

Djerriwarrh Investments Limited  
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19 October 2009

The Manager  
Company Announcements Office  
Australian Securities Exchange Limited  
Exchange Centre  
Level 4  
20 Bridge Street  
Sydney NSW 2000

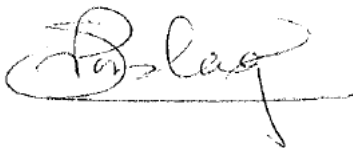
**Electronic Lodgement**

**Djerriwarrh Investments Limited  
Shareholder Information Meeting**

Dear Sir or Madam

Please find attached a presentation to be given to shareholders at the Shareholder Information Meeting in Sydney today.

Yours faithfully,



Simon Pordage  
Company Secretary

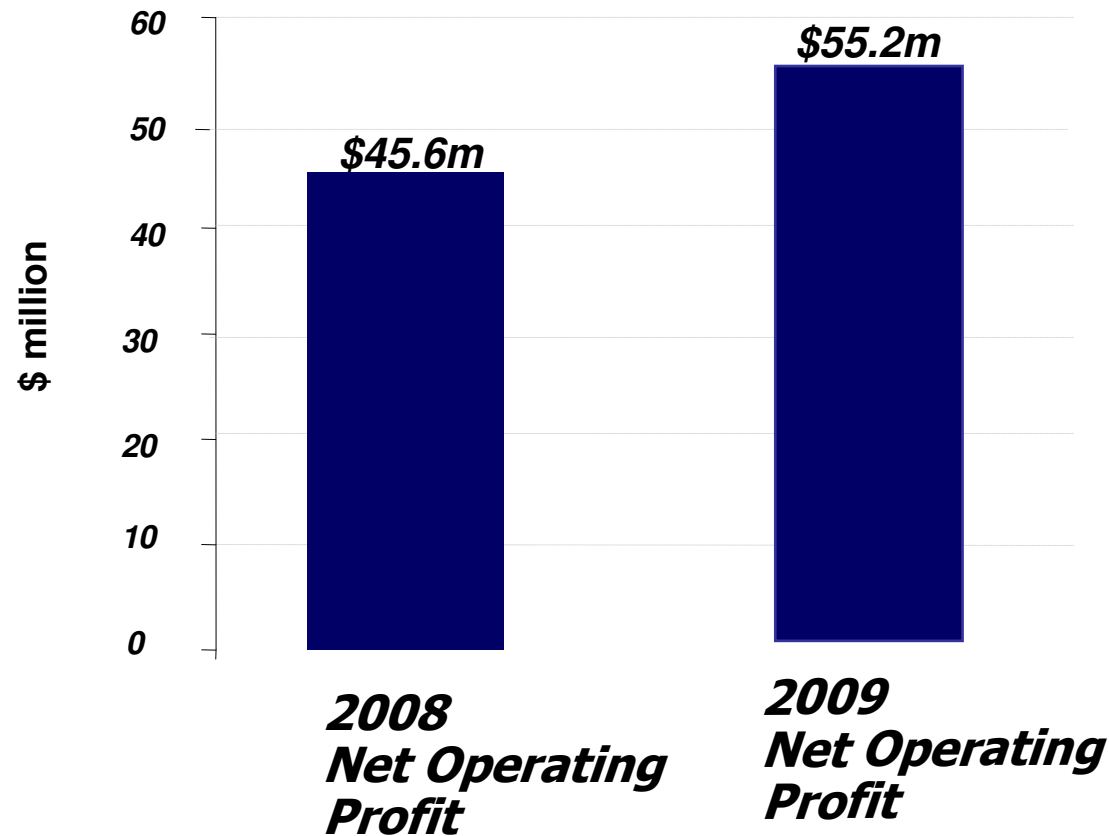
# **Djerriwarrh Investments Limited**

## **Shareholder Presentations October 2009**

# S&P/ASX 200 Leaders Price Index



# Operating Profit - 2009 Full Year vs. 2008 Full Year



## Major Differences

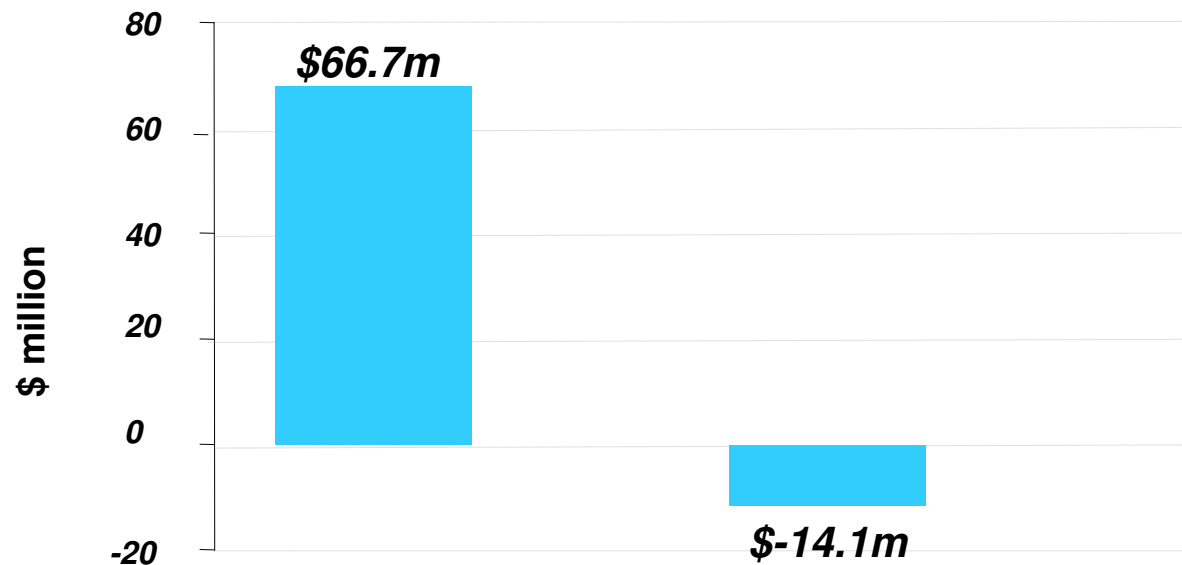
Trading income was positive \$1.5m whereas last year this negative was \$5.7m

Options written income increased \$3.5m over last year

Dividend income increased \$0.7m over last year

Whilst we judge ourselves by the Operating Profit and Net Asset Backing we must comply with *Australian equivalents of the International Financial Reporting Standards (AIFRS)*

