:

	Primary Fee \$	Post Employment Superannuation \$	Total Remuneration \$
J Paterson – Chairman (Non-Executive) (appointed Chairman 7 October 2013)			
2015	155,251	14,749	170,000
2014	131,319	12,147	143,466
RE Barker – Managing Director (Executive)			
2015	-	-	-
2014	-	-	-
PC Barnett – Director (Non-Executive) (retired 6 October 2014)			
2015	17,138	5,509	22,647
2014	62,116	20,384	82,500
TA Campbell – Director (Non-Executive) (retired 7 October 2013)			
2015	-	-	-
2014	19,711	1,823	21,534
RJ Edgar – Director (Non-Executive) (appointed 26 March 2015)			
2015	20,658	1,963	22,621
2014	-	-	-
KJ Fagg – Director (Non-Executive) (appointed 29 May 2014)			
2015	77,626	7,374	85,000
2014	6,703	620	7,323
GB Goldsmith – Director (Non-Executive)			
2015	77,626	7,374	85,000
2014	75,515	6,985	82,500
AF Guy – Director (Non-Executive)			
2015	77,626	7,374	85,000
2014	75,515	6,985	82,500
GJ Kraehe – Director (Non-Executive)			
2015	77,626	7,374	85,000
2014	75,515	6,985	82,500
BB Teele – Director (Non-Executive) (retired as Chairman 7 October 2013)			
2015	77,626	7,374	85,000
2014	95,226	8,808	104,034
AJM Williams – Director (Non-Executive)			
2015	77,626	7,374	85,000
2014	75,515	6,985	82,500
Total Remuneration: Directors			
2015	658,803	66,465	725,268
2014	617,135	71,722	688,857

(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. Other than BB Teele, it is not expected that any of the other Directors will retire within the next year. The below amount will be paid to BB Teele upon his retirement.

	Amount Payable on Retirement \$
BB Teele	229,000
RE Barker	114,500
AF Guy	114,500
GJ Kraehe	44,468
J Paterson	44,468
RJ Edgar	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:

	Balance at 1 July 2014	Net Changes	Balance at 30 June 2015
J Paterson	244,310	-	244,310
RE Barker	375,995	4,000	379,995
PC Barnett (retired 6 October 2014)	40,000	n/a	n/a
RJ Edgar (appointed 26 March 2015)	n/a	-	0
KJ Fagg (appointed 29 May 2014)	0	3,000	3,000
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	23,263	1,606	24,869
RM Freeman	41,065	-	41,065
SM Pordage	2,308	41	2,349
AJB Porter	4,093	1,979	6,072

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 (2014: 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 F2 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 Auditor's Independence Declaration is set out on page 17.

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



John Paterson
Chairman

Melbourne
16 July 2015

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the audit of Djerriwarrh Investments Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.



Charles Christie
Partner
PricewaterhouseCoopers

Melbourne
16 July 2015

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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*	B2, E2	(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 ¹ \$'000	Capital ¹ \$'000	Total \$'000
Profit for the year	45,552	1,376	46,928	42,372	537	42,909
Other comprehensive income (OCI)						
<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

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.

2014 comparative

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

	Note	2015 \$'000 Inflows/ (Outflows)	2014 \$'000 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 \$'000	2014 \$'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
	766,223	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 \$'000	2014 \$'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 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 12 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 and 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 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 that represent movements in the market value of the options are recognised through the Income Statement.

NOTES TO THE FINANCIAL STATEMENTS continued

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 and Non-equity Investments

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

	2015 \$'000	2014 \$'000
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 per cent paid 22 August 2014 (2014: 16 cents fully franked at 30 per cent 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 per cent, paid 17 February 2015 (2014: 10 cents fully franked at 30 per cent 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
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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.

	2015 \$'000	2014 \$'000
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(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 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

Balance of the LIC capital gain account	71,468	59,563
This equates to an attributable amount of	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:

	2015 Number	2014 Number
Basic earnings per share		
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
	\$'000	\$'000
Basic net operating result per share		
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)

NOTES TO THE FINANCIAL STATEMENTS continued

Administration Fees Paid to AICS

AICS undertakes the day-to-day management of Djerrivarrh's investments and its operation, including financial reporting and administration. Djerrivarrh has a 25 per cent 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

Djerrivarrh 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

Djerrivarrh'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 Djerrivarrh 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:

	2015 \$'000	2014 \$'000
<i>(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable</i>		
Operating result before income tax expense	49,409	45,978
Tax at the Australian tax rate of 30 per cent (2014 – 30 per cent)	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 per cent (2014 – 30 per cent)	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 LIC that invests in tradeable securities, Djerrivarrh can never be free of market risk as it invests its capital in securities that 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 on values at 30 June, if spread equally over all assets in the investment portfolio, would lead to the following reductions (after tax):

	2015 \$'000		2014 \$'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 per cent and 10 per cent across the trading portfolio and options written portfolio on values at 30 June would lead to the following increases (after tax):

	2015 \$'000		2014 \$'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 per cent after tax to fully deplete this (2014: 16 per cent).

Djerrivarrh 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. Djerrivarrh does not have a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

NOTES TO THE FINANCIAL STATEMENTS continued

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 (including property trusts)	11.77	11.56
Telecommunications	5.74	6.49
Healthcare	5.82	2.90
Other – consumer discretionary, information technology and utilities	4.15	4.72
Cash	4.86	2.06

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

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

No other security represents over 5 per cent 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 of 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 feels 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 on page 31.

Cash

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 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 \$'000	6–12 Months \$'000	Greater Than 1 Year \$'000	Total Contractual Cash Flows \$'000	Carrying Amount \$'000
30 June 2015					
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 because 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).

B4. Interest Rate Swaps

	2015 \$'000	2014 \$'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 two 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 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.

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 that shareholders 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 \$'000	2014 \$'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 the Commonwealth Bank of Australia and Westpac Bank would extend cash advance facilities. Details of the facilities are given below.

	2015 \$'000	2014 \$'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 per cent (2014: 3.25 per cent). 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 four' 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).

ADDITIONAL INFORMATION continued

D3. Revaluation Reserve

	2015 \$'000	2014 \$'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 and 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

	2015 \$'000	2014 \$'000
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

	2015 \$'000	2014 \$'000
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

NOTES TO THE FINANCIAL STATEMENTS continued

Deferred Tax Assets and Liabilities

The deferred tax balances are attributable to:

	2015 \$'000	2014 \$'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 that are not yet tax deductible	(165)	(173)
(d) Interest and dividend income receivable that 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 \$'000	2014 \$'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
Non-audit services		
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 per cent of Djerriwarrh's income from operating activities – BHP Billiton (18.9 per cent: due to the demerger dividend for South32 of \$5.6 million).

F4. Summary of Significant Accounting Policies Not Previously Disclosed

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 and 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 – 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 LICs, including its parent, 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.

In the Directors' opinion:

- (1) the financial statements and notes set out on pages 19 to 38 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 2015 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 F4 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 2015.

The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer and 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
16 July 2015



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
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:

- (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*.