# Result for the Year (AIFRS) – 2009 Full Year vs. 2008 Full Year



***2008 Profit  
for the Year***

***2009 Loss  
for the Year***

## **Major Items after tax**

**Unrealised impairment  
charge of \$49.7m**

**Realised losses on sales  
of \$27.0m**

**Mark to Market Options  
of \$7.4m**

## AIFRS Impairment Charge

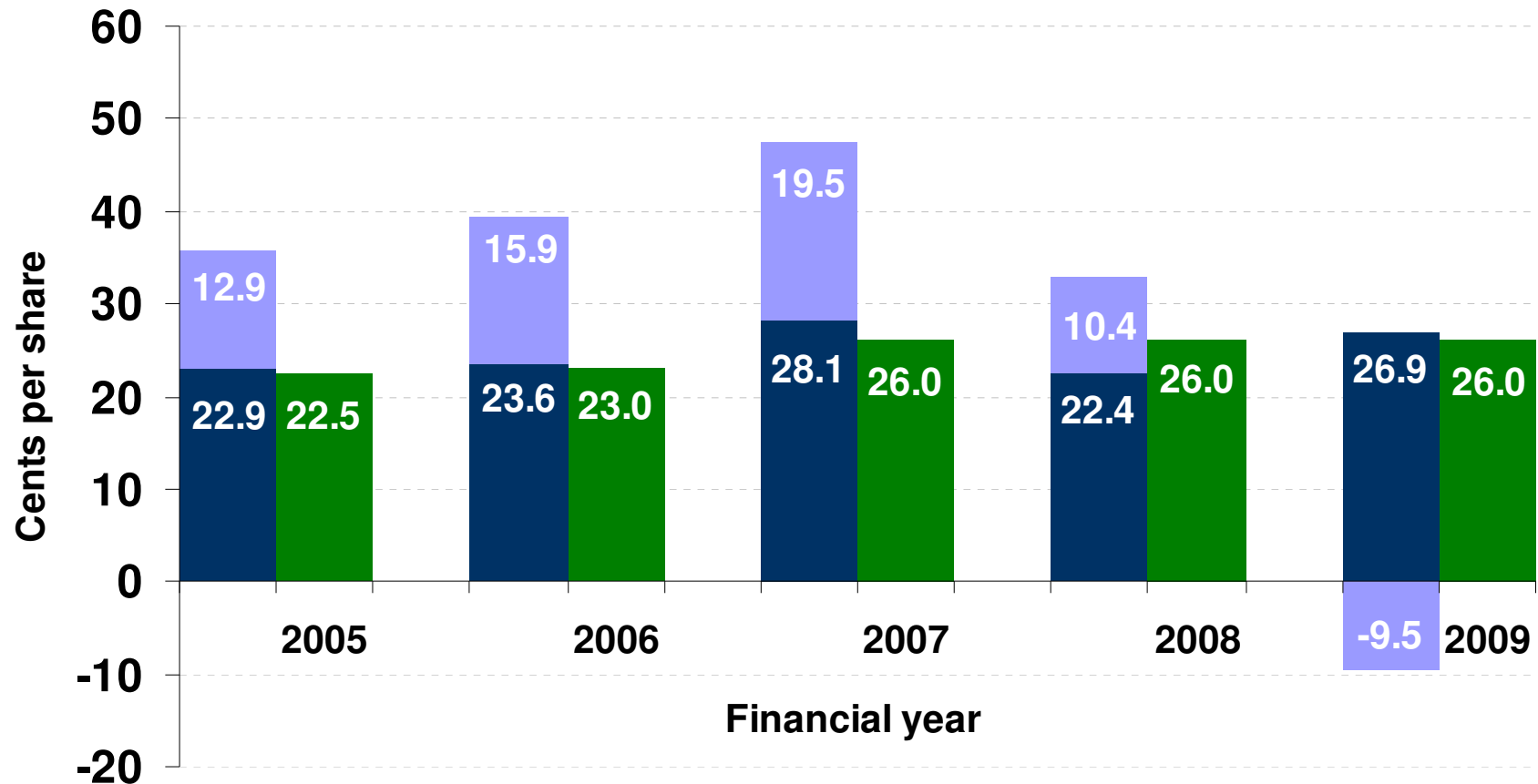
- Auditors required an impairment charge where a holding:
  - was below its accounting cost base for a minimum of 15 months, or
  - its market value was more than 35% below its accounting cost base
- These were unrealised losses
- This was required even if we considered long term investment value was not impaired

## As a result, the Accounting Result was impacted by these unrealised losses

- The unrealised impairment charge of \$49.7 million helped turn the \$55.2 million Operating Profit to an accounting loss of \$14.1 million
- It had no effect on net asset backing per share
- If the balance date had been on Wednesday, 14 October the impairment charge on these stocks would have been \$33.9 million
- These accounting rules are likely to change again this year.

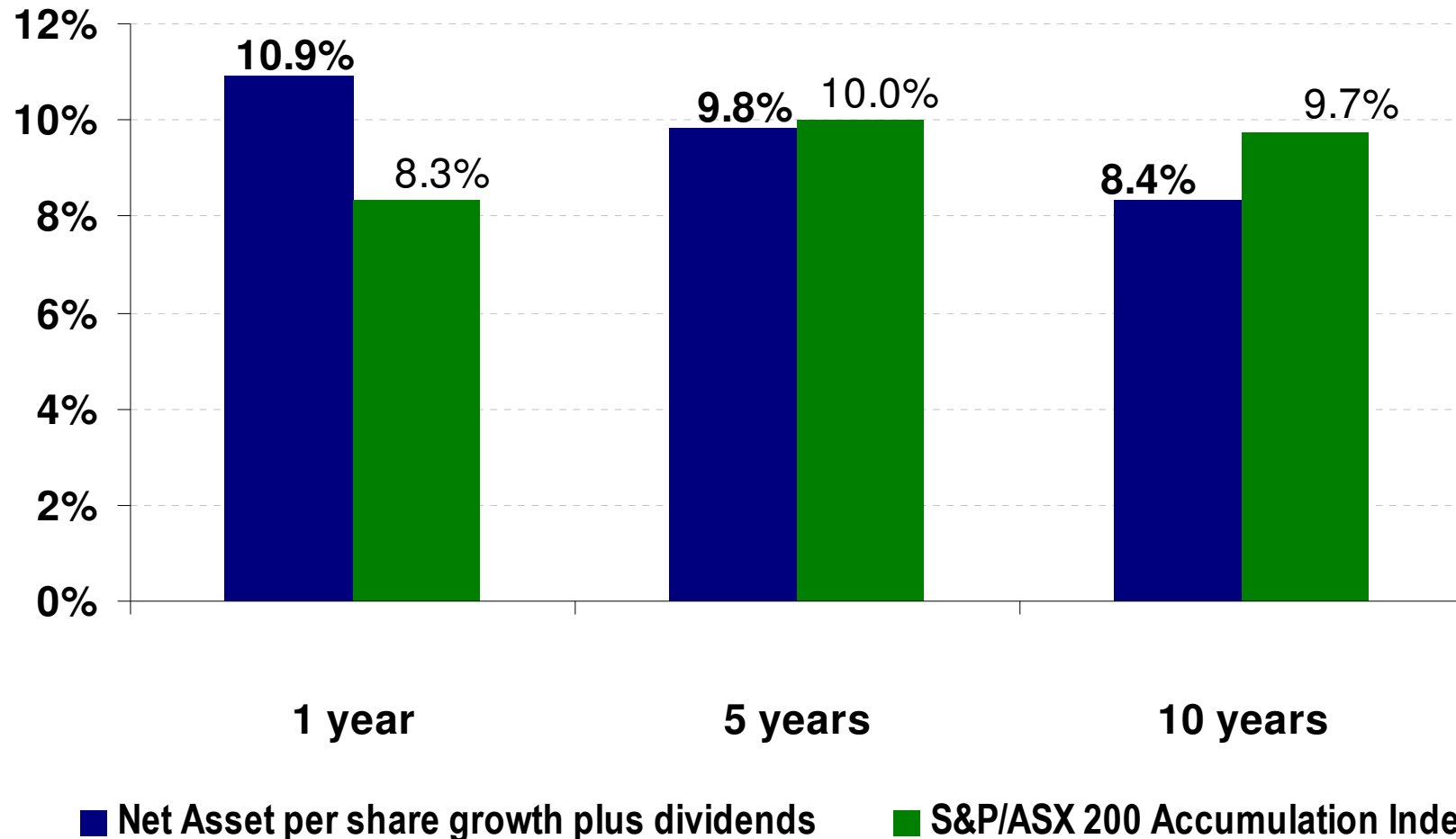


# Earnings Per Share and Dividends Per Share



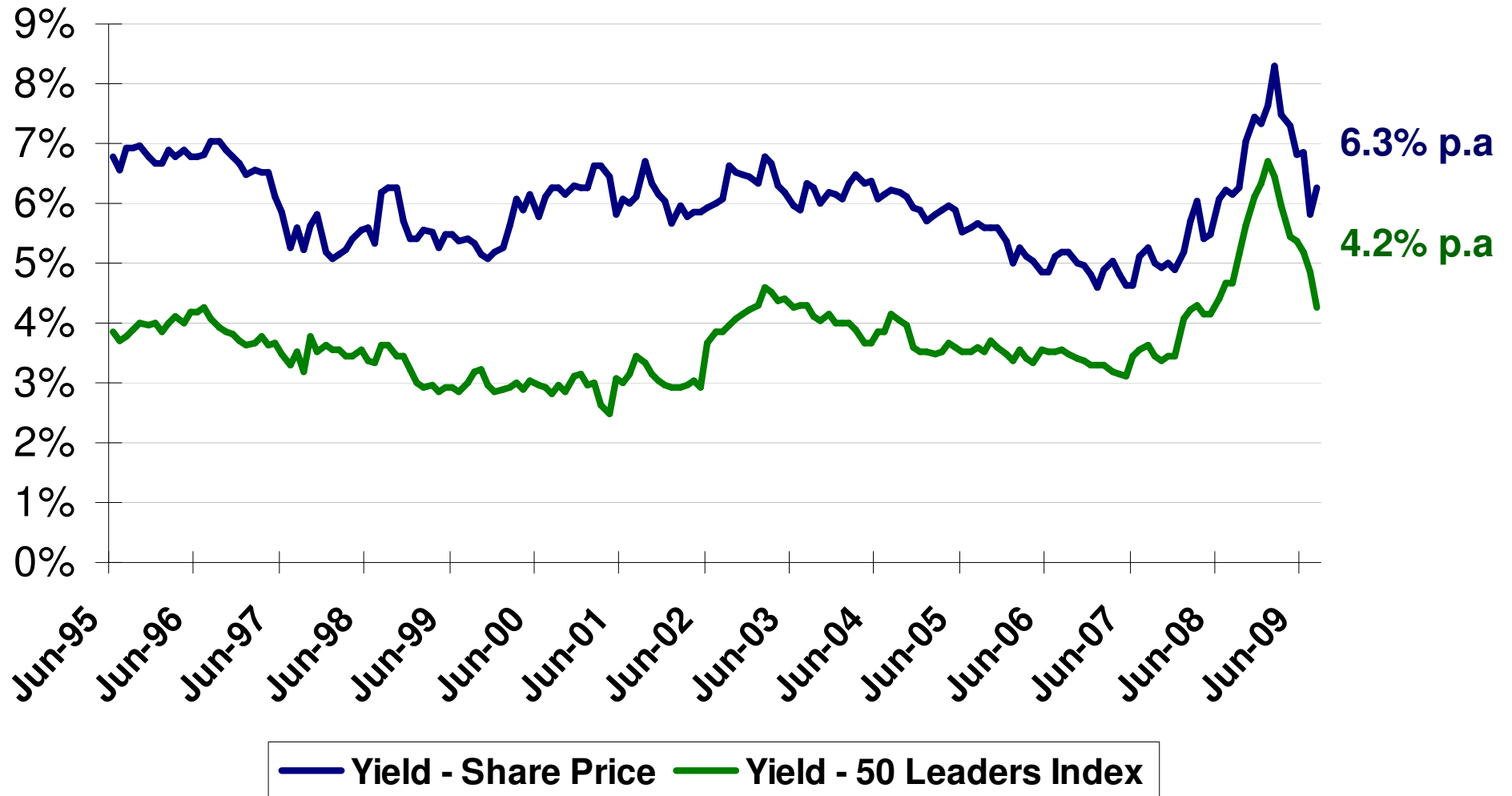
- Dividends per share
- Realised gains/losses per share
- Net operating profit per share