PricewaterhouseCoopers

Charles Christie
Partner

Melbourne
16 July 2015

OTHER INFORMATION

INFORMATION ABOUT SHAREHOLDERS

At 10 July 2015 there were 19,015 holdings of ordinary shares. These holdings were distributed in the following categories:

Size of Holding	Shareholdings (At 10 July 2015)
1 to 1,000	2,243
1,001 to 5,000	6,799
5,001 to 10,000	4,363
10,001 to 100,000	5,454
100,000 and over	156
Total	19,015

20 largest shareholding	9.74%
Average shareholding	11,495

There were 284 shareholdings of less than a marketable parcel of \$500 (104 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 10 July 2015 are listed below:

Holder	Shares Held	%
Australian Foundation Investment Company Limited	8,596,503	3.93
Bruce Teele	1,855,800	0.85
Miss Margaret Frances Erskine	1,500,000	0.69
Nulis Nominees (Australia) Limited <Navigator Mast Plan Sett A/C>	1,389,635	0.64
Mrs Nida Dorothy Johnson	1,136,719	0.52
Gumala Investments Pty Ltd <General Gumala Foundation A/C>	800,000	0.37
Navigator Australia Ltd <MLC Investment Sett A/C>	759,140	0.35
Resthaven Incorporated	495,493	0.23
Terrence Campbell	486,582	0.22
Australian Executor Trustees Limited <No 1 Account>	483,085	0.22
UBS Wealth Management Australia Nominees Pty Ltd	474,378	0.22
Baker Custodian Corporation	450,000	0.21
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 Cap A/C>	396,360	0.18
Ross Barker	379,995	0.17
Laidlaw Family Investments Pty Ltd <Laidlaw Family Invest A/C>	351,884	0.16
Mrs Margaret Mary Wilson	328,000	0.15
Alan Forrester Pty Ltd	300,000	0.14
Penmore Pty Ltd	280,000	0.13

SUBSTANTIAL SHAREHOLDERS

The Company has not been notified of any substantial shareholders.

TRANSACTIONS IN SECURITIES

During the year ended 30 June 2015, the Company recorded 2,701 transactions in securities (including options). \$1,508,336 (including GST) in brokerage was paid or accrued for the year.

HOLDINGS OF SECURITIES

As at 30 June 2015

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 ASX 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 Held 2014 '000	Number Held 2015 '000	Market Value 2015 \$'000
AGL*	AGL Energy	941	606	9,339
AIO*	Asciano	698	1,666	10,781
ALQ*	ALS	387	387	2,237
AMC*	Amcor	1,035	413	5,663
AMH	AMCIL	10,599	10,599	9,539
AMP*	AMP	4,222	2,197	13,135
ANZ*	Australia and New Zealand Banking Group	1,559	1,689	54,064
APA*	APA Group	1,765	546	4,500
ASX*	ASX	240	134	5,343
AWC	Alumina	3,718	3,718	5,689
AZJ*	Aurizon Holdings	965	855	4,307
BHP*	BHP Billiton	2,496	2,496	67,086
BLD*	Boral	828	603	3,503
BXB*	Brambles	2,060	1,655	17,372
CAR*	Carsales.com	0	190	1,903
CBA*	Commonwealth Bank of Australia	687	820	69,237
CCL*	Coca-Cola Amatil	1,220	695	6,320
CPU*	Computershare	582	437	5,106
CSL*	CSL	112	261	22,291
CTX*	Caltex Australia	200	165	5,218
CVO*	Cover-More Group	0	2,300	5,398
EHE*	Estia Health	0	160	955
FDC*	Federation Centres	0	2,100	6,128
FLT*	Flight Centre Travel Group	0	65	2,217
FOX	Twenty-First Century Fox	216	216	9,129
FPH*	Fisher & Paykel Healthcare	0	285	1,722
HSO*	Healthscope	0	1,827	4,710
#	Hexima	280	280	0
IAG*	Insurance Australia Group	980	1,170	6,514
ILLU*	Iluka Resources	360	380	2,900
IPL*	Incitec Pivot	2,875	2,484	9,484
JHC*	Japara Healthcare	2,050	2,270	5,807
JHX*	James Hardie Industries	225	509	8,342
MIR	Mirrabooka Investments	4,616	4,506	11,716
MQA*	Macquarie Atlas Roads	0	500	1,577
MQG*	Macquarie Group	0	28	2,175
MTU*	M2 Group	0	100	1,061
NAB*	National Australia Bank	1,580	1,793	59,316
ORG*	Origin Energy	1,242	1,142	13,600
ORI*	Orica	509	509	10,734
OSH*	Oil Search	4,308	3,957	28,102
PPCG	Peet 9.5% convertible notes	26	26	2,665

Code	Company Name	Number Held 2014 '000	Number Held 2015 '000	Market Value 2015 \$'000
PPT*	Perpetual	92	62	2,977
QBE*	QBE Insurance Group	1,312	1,095	14,820
QUB*	Qube Holdings	2,850	2,831	6,585
REC*	Recall Holdings	722	422	2,925
RHC	Ramsay Health Care	40	20	1,229
RIO*	Rio Tinto	447	408	21,892
RMD*	ResMed	700	425	3,079
S32*	South32	0	3,496	6,238
SCG*	Scentre Group	1,030	935	3,492
SEK*	SEEK	170	615	8,589
SGM*	Sims Metal Management	0	485	4,968
SHL*	Sonic Healthcare	460	500	10,421
STO*	Santos	1,615	1,587	12,328
SUN*	Suncorp Group	1,175	915	12,223
SYD*	Sydney Airport	763	874	4,272
TCL*	Transurban Group	2,370	896	8,304
TLS*	Telstra Corporation	10,864	7,253	44,292
TPM*	TPG Telecom	260	475	4,228
TWE*	Treasury Wine Estates	527	602	2,978
VED*	Veda Group	0	1,625	3,601
WBC*	Westpac Banking Corporation	1,940	1,831	58,529
WES*	Wesfarmers	710	573	22,315
WFD*	Westfield Corporation	148	605	5,459
WOR	WorleyParsons	50	50	521
WOW*	Woolworths	616	616	16,519
WPL*	Woodside Petroleum	829	632	21,582
Total				821,251

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

Unlisted stock.

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 \$10 million) 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

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.

(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.

SUB-UNDERWRITING

During the year the Company participated as a sub-underwriter of issues of securities. The principal underwriter and securities involved were:

Company	Underwritten by	Description	Amount Underwritten
National Australia Bank	Macquarie Capital (Australia) Limited, Merrill Lynch Equities (Australia Limited) and Morgan Stanley Australia Securities Limited	Accelerated renounceable entitlement offer of 2 new shares for every existing 25 shares (2 for 25)	\$4,166,672

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
Robert J Edgar
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 and Mailing Address

Level 21, 101 Collins Street
Melbourne Victoria 3000

Contact Details

Telephone (03) 9650 9911
Facsimile (03) 9650 9100
Email invest@djerr.com.au
Website 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 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 5 October 2015
Venue RACV City Club
Location 501 Bourke Street
Melbourne

Brisbane Shareholder Meeting

Time 2.30pm
Date Friday 9 October 2015
Venue Hilton Hotel
Location 190 Elizabeth Street
Brisbane

Adelaide Shareholder Meeting

Time 2.30pm
Date Monday 12 October 2015
Venue Adelaide Festival Centre
Location King William Road
Adelaide

Sydney Shareholder Meeting

Time 2.30pm
Date Monday 19 October 2015
Venue Four Seasons Hotel
Location 199 George Street
Sydney



Djerriwarrh

AUSTRALIAN EQUITIES, ENHANCED YIELD

Annual Review
2015



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

\$46.9m

▲ Up 9.4% from 2014

TOTAL SHAREHOLDER RETURN

+7.7% Including franking*

Share price plus dividend

NET OPERATING RESULT

\$45.5m

▲ Up 7.2% from 2014

MANAGEMENT EXPENSE RATIO

0.41%

0.39% in 2014

FULLY FRANKED DIVIDEND

16¢
Final

26¢
Total

■ Same as 2014

TOTAL PORTFOLIO

\$863.2m
Including cash at 30 June

\$889.7 million in 2014

TOTAL PORTFOLIO RETURN

+3.2% Including franking*

S&P/ASX 200 Accumulation Index +6.8%*

* Assumes an investor can take full advantage of the franking credits.

REVIEW OF OPERATIONS AND ACTIVITIES

Profit Performance

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 South32 from BHP Billiton, whereas last year's figure included \$1.6 million of demerger dividends from Amcor and Brambles.

The net operating result, which is our preferred measure of the ongoing investment, trading and option income from the Company's portfolios, was up 7.2 per cent to \$45.5 million compared with \$42.4 million for the last year.

Income from option writing was \$14.1 million in contrast to the \$14.4 million generated last financial year. Whilst the option activity undertaken by Djerrivarrh to enhance income was affected by low interest rates and low volatility for the majority of the year, this was partially offset by keeping option coverage high at 40 per cent. However, this meant that at certain times, as the market rose quickly, options were exercised and holdings sold.

Dividend

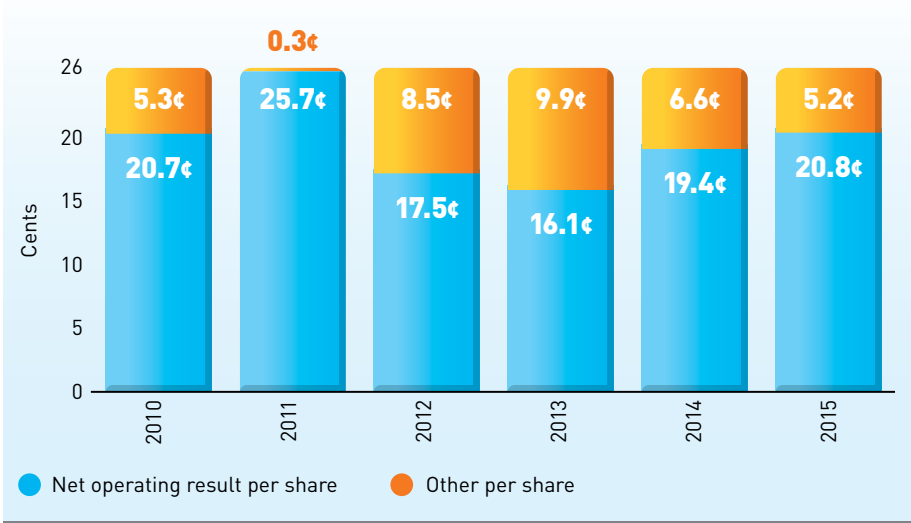
Djerrivarrh's final dividend has been maintained at 16 cents per share fully franked, bringing total dividends for the year to 26 cents per share fully franked, the same as last year. Seven cents of the final dividend is sourced from capital gains, on which the Company has paid or will pay tax. The amount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

Franking Position

A key objective of Djerrivarrh is to generate sufficient franking credits from its activities to support the enhanced level of fully franked dividend for shareholders.

Figure 1 illustrates that the Company's annual dividends are not sourced entirely from the operating result. Taxable realised gains, from the sale of holdings primarily associated with the Company's option activity, also contribute to franking and dividends. This financial year \$25.8 million of after tax realised gains were generated.

Figure 1: Operating result as a component of the dividend



The balance of the franking account after providing for the payment of the final dividend would allow for the payment of a further \$81.5 million of fully franked dividends. This financial year fully franked dividends paid totalled \$56.8 million.

Dividend Imputation

As shareholders may be aware there has recently been significant commentary about the dividend imputation system. The Tax Discussion Paper issued by the Australian

Treasury in March 2015 posed a number of questions about the Australian taxation system. Specifically the following questions outlined in the discussion paper relating to dividend imputation were: ‘Is the dividend imputation system continuing to serve Australia well as our economy becomes increasingly open? Could the taxation of dividends be improved?’

We have responded with our own submission. In summary, we argued the fundamental policy objective of the dividend

REVIEW OF OPERATIONS AND ACTIVITIES

continued

imputation system is that shareholders receiving dividends from companies do not suffer double taxation on that income stream, that is once in the hands of the Company and then a second time on the dividend received. The system results in Australian investors being taxed at their marginal rate on the underlying company income by being given a tax credit for the company tax already paid. We believe this to be an efficient and equitable system.

It is our view the dividend imputation system has been one of the key policy settings that has supported both the health and robustness of the Australian equity markets and the superannuation system in the years since its introduction. We believe that the case for retaining the dividend

imputation system is now stronger and more important than it has ever been in the past. Any move to eliminate or substantially weaken the dividend imputation system could have a significant negative effect on the willingness of Australian investors to put their capital at risk in Australian corporates. We strongly urged the Treasury to recognise the central significance of the dividend imputation system in the strength of the Australian economy.

Djerriwarrh's full submission to the Tax Discussion Paper is available on the Company's website.



REVIEW OF OPERATIONS AND ACTIVITIES

continued

Portfolio Performance

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 the year, including the Real Estate Investment Trust (REIT) sector, which was up 20 per cent. In contrast, ongoing weakness in commodity and oil markets has seen falls of 17 per cent in the resources sector and 20 per cent in the energy sector (see Figure 2). Companies with strong growth outlooks have traded on high price earnings ratios, making it difficult to add to these holdings. Finally, towards 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.