## Annualised Portfolio Returns\* – Year Ended 30 Sept. 2009

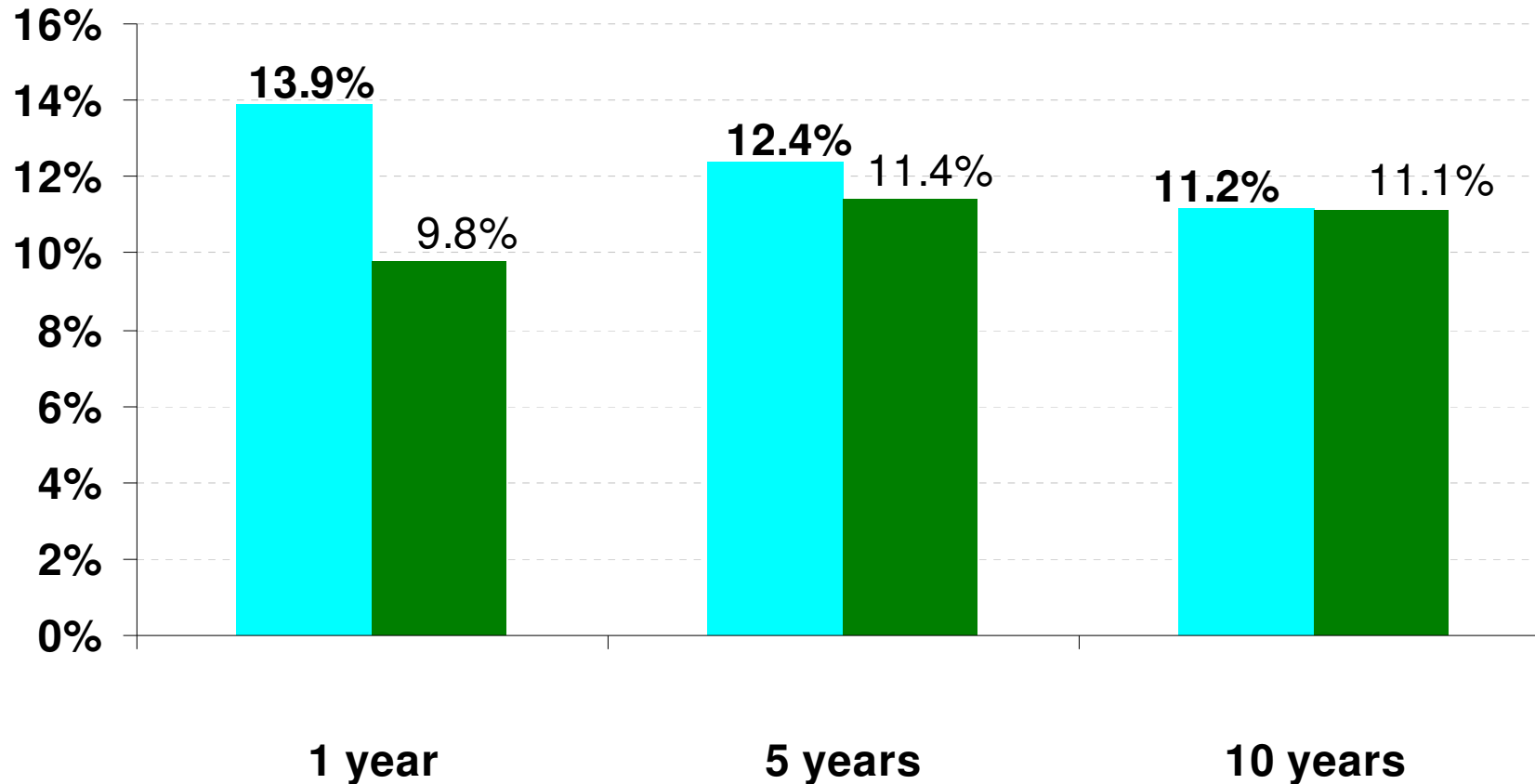


\* After tax and expenses. Ignores benefits of franking and LIC tax credits

## Djerriwarrh Yield v Market Yield



## Annualised Portfolio Returns\* – Year Ended 30 Sept. 2009. Adjusting for the Benefits of Distributed Franking Credits



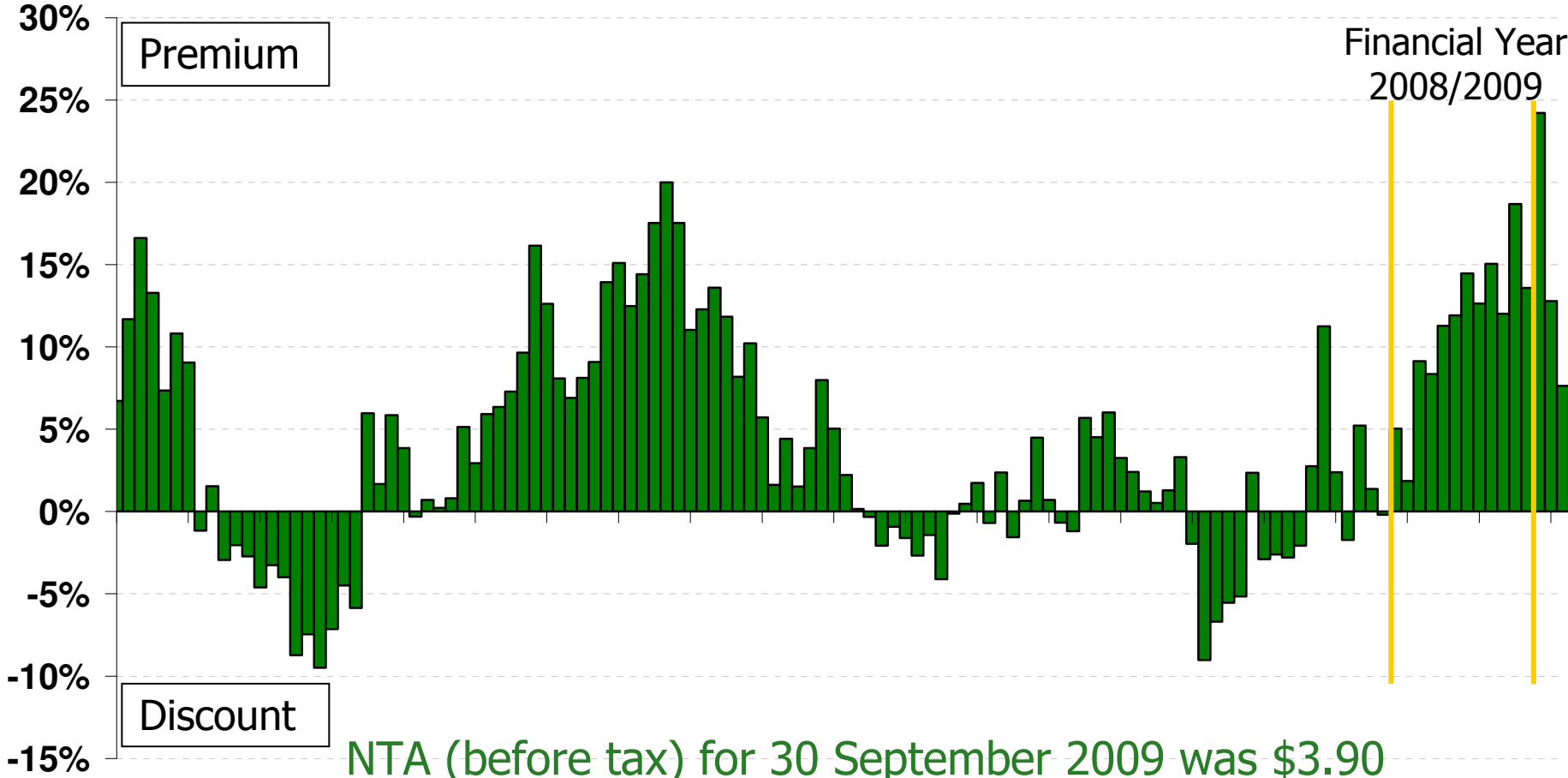
■ Net Asset per share growth plus dividends

■ S&P/ASX 200 Accumulation Index

\* After tax and expenses. Ignores benefits of LIC tax credits.