Djerriwarrh's total portfolio return, including dividends paid and the full benefit of franking credits, was 3.2 per cent. This compares with the S&P/ASX 200 Accumulation Index

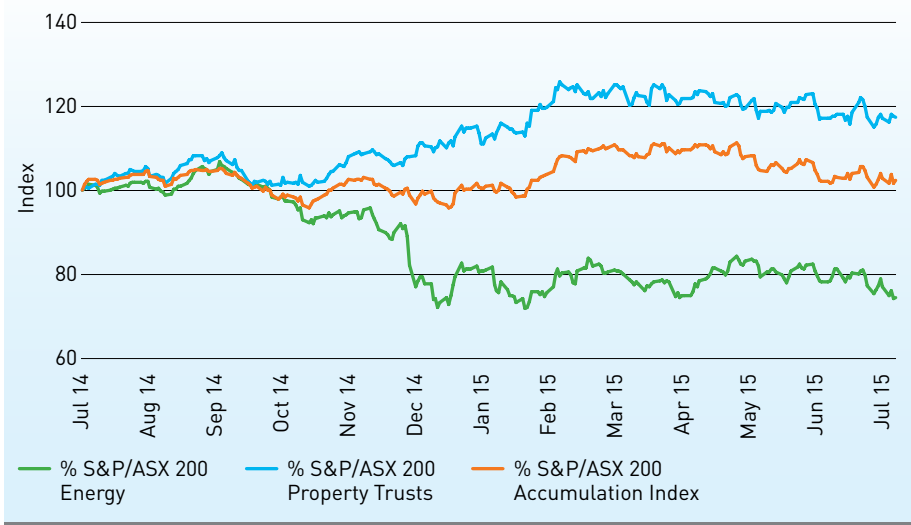
calculated on the same basis, which was 6.8 per cent. The 10 year return for the portfolio was 9.2 per cent per annum against the benchmark return of 8.5 per cent per annum (see Figure 3).

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

Positive contributors to the portfolio for the year included Commonwealth Bank, Telstra, QBE Insurance, National Australia Bank and Transurban.

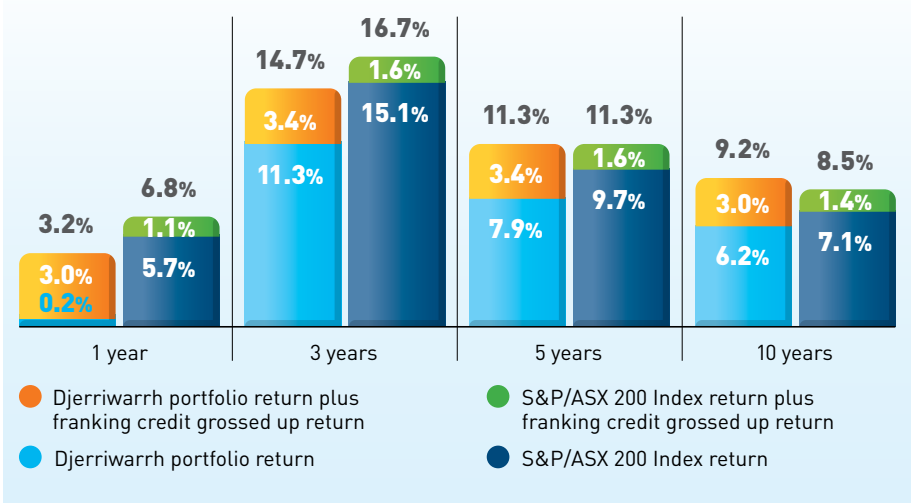
For Djerriwarrh's portfolio we are assessing the major holdings in the energy sector, particularly in relation to their respective balance sheets and the initiatives taken to reduce operating costs. Notwithstanding the different challenges each faces in the short term, we believe the companies in the portfolio should produce good cash flows over the long term in anticipation of the supply/demand balance for energy markets improving over time.

Figure 2: Contrast in sector performance against the market



Source: FactSet.

Figure 3: Portfolio performance to 30 June 2015, including the benefit of franking credits



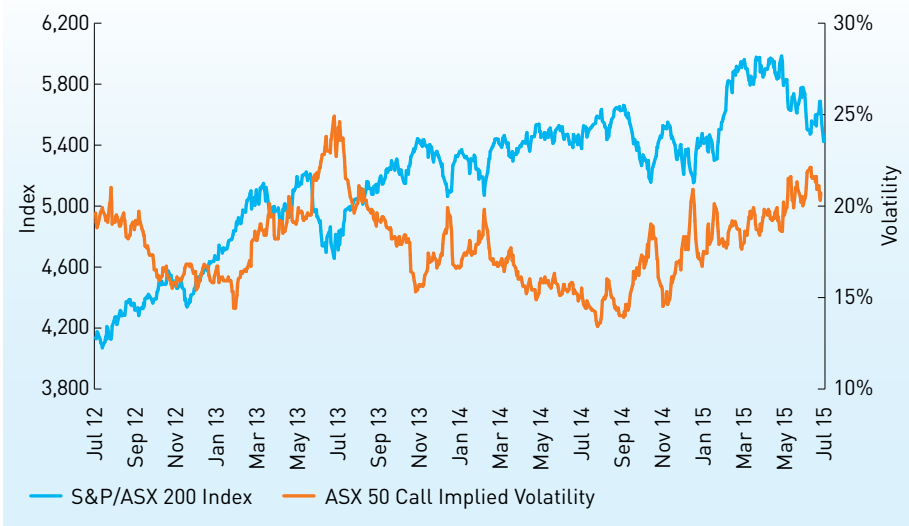
Note: Djerriwarrh's net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax on realised sales of investments. It should be noted that Index returns for the market do not include management expenses and tax.

The franking benefit assumes an investor can take full advantage of the franking credits.

REVIEW OF OPERATIONS AND ACTIVITIES

continued

Figure 4: S&P/ASX 200 Index vs market volatility



Option Activity

As mentioned previously, a number of call options were exercised during periods when the market enjoyed strong gains. However, the recent market fall has meant Djerriwarrh has been able to reposition the option profile of the portfolio, including the use of buying shares and writing call options to gain attractive entry points on selected holdings. This has also been assisted by the spike in volatility towards the end of the financial year.

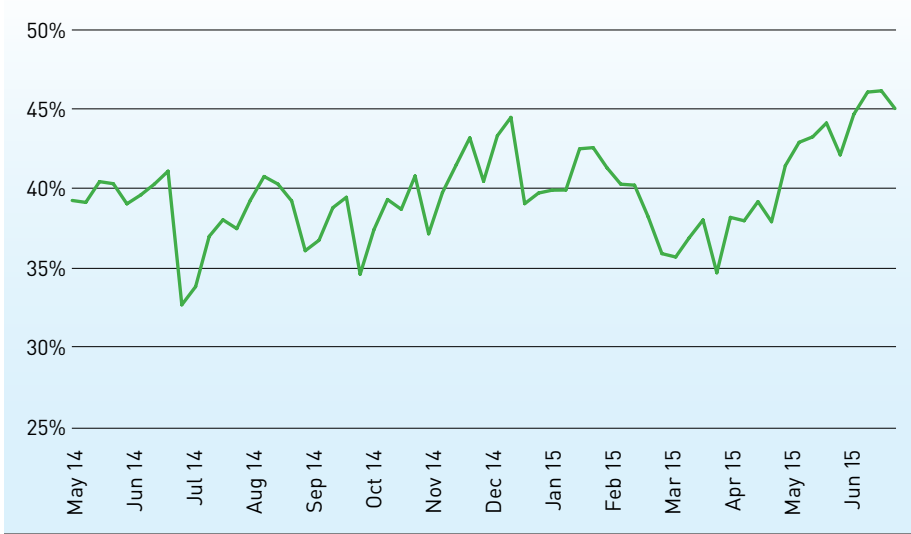
As a result, the Company has also started the new financial year with relatively higher option coverage than normal (see Figure 5).

Portfolio Activity

The Company participated in the Telstra off-market buy-back. 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:

- **Federation Centres** (following the merger between Federation Centres and Novion Property Group on 11 June 2015) is one

Figure 5: Option coverage of the portfolio



of Australia's largest owners and managers of shopping centres. The Group's portfolio of assets ranges from large super-regional malls to direct factory outlets, smaller convenience and neighbourhood centres across Australia.

- **Cover-More Group** is a specialist and integrated travel insurance and medical assistance provider. The company holds the leading market position in Australia with over 40 per cent market share through 25,000 active agents. It is also steadily growing its footprint in Asia. Cover-More was established in 1986 and listed on the ASX in December 2013.
- **Sims Metal Management** is the leading metals and electronics recycling company in the world. The company specialises in

ferrous and non-ferrous metals recycling, post-consumer electronic goods recycling, and municipal waste recycling. Its primary operations are located in the United States, Australia and the United Kingdom.

- **Healthscope** is one of Australia's leading private healthcare operators, providing services through the operation of private hospitals and medical centres in Australia.

Djerriwarrh utilises 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 2015 was \$42 million, compared with \$18.4 million at 30 June 2014.

REVIEW OF OPERATIONS AND ACTIVITIES

continued

Yield

Figure 6 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 share price has continued to trade at a significant premium to the net asset backing as investors focus on dividend yield in the current low interest environment. At 30 June 2015 the premium was 33 per cent. Figure 7 highlights the trend of the share price premium following the global financial crises when interest rates began the path to the current very low levels.

Outlook

Whilst it is always difficult to forecast the direction of equity markets, heightened volatility arising from the risks outlined earlier is likely to persist at least in the short term. This provides opportunities to do more option writing as a greater level of volatility can feed through to better pricing of the call options and is a positive offset to the low current interest rate environment, which otherwise reduces income from this activity.

At year-end Djerriwarrh had a high level of option coverage. This leaves the Company well placed to manage the ongoing balance between generating income and the desire to deliver capital growth over the longer term.

Figure 6: Djerriwarrah yield vs market yield

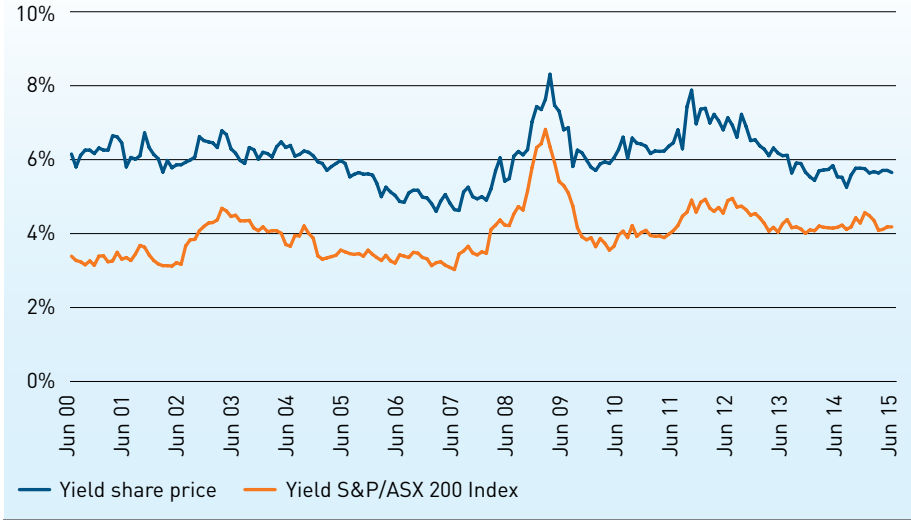
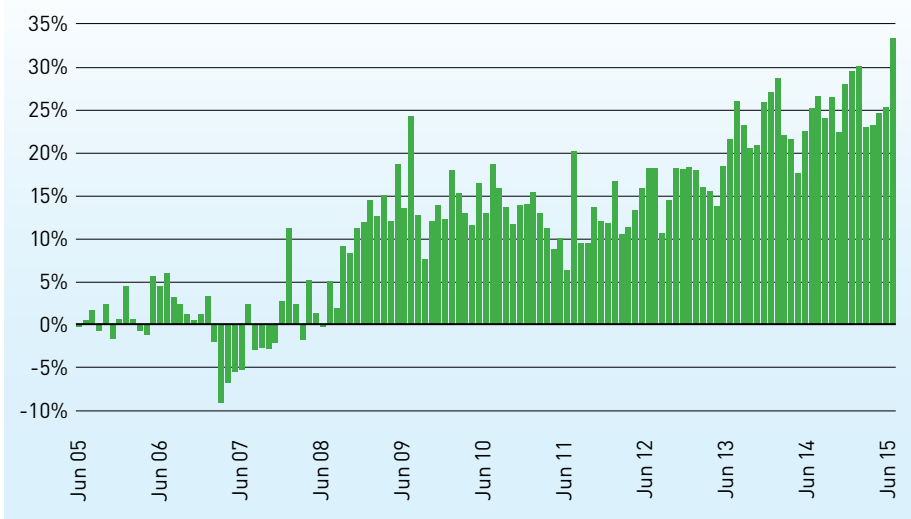


Figure 7: Share price premium/discount to net asset backing



REVIEW OF OPERATIONS AND ACTIVITIES

continued

Directorship Matters

Mr Bruce Teele has advised the Board that he intends to retire as a Director at the conclusion of his current term at the Annual General Meeting (AGM) this year.

Mr Teele has been a Director of Djerriwarrh Investments Limited for 26 years since its activities commenced in 1989. For the first 24 of those years he was Chairman. He was instrumental in the establishment of the Company and has played a pivotal role in Djerriwarrh's growth and development over its life. His dedicated leadership, extensive investment experience and wise counsel have been of immense value to the Company.

Mr Peter Barnett, a Director of the Company, retired from the Board at the conclusion of the Company's AGM held on 6 October 2014. Mr Barnett had been a Director of the Company since October 2007.

The Board wishes to record its deep appreciation to Mr Teele and Mr Barnett for their significant contributions to Board deliberations over the years and wishes them well for the future.

Dr Robert Edgar was appointed to the Board on 26 March 2015. Dr Edgar's initial training was in economics. He spent the majority of his business career at the ANZ Banking Group. He retired as Deputy Chief Executive Officer of the bank in 2009. Dr Edgar is currently a Non-Executive Director of Transurban Limited, Asciano Limited and Linfox Armaguard Pty Ltd. He also serves as the Chairman of the Prince Henry's Institute of Medical Research. He was also previously Chairman of Federation Centres Limited, a Non-Executive Director of Nufarm Limited and three Asian Banks connected with the ANZ Group.