Based on Company estimates

# Share Price Relative to Net Asset Backing (pre CGT)



NTA (before tax) for 30 September 2009 was \$3.90

## Options Written and Trading Portfolio Profit

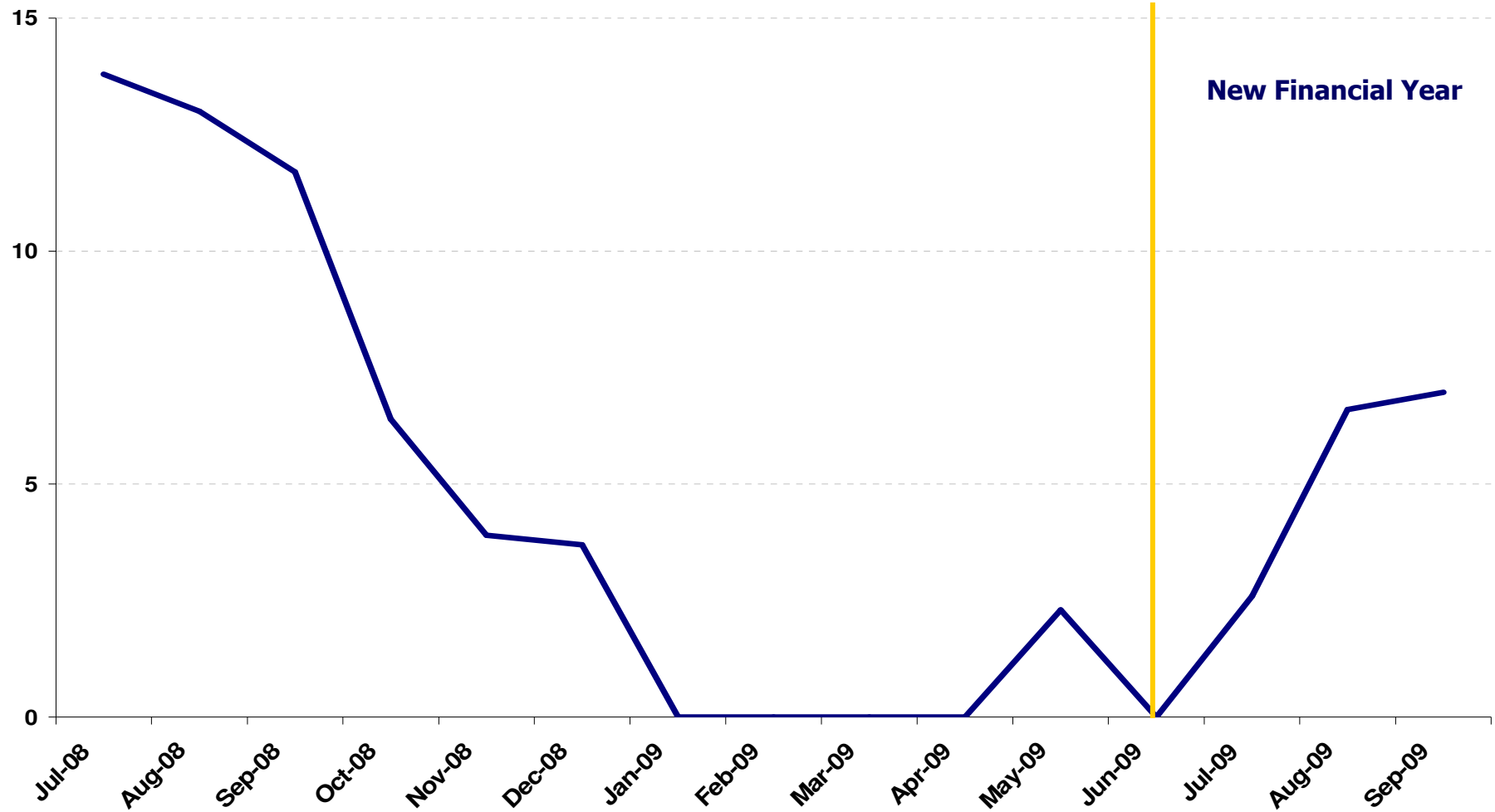
	<b>Trading Profit</b>	<b>Option Written Profit</b>	<b>Operating Profit Before Tax</b>	<b>Change in S&amp;P/ASX 200 Acc. Index (per year)</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	
June 05	12.7	3.3	38.6	26.4%
June 06	9.6	7.9	42.1	23.9%
June 07	13.8	7.9	60.3	28.7%
June 08	-5.7	19.8	49.0	-13.4%
June 09	1.5	23.3	63.1	-20.1%

^ excludes unrealised gains

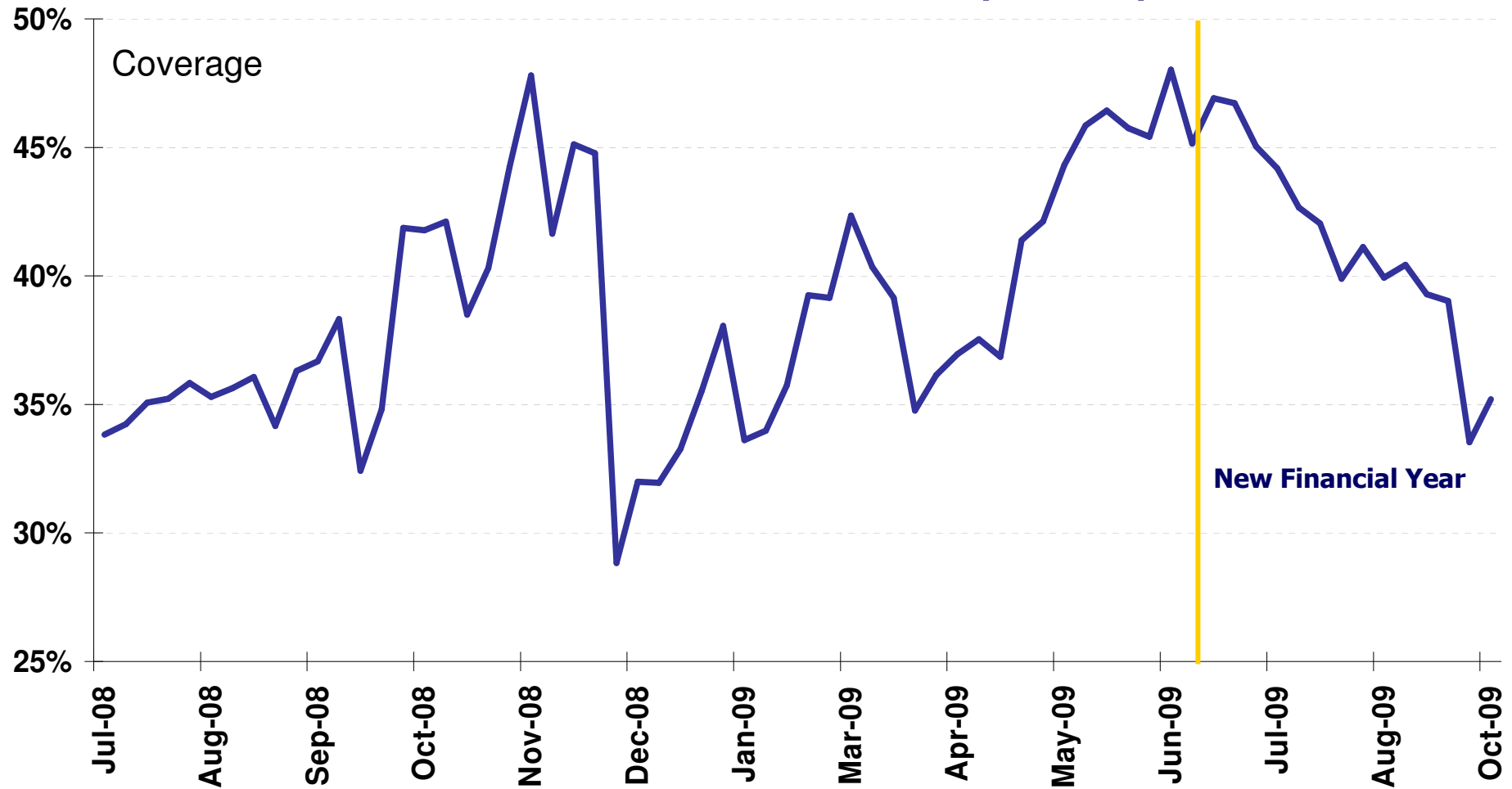
\* under old accounting standards, profit before tax