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



TOP 20 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
Total	591.2	

As a percentage of total portfolio value (excludes cash)

72.0%

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

INCOME STATEMENT

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Dividends and distributions	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	287	474
Income from options written portfolio	14,099	14,365
Income from operating activities	57,922	54,474
Finance costs	(4,850)	(4,956)
Administration expenses	(3,663)	(3,540)
Operating result before income tax	49,409	45,978
Income tax	(3,903)	(3,533)
Net operating result	45,506	42,445
Net capital gains on investments		
Net gains on open options positions	2,032	663
Tax expense on above	(610)	(199)
	1,422	464
Profit for the year	46,928	42,909
	Cents	Cents
Net operating result per share	20.82	19.42
Profit for the year per share	21.47	19.63

BALANCE SHEET

As at 30 June 2015

	2015 \$'000	2014 \$'000
Current assets		
Cash	41,967	18,354
Receivables	6,683	24,448
Trading portfolio	-	-
Total current assets	48,650	42,802
Non-current assets		
Investment portfolio	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 – cash advance facilities	75,000	75,000
Interest rate hedging contracts	1,421	1,939
Options written portfolio	6,100	5,575
Total current liabilities	107,259	97,872
Non-current liabilities		
Deferred tax liabilities	1,109	399
Deferred tax liabilities – investment portfolio	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	634,225	634,225
Revaluation reserve	50,126	100,901
Realised capital gains reserve	26,132	15,658
Retained profits	55,740	50,298
Interest rate hedging reserve	(1,421)	(1,939)
Total shareholders' equity	764,802	799,143

SUMMARISED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2015

	2015 \$'000	2014 \$'000
Total equity at the beginning of the year	799,143	756,177
Dividends paid	(56,833)	(56,833)
Total transactions with shareholders	(56,833)	(56,833)
Profit for the year	46,928	42,909
Revaluation of investment portfolio	(33,287)	81,025
Provision for tax on revaluation	8,333	(24,563)
Net revaluation of investment portfolio	(24,954)	56,462
Net movement in fair value for interest rate swaps	518	428
Total comprehensive income for the year	(22,492)	99,799
Realised gains on securities sold	36,823	18,975
Tax expense on realised gains on securities sold	(11,048)	(9,685)
Net realised gains on securities sold	25,775	9,290
Transfer from revaluation reserve to realised gains reserve	(25,775)	(9,290)
Total equity at the end of the year	764,802	799,143

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

HOLDINGS OF SECURITIES

As at 30 June 2015

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 Held 2014 '000	Number Held 2015 '000	Market Value 2015 \$'000
AGL*	AGL Energy	941	606	9,339
AIO*	Asciano	698	1,666	10,781
ALQ*	ALS	387	387	2,237
AMC*	Amcor	1,035	413	5,663
AMH	AMCIL	10,599	10,599	9,539
AMP*	AMP	4,222	2,197	13,135
ANZ*	Australia and New Zealand Banking Group	1,559	1,689	54,064
APA*	APA Group	1,765	546	4,500
ASX*	ASX	240	134	5,343
AWC	Alumina	3,718	3,718	5,689
AZJ*	Aurizon Holdings	965	855	4,307
BHP*	BHP Billiton	2,496	2,496	67,086
BLD*	Boral	828	603	3,503

Code	Company Name	Number Held 2014 '000	Number Held 2015 '000	Market Value 2015 \$'000
BXB*	Brambles	2,060	1,655	17,372
CAR*	Carsales.com	0	190	1,903
CBA*	Commonwealth Bank of Australia	687	820	69,237
CCL*	Coca-Cola Amatil	1,220	695	6,320
CPU*	Computershare	582	437	5,106
CSL*	CSL	112	261	22,291
CTX*	Caltex Australia	200	165	5,218
CVO*	Cover-More Group	0	2,300	5,398
EHE*	Estia Health	0	160	955
FDC*	Federation Centres	0	2,100	6,128
FLT*	Flight Centre Travel Group	0	65	2,217
FOX	Twenty-First Century Fox	216	216	9,129
FPH*	Fisher & Paykel Healthcare	0	285	1,722
HSO*	Healthscope	0	1,827	4,710
#	Hexima	280	280	0
IAG*	Insurance Australia Group	980	1,170	6,514
ILU*	Iluka Resources	360	380	2,900
IPL*	Incitec Pivot	2,875	2,484	9,484
JHC*	Japara Healthcare	2,050	2,270	5,807
JHX*	James Hardie Industries	225	509	8,342
MIR	Mirrabooka Investments	4,616	4,506	11,716
MQA*	Macquarie Atlas Roads	0	500	1,577
MQG*	Macquarie Group	0	28	2,175
MTU*	M2 Group	0	100	1,061

HOLDINGS OF SECURITIES *continued*

As at 30 June 2015

Code	Company Name	Number Held 2014 '000	Number Held 2015 '000	Market Value 2015 \$'000
NAB*	National Australia Bank	1,580	1,793	59,316
ORG*	Origin Energy	1,242	1,142	13,600
ORI*	Orica	509	509	10,734
OSH*	Oil Search	4,308	3,957	28,102
PPCG	Peet 9.5% convertible notes	26	26	2,665
PPT*	Perpetual	92	62	2,977
QBE*	QBE Insurance Group	1,312	1,095	14,820
QUB*	Qube Holdings	2,850	2,831	6,585
REC*	Recall Holdings	722	422	2,925
RHC	Ramsay Health Care	40	20	1,229
RIO*	Rio Tinto	447	408	21,892
RMD*	ResMed	700	425	3,079
S32*	South32	0	3,496	6,238
SCG*	Scentre Group	1,030	935	3,492
SEK*	SEEK	170	615	8,589
SGM*	Sims Metal Management	0	485	4,968

Code	Company Name	Number Held 2014 '000	Number Held 2015 '000	Market Value 2015 \$'000
SHL*	Sonic Healthcare	460	500	10,421
STO*	Santos	1,615	1,587	12,328
SUN*	Suncorp Group	1,175	915	12,223
SYD*	Sydney Airport	763	874	4,272
TCL*	Transurban Group	2,370	896	8,304
TLS*	Telstra Corporation	10,864	7,253	44,292
TPM*	TPG Telecom	260	475	4,228
TWE*	Treasury Wine Estates	527	602	2,978
VED*	Veda Group	0	1,625	3,601
WBC*	Westpac Banking Corporation	1,940	1,831	58,529
WES*	Wesfarmers	710	573	22,315
WFD*	Westfield Corporation	148	605	5,459
WOR	WorleyParsons	50	50	521
WOW*	Woolworths	616	616	16,519
WPL*	Woodside Petroleum	829	632	21,582
Total				821,251

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

Unlisted stock.

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions (Above \$10 Million) ^(d)	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 \$10 Million) ^(e)	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.

(d) Purchases were made to replenish holdings sold because of call option exercises (other than shares acquired through National Australia Bank rights issue).

(e) 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.

5 YEAR SUMMARY

	2015	2014	2013	2012	2011
Net profit after tax (\$ million)	46.9	42.9	37.7	44.1	56.9
Net operating result after tax (\$ million)	45.5	42.4	35.1	37.9	54.9
Investments at market value (\$ million) ^(a)	821.3	871.4	765.0	729.0	811.8
Dividends per share (cents) ^(b)	26.0	26.0	26.0	26.0	26.0
Net asset backing (cents) ^(c)	352	376	350	317	359
Number of shareholders (30 June)	18,990	19,035	19,005	18,779	18,933

Notes

- (a) Excludes cash.
- (b) All dividends were fully franked. For 2015 and 2014 the dividend carried attributable LIC gains of 10.0 cents per share and for 2013 it was 14.3 cents. There were no attributable LIC gains attached to the dividend for 2012. In 2011 the dividend carried an attributable LIC gain of 8.6 cents.
- (c) Net asset backing per share 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
Robert J Edgar
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 and Mailing Address

Level 21, 101 Collins Street
Melbourne Victoria 3000

Contact Details

Telephone (03) 9650 9911
Facsimile (03) 9650 9100
Email invest@djerri.com.au
Website 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 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 5 October 2015
Venue RACV City Club
Location 501 Bourke Street
Melbourne

Brisbane Shareholder Meeting

Time 2.30pm
Date Friday 9 October 2015
Venue Hilton Hotel
Location 190 Elizabeth Street
Brisbane

Adelaide Shareholder Meeting

Time 2.30pm
Date Monday 12 October 2015
Venue Adelaide Festival Centre
Location King William Road
Adelaide

Sydney Shareholder Meeting

Time 2.30pm
Date Monday 19 October 2015
Venue Four Seasons Hotel
Location 199 George Street
Sydney

The Annual Report for 2015 is available on Djerriwarrh's website djerri.com.au or by contacting the Company on (03) 9650 9911.



NOTICE OF ANNUAL GENERAL MEETING 2015

The Annual General Meeting of **Djerriwarrh Investments Limited (ABN: 38 006 862 693, "the Company")** will be held at: **RACV City Club, 501 Bourke Street, Melbourne Victoria at 10.00am (AEDT) on Monday 5 October 2015.**

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 3 October 2015.**

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 2015.

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

2. ADOPTION OF REMUNERATION REPORT

To adopt the Remuneration Report for the financial year ending 30 June 2015.

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

3. ELECTION OF DIRECTOR

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

"That Dr Robert (Bob) Edgar, a Director retiring from office in accordance with Rule 45 of the Constitution, being eligible is elected as a Director of the Company."

4. RE-ELECTION OF DIRECTOR

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

"That Mr Andrew Guy, 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
20 August 2015

5. RENEWAL OF PARTIAL TAKEOVER APPROVAL RULES

To consider and, if thought fit, pass the following resolution *(as a special resolution)*:

"To insert Rules 79 and 80 relating to partial takeover approvals in the form provided in the Explanatory Notes. If renewed, these Rules will come into effect from the close of the 2015 Annual General Meeting and will cease to have effect (unless renewed earlier) on 5 October 2018".

6. INCREASE IN NON-EXECUTIVE DIRECTORS' FEE CAP

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

"That the maximum aggregate remuneration which may be paid to the Non-Executive Directors of the Company for their services for each financial year, commencing on 1 July 2015 be increased from \$800,000 which was approved by shareholders in 2010 to \$900,000 per annum for the purposes of Rule 47 of the Company's Constitution and ASX Listing Rule 10.17."

EXPLANATORY NOTES - BUSINESS OF THE MEETING

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

Where permitted, the Chairman of the meeting intends to vote undirected proxies in favour of all items of business.

1. FINANCIAL STATEMENTS AND REPORTS

During this item there will be a reasonable 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 2015. 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 2015 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 a reasonable opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report which is contained within the 2015 Annual Report.

The vote on the proposed resolution is an advisory one.

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.

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

The Board recommends that shareholders vote in favour of adopting the Remuneration Report.

3. ELECTION OF DIRECTOR

Dr Robert (Bob) Edgar
BEC (Hons), PhD. Independent Non-Executive Director.

Dr Edgar was appointed to the Board in March 2015 and so is seeking election by shareholders for the first time.

Dr Edgar's initial training was in Economics. He spent the majority of his business career at Australia & New Zealand Banking Group Ltd, retiring as Deputy Chief Executive Officer of the Bank in 2009. He is a Non-Executive Director of Transurban Limited, Asciano Limited and Linfox Armaguard Pty Ltd. He also serves as the Chairman of the Prince Henry's Institute of Medical Research.

He was previously Chairman of Federation Centres Limited and a Non-Executive Director of Nufarm Limited and three Asian banks connected with the ANZ Group.

The Board recommends that shareholders vote in favour of Dr Edgar's election.

4. RE-ELECTION OF DIRECTOR

Mr Andrew 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, Australian Investment Company Services Limited.

Mr Guy is a highly experienced company Director who was appointed to the Board in December 1989 and was last re-elected by shareholders at the 2013 Annual General Meeting.

He is a Director of an ANZ responsible entity and trustee, ANZ Specialist Asset Management Limited and Chairman of Victoria Legal Aid.

The Board recommends that shareholders vote in favour of Mr Guy's re-election.

Further information regarding the Company's corporate governance arrangements and the Board's role can be found on the Company's website at:

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

5. RENEWAL OF PARTIAL TAKEOVER APPROVAL RULES

This is the Explanatory Statement pursuant to Section 648G of the Corporations Act 2001 (Cth) in relation to altering the Constitution of the Company.

The Corporations Act permits a company to include rules in its Constitution which enable the company to refuse to register a transfer of shares resulting from a partial (or proportional) takeover bid unless a resolution is first passed by members approving the takeover bid.

The proposed adoption of the partial takeover approval provisions

The Directors propose to renew the following partial takeover approval rules in the Company's Constitution. They mirror exactly the existing Rules 79 and 80, previously approved by shareholders at the 2012 AGM and which will expire on 8 October 2015 unless renewed earlier:

79. Restriction on Registration

Subject to the Corporations Act and the Listing Rules, the registration of any transfer of shares giving effect to a takeover contract under a proportional takeover bid in respect of shares in a class of shares in the Company is prohibited unless and until a resolution to approve the takeover bid is passed in accordance with rule 80.

80. Procedures

- (a) Subject to rule 80(b), the only persons entitled to vote on a resolution to approve a proportional takeover bid are those persons who, as at the end of the day on which the first offer under the takeover bid was made, held shares included in the bid class for which the offer was made. Each person entitled to vote has one vote for each share in the relevant class held by the person at that time.
- (b) Neither the bidder under the takeover bid nor any associate of the bidder is entitled to vote on the resolution.
- (c) The resolution is to be considered at a meeting convened and conducted by the Company of the persons entitled to vote on the resolutions. The provisions of this Constitution relating to general meetings apply to the meeting with any modifications the Directors decide are required in the circumstances.
- (d) The resolution is taken to have been passed only if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50 per cent.

If approved by shareholders at the meeting, the proposed Rules 79 and 80 will operate for three years from the date of the meeting (that is, until 5 October 2018) unless renewed earlier.

Partial takeover bids

A partial takeover bid involves the bidder offering to buy a proportion only of each shareholder's shares in the target company.

This means that control of the target company may pass without members having the chance to sell all their shares to the bidder. It also means the bidder may acquire control of the target company without paying an adequate premium for gaining control.