# Trading Portfolio still low

\$ million

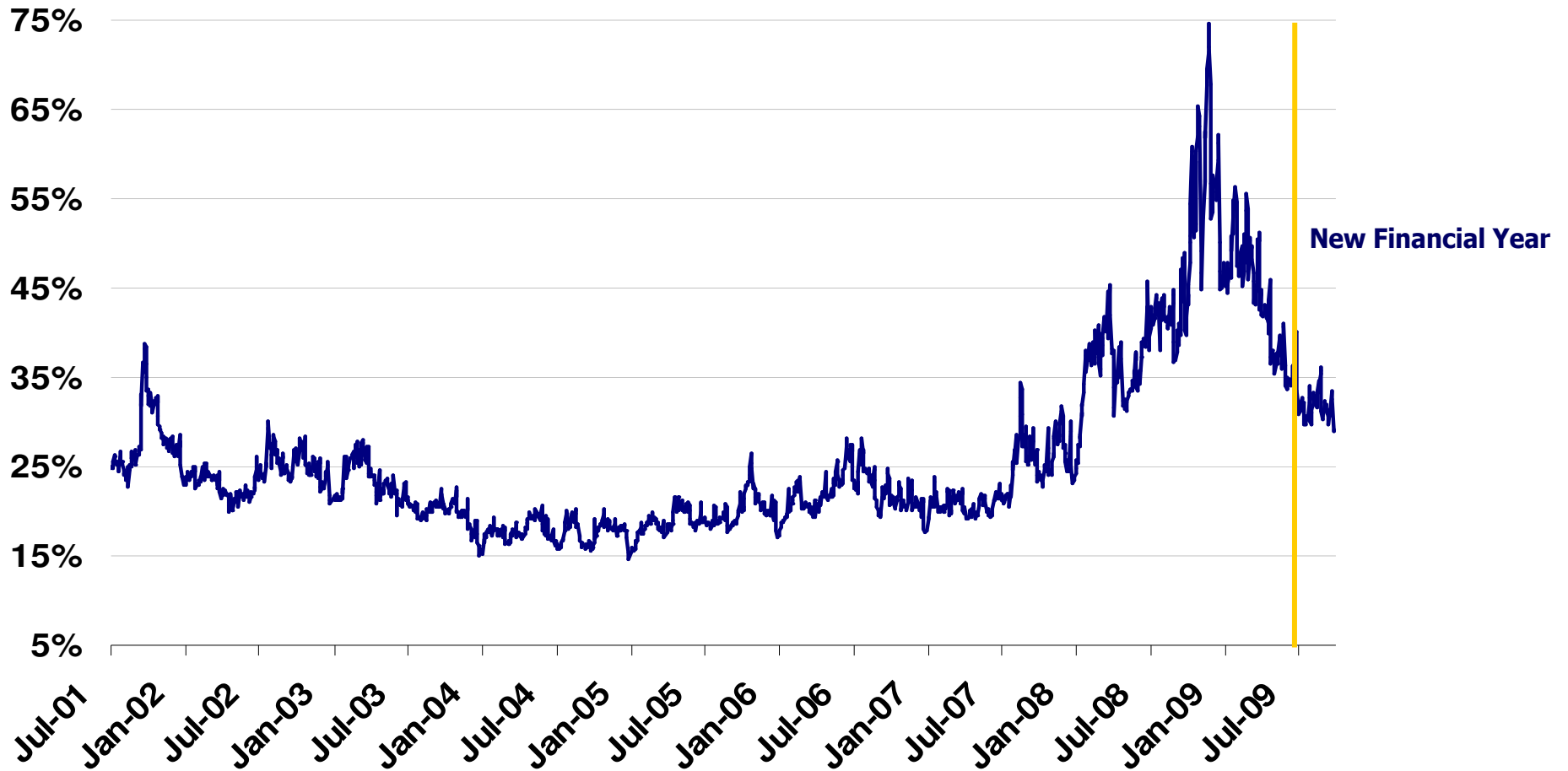


# Options sold coverage with recent decline a result of the exercise of some bank option positions



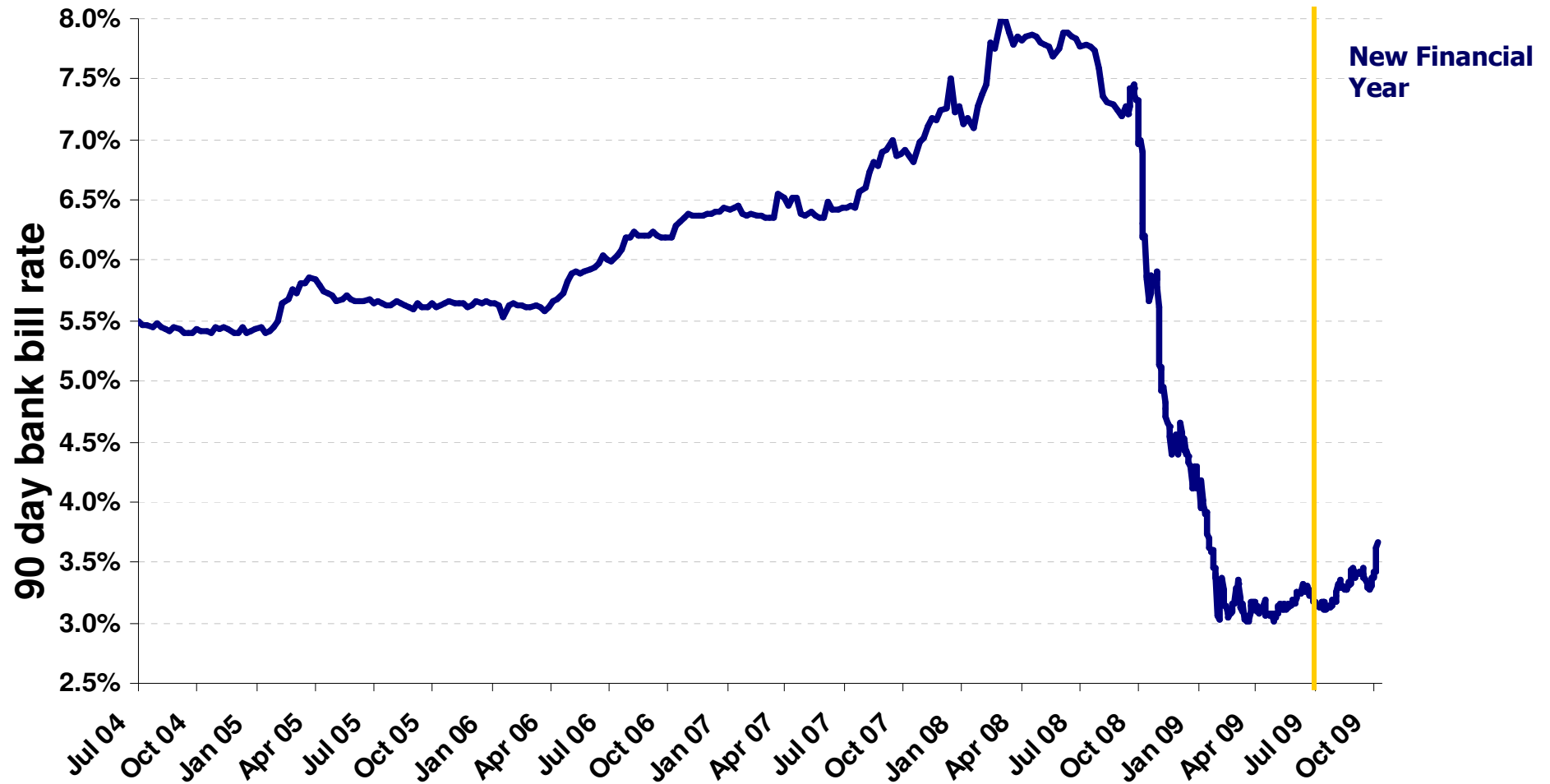


Volatility has fallen dramatically from its peak at the height of the financial crisis – it remains relatively high but is trending downwards as markets recover



Source GSJBW

# Interest rates are very low despite recent upturn which means lower option premiums



## Profits and Dividends

- Dividends in general have declined approximately 20% to 25%
- Volatility levels also falling which impacts option income
- Interest rates are low
- These factors may have implications for the level of income generated by the portfolio
- Level of dividends paid will be assessed at the time of each result announcement having regard to a number of factors including franking and distributable reserves

## Major Purchases in Investment Portfolio from 1 July 2009 to 30 September 2009

\$ Million

<b>Hastings Diversified Utilities</b>	<b>6.7</b>
<b>Westpac Banking Corp</b>	<b>2.2</b>
<b>Amcor</b>	<b>2.0</b>
<b>National Australia Bank</b>	<b>1.9</b>
<b>QBE Insurance Group</b>	<b>1.7</b>

## Major Sales from the Investment Portfolio from 1 July 2009 to 30 September 2009

	<b>\$ Million</b>	
<b>National Australia Bank</b>	<b>17.8</b>	(Exercised on call options)