To address this possibility, a company may provide in its Constitution that, in the event of a partial takeover bid being made for shares in the company, the directors must convene a meeting of shareholders to vote on a resolution to approve that bid.

A meeting convened under the partial takeover provisions is treated as a general meeting of the company and the majority decision of the company's members will be binding on all individual members.

The Directors consider that it is in the interests of shareholders for the Company to have the partial takeover approval rules in the Constitution of the Company.

Effect of proposed partial takeover approval rules

Where a partial takeover bid is made, the Directors must convene a meeting of shareholders to vote on a resolution to approve the partial bid before the 14th day prior to the closing of the bid period.

The vote is decided on a simple majority. Each person who, as at the end of the day on which the first offer under the takeover bid was made, held bid class shares is entitled to vote. Neither the bidder nor its associates are entitled to vote on the resolution.

If a meeting is not held, a resolution approving the partial bid will be deemed by section 648E of the Corporations Act to have been passed thereby allowing the partial bid to proceed. Further, the Directors will contravene the Act if they fail to ensure a resolution to approve the bid is voted on.

If the resolution is rejected, the registration of any transfer of shares resulting from that partial takeover bid will be prohibited and the bid will be deemed to be withdrawn. If the resolution is approved, the relevant transfers of shares will be registered provided they comply with the other provisions of the Constitution.

Rules 79 and 80 will not apply to full takeover bids and will expire three years after the date they were adopted as part of the Company's Constitution unless renewed by a further special resolution of shareholders.

Reason for proposing the resolution

The Directors consider that inclusion of the proposed Rules is in the interests of all shareholders of the Company. In the Directors' view, shareholders should have the opportunity to vote on a proposed partial takeover bid.

A partial takeover bid for the Company may enable control of the Company to be acquired by a party holding less than a majority interest and without shareholders having the opportunity to dispose of all their shares so that shareholders risk being locked into a minority position in the Company or suffering loss if the bid causes a decrease in the market value of shares.

Rules 79 and 80 will prevent this situation occurring by permitting shareholders to decide whether or not a partial takeover bid should be allowed to proceed.

Present acquisition proposals

As at the date of this notice, the Directors are not aware of any proposal by any person to acquire a substantial interest in the Company.

Advantages and disadvantages

The Corporations Act requires this explanatory statement to discuss the potential advantages and disadvantages of the partial takeover approval rules for both Directors and shareholders.

While the partial takeover approval provisions have been in effect, there have been no takeover bids for the Company either proportional or otherwise. So, there are no actual examples against which to review the advantages and disadvantages of the existing partial takeover provisions (contained in Rules 79 and 80) for the Directors and shareholders of the Company. The Directors are not aware of any potential takeover bid which was discouraged by Rules 79 and 80.

In addition to looking at the provisions retrospectively, the Corporations Act also requires this explanatory statement to discuss the potential future advantages and disadvantages of the proposed rules for both Directors and shareholders.

The Directors consider that there are no advantages or disadvantages for the Directors in renewing the proposed partial takeover approval rules. In particular, there is no restriction on their ability to make a recommendation on whether a partial takeover bid should be accepted.

For shareholders, the potential advantage of renewing the partial takeover approval rules again is that they provide shareholders with the opportunity to consider, discuss in a meeting called specifically for the purpose, and vote on whether a partial takeover bid should be approved. This ensures that shareholders have an opportunity to have a say in the future ownership and control of the Company. The Directors believe that this would encourage any future partial bids to be structured so as to be attractive to a majority of shareholders.

A potential disadvantage for shareholders arising from renewing the partial takeover approval rules again is that they may discourage partial takeover bids being made and may reduce any speculative element in the market price of the Company's shares arising from the possibility of a partial offer being made. As a result, shareholders may not have the opportunity to dispose of their shares at an attractive price where the majority rejects an offer from a party seeking control of the Company. The Directors consider that the potential advantages for shareholders of the proposed partial takeover approval rules outweigh the potential disadvantages.

Shareholder approval

To pass as a special resolution, this item of business requires the support of 75% or more of the votes cast on the resolution.

The Board recommends that shareholders vote in favour of renewing the partial takeover approval rules.

6. INCREASE IN NON-EXECUTIVE DIRECTORS' FEE CAP

Pursuant to the ASX Listing Rules, any increase in the maximum aggregate fee cap for Non-Executive Directors must be approved by shareholders.

It is proposed that the maximum aggregate non-executive Directors' fees should be increased by \$100,000 per annum from the present level of \$800,000 per annum. Non-executive Directors' fees exclude any fees paid to the Managing Director and are governed by section 47 of the Company's Constitution, which is available on the Company's website at:

www.djerri.com.au/Shareholder-Forms.aspx

The maximum aggregate level of Directors' fees was last increased at the 2010 Annual General Meeting, and before that at the 2007 Annual General Meeting. Directors wish to increase the cap on the aggregate remuneration of Directors to provide capacity going forward for fees to be increased should that be deemed appropriate. The increase should be adequate to enable appropriate fee increases to be accommodated for the next few years. No shares have been issued to Directors under ASX listing rule 10.11 or 10.14 with the approval of the Company's shareholders within the preceding 3 years.

Voting exclusions on item 6

The entity will disregard any votes cast on this resolution by all the Directors and any of their associates. However, the Company need not disregard a vote if:

- it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

The Company will also disregard any votes cast on item 6 by any member of the key management personnel of the Company or any of their closely related parties that have been appointed as proxy where the proxy appointment does not specify the way the proxy is to vote, save in the scenario below.

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 6 (Increase in Non-Executive Directors' fee cap) by marking the appropriate box opposite item 6 on the proxy form.

Pursuant to section 250BD(2) 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 6, the relevant shareholder will be expressly authorising the Chairman to exercise the proxy in relation to item 6.

The Chairman intends to exercise such proxies by voting them in favour of the increase in Non-Executive Directors' fee cap.

The Board recommends that shareholders vote in favour of increasing the Non-Executive Directors' fee cap.

SHAREHOLDER INFORMATION

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 3 October 2015**. 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).

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:	Postal address:
Yarra Falls	GPO Box 242
452 Johnston Street	Melbourne VIC 3001
Abbotsford VIC 3067	

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

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:

SRN/HIN:

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 3 October 2015**

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 3 October 2015, 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 →**

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.

Proxy Form

Please mark to indicate your directions

STEP 1 Appoint a proxy to vote on your behalf

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 **Djerriwarrh Investments Limited** to be held at **RACV City Club, 501 Bourke Street, Melbourne, Victoria at 10.00am (AEDT) on Monday 5 October 2015** 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 items 2 and 6 even though items 2 and 6 are connected directly or indirectly with the remuneration of a member of key management personnel of Djerriwarrh 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.

	For	Against	Abstain
Item 2 Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3 Election of Director - Dr Robert (Bob) Edgar	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4 Re-election of Director - Mr Andrew Guy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5 Renewal of partial takeover approval rules in the Constitution for a further three years (special resolution)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6 Increase in Non-Executive Directors' fee cap	<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 ____/____/____