<b>Commonwealth Bank</b>	<b>14.9</b>	(Exercised on call options)
<b>Westpac Banking Corporation</b>	<b>6.7</b>	(Exercised on call options)
<b>Rio Tinto</b>	<b>5.2</b>	(Exercised on call options)
<b>ANZ Banking Group</b>	<b>3.9</b>	(Exercised on call options)
<b>OneSteel</b>	<b>2.4</b>	(Exercised on call options)
<b>Amcil</b>	<b>1.2</b>	
<b>Orica</b>	<b>1.0</b>	(Exercised on call options)

## Top 20 Ordinary Securities – 30 September 2009<sup>1</sup>

		\$million	% of portfolio (excl. cash)
1	* BHP Billiton	93.2	11.5%
2	* Westpac Banking Corporation	91.8	11.3%
3	* National Australia Bank	56.7	7.0%
4	* Commonwealth Bank of Australia	51.1	6.3%
5	* Telstra Corporation	43.3	5.3%
6	* Woodside Petroleum	42.3	5.2%
7	* Australia and New Zealand Banking Group	41.5	5.1%
8	* Oil Search	28.4	3.5%
9	* QBE Insurance Group	25.3	3.1%
10	* Santos	24.3	3.0%

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

<sup>1</sup> Option Adjusted

## Top 20 Ordinary Securities – 30 September 2009<sup>1</sup>

	\$million	% of portfolio (excl. cash)
11 * AMP	22.4	2.8%
12 * Rio Tinto	22.4	2.8%
13 * Brambles	22.0	2.7%
14 * Woolworths	20.8	2.6%
15 * West Australian Newspapers Holdings	18.3	2.3%
16 * Amcor	15.2	1.9%
17 * Wesfarmers (a)	14.8	1.8%
18 * Origin Energy	13.9	1.7%
19 * AXA Asia Pacific Holdings	13.8	1.7%
20 * Computershare	13.0	1.6%
	<b>674.4</b>	
	<b>83.3%</b>	
<b>As % of Total Portfolio Value (excludes Cash)</b>		

(a) Includes \$3.5m WESN partially protected securities

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

<sup>1</sup> Option Adjusted

# Djerriwarrh's Investment Structure – 30 September 2009

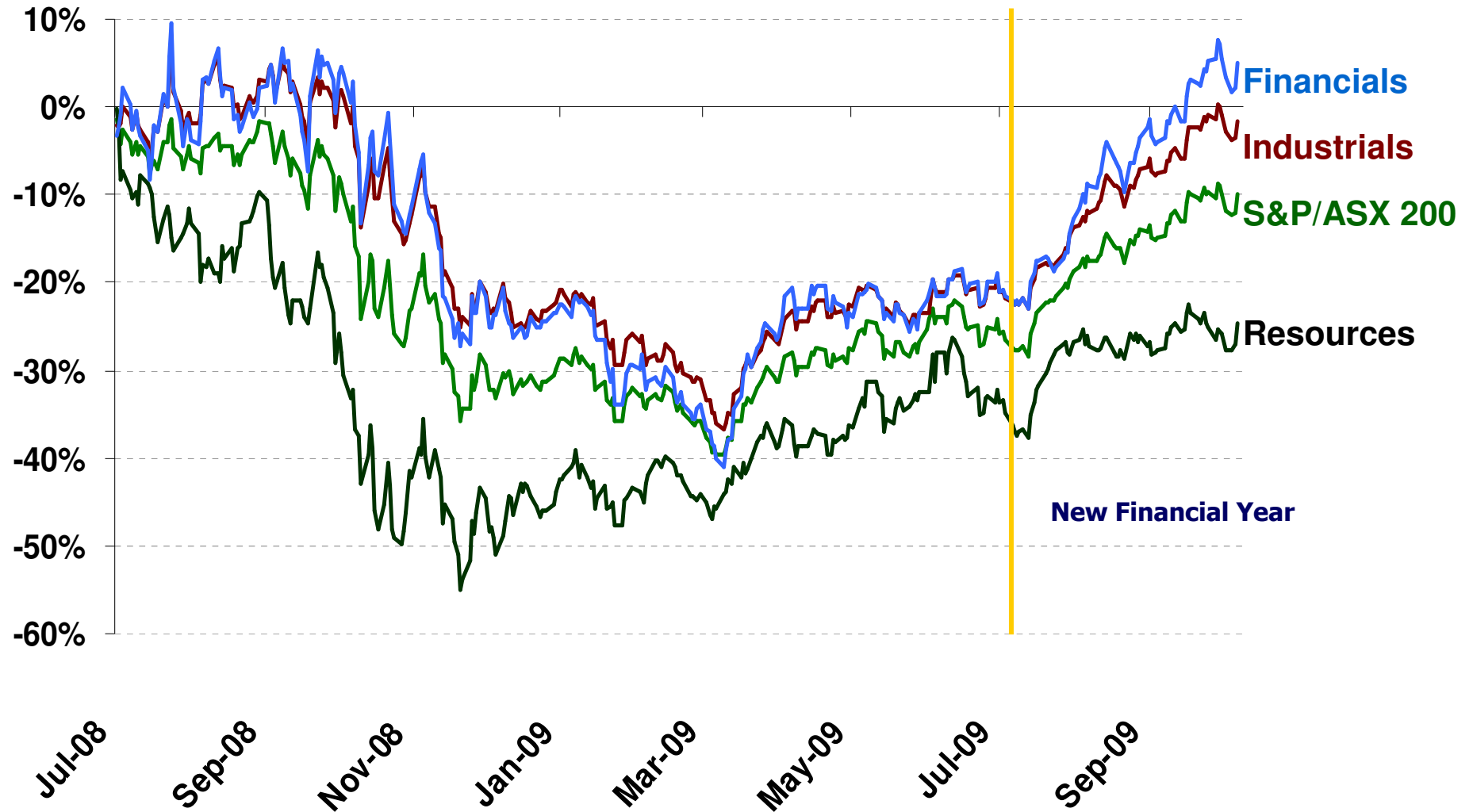
- Long Term Investment portfolio:
  - A\$831.4 million
  - Approximately 50 securities
- Trading portfolio:
  - A\$7.0 million or 0.8%
  - Short term positions
- Borrowings of \$15.0 million
- Cash of \$3.3 million



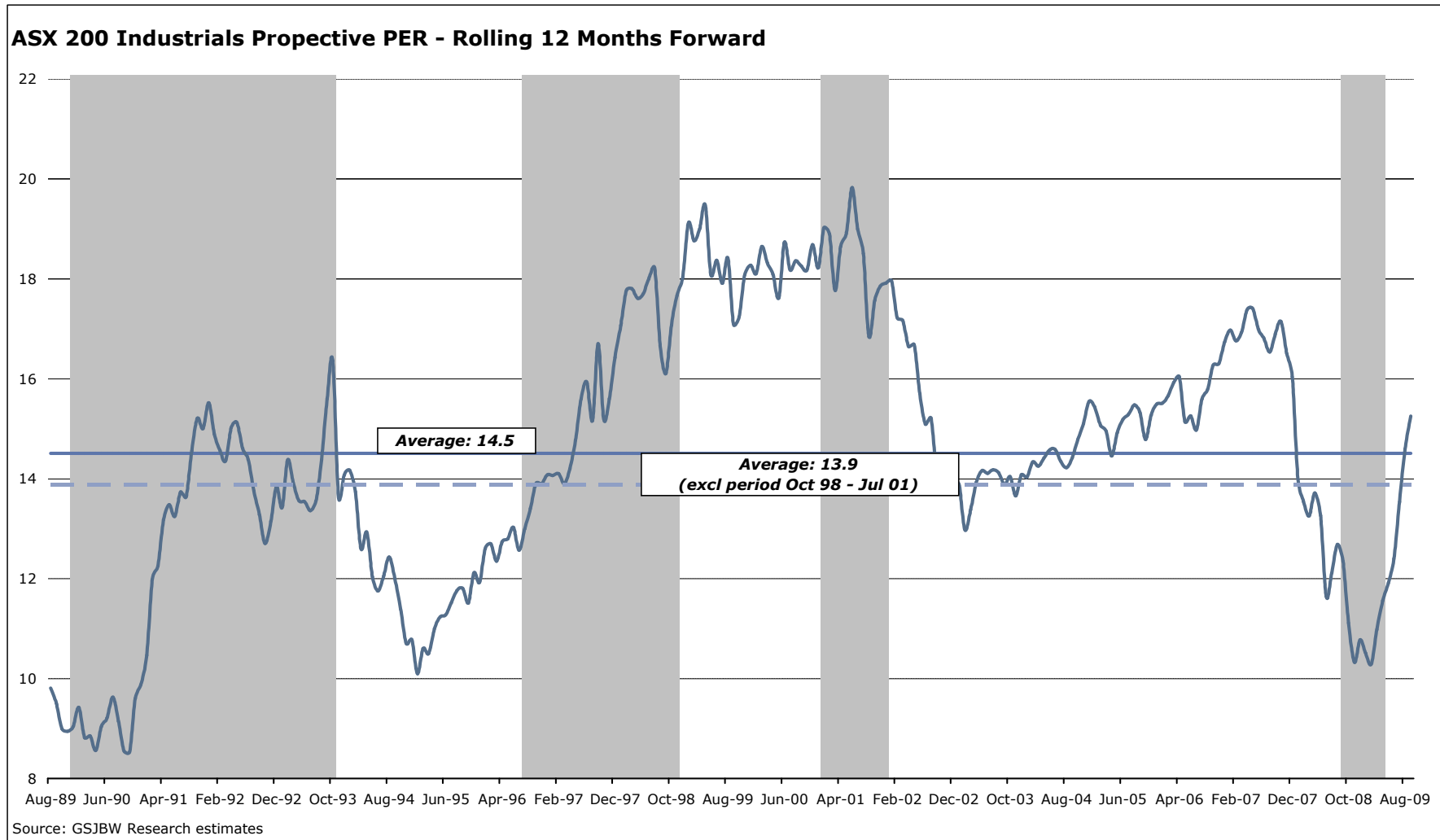
## Convertible Notes

- 6.5% Convertible Notes matured 30 September 2009
- \$15.8 million were converted at \$3.90 per share with the remainder - \$16.2 million redeemed for cash
- It was decided not to issue a new series given high coupon required and our desire to reduce debt
- This position will be kept under review having regard to ongoing funding costs and market conditions for Djerriwarrh's activities

# Comparative Price Index Returns Since 1 July 2008



# Valuation levels now back through long term average



## Outlook

- Lower interest rates and fiscal stimulus has led to improved consumer and business sentiment
- However the likely duration and strength of any economic rebound is still uncertain
- Share prices have recovered strongly in anticipation of improved company profits
- We remain cautious with option coverage likely to move higher

# Djerriwarrh Investments Limited Annual General Meeting