DJERRIWARRH INVESTMENTS

Djerriwarrh Investments Limited
ABN 38 006 862 693

Level 21, 101 Collins Street
Melbourne Victoria 3000

GPO Box 2114
Melbourne Victoria 3001

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

24 August 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
Statutory Annual Report, Annual Shareholder Review, Notice of Meeting and Proxy form

Dear Sir / Madam,

Please find attached the 2009 Statutory Annual Report, Annual Shareholder Review, Notice of Meeting and Proxy form to be mailed to shareholders today.

Yours faithfully,

Simon Pordage
Company Secretary

09

Enhancing Income | Statutory Annual Report

DJERRIWARRH INVESTMENTS

Contents

Summary of Results

Net Operating Profit

Net operating profit was $55.2 million (last year $45.6 million), up 21.1 per cent from the previous corresponding period. This operating profit is made up primarily of dividends received from the investment portfolio, option income and revenue from the trading portfolio. Volatile conditions in equity markets continued to provide a significant boost to Djerriwarrh's option income during the period, whilst dividend income received was generally in line with last year. Directors feel this is the most appropriate profit measure of the Company's activities for shareholders.

AIFRS Accounting Result

AIFRS accounting result was a loss of $14.1 million (last year was a profit of $66.7 million). The figure this year includes losses on sale of investments, revaluation of open option positions and an unrealised loss of $49.7 million transferred from the revaluation reserve for 'impairment' required by the accounting standards.

Earnings Per Share

Earnings per share based on net operating profit were 26.9 cents compared with 22.4 cents last year.

A Fully Franked Final Dividend

A fully franked final dividend of 16 cents per share was announced. This final dividend is unchanged from last year. The final dividend of 16 cents brings total dividends for the year to 26 cents per share, the same as last year.

Part of the final dividend is sourced from pre tax Listed Investment Company capital gains of 5.7 cents per share (last year 14.3 cents per share). Certain shareholders may be able to claim some of this amount as a tax deduction.

The Dividend Reinvestment Plan

The Dividend Reinvestment Plan for the final dividend was maintained with a discount of 5 per cent.

Total Portfolio Return

Total portfolio return after tax and management fees over the year to 30 June 2009 (change in net asset backing per share plus dividends reinvested) was a decrease of 15.9 per cent, whereas the S&P/ASX 200 Accumulation Index declined 20.1 per cent over the same period. Including the benefit of franking credits from the dividends paid by Djerriwarrh the portfolio return was a decrease of 13.3 per cent, whereas the Index declined 18.8 per cent.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the 12 month period was negative 4.9 per cent.

Management Expense Ratio

Management expense ratio was 0.36 per cent. This was up from last year's figure of 0.26 per cent as a result of the decline in the value of the portfolio.

Net Asset Backing

Net asset backing at 30 June 2009 was $3.34 (before providing for the 16 cent final dividend).

Directors' Report

This report in relation to the financial year to 30 June 2009 is presented by the Directors of Djerriwarrh Investments Limited ("the Company") in accordance with a resolution of Directors.

About the Company

Djerriwarrh is a listed investment company investing in Australian equities with a focus on the top 50 ASX shares by market capitalisation. The Company also uses Exchange Traded Options to enhance income return to investors.

The Company pays out a high percentage of profits as fully franked dividends. Dividends are able to be sourced from current year profits, retained profits and profits from the sale of investments.

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

Investment Aims

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

In this regard the primary goals are:

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

Approach to Investing

The investment philosophy is built on taking a medium to longer term view of value. This means the Company tends to buy and hold individual stocks for the long term based on selection criteria which, in summary, comprise 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 in the S&P/ASX 50 Leaders Index where there is an active options market. This is intended to give scope for the writing of Exchange Traded Options with the level of the portfolio 'covered' by call options typically ranging between 20 to 50 per cent of the total portfolio at any one time.

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

Our Structure

The Company has a 'closed end' structure which means that the number of shares on issue is fixed and set by the Board from time to time. As a result, Djerriwarrh does not issue new shares or cancel them as investors enter and leave. This allows the Company to concentrate on the performance of the funds invested over the longer term without having to consider any inflow or outflow of monies. The nature of the listed investment company structure and a continued focus on the efficiency of the business also ensures administration costs and management fees are maintained at extremely competitive levels. In the financial year for 2008-09, this was 0.36 per cent of the portfolio's average market value (including cash).

By investing in Djerriwarrh, shareholders have access to:

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

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

Investing in Djerriwarrh

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

Transparency

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

Review of Operations

Profit Performance and Dividends

Djerriwarrh's option writing activity has benefited greatly from the volatile market conditions which have prevailed throughout the year. In a year where dividends received from companies have begun to decline Djerriwarrh has been able to harvest significantly more income from its option writing activity given a higher level of call option coverage over the portfolio and the very large moves in shares prices evident through the year.

Income from the option written portfolio increased to $23.3 million from $19.8 million last year. The Company's dividend income of $46.8 million was generally in line with last year's figure of $46.1 million, although this figure again benefited from participating in a share buy-back.

Net operating profit, which measures the underlying income generated from the investment and trading portfolios, was up substantially from $45.6 million to $55.2 million, an increase of 21 per cent.

Djerriwarrh's final dividend has been held at 16 cents per share fully franked, taking total dividends for year to 26 cents per share fully franked, the same amount as last year.

The AIFRS accounting result for the year was a loss of $14.1 million. Because of an interpretation of the Accounting Standards, Directors were required to classify some of the Company's investments as 'impaired', given the large fall in market values below cost that have occurred over the year. As a consequence, the accounting result includes a charge of $49.7 million for unrealised losses on the investment portfolio for so-called 'impaired' stocks. In such cases the negative changes in capital value that have already been recorded through the balance sheet must instead be recognised through the Company's income statement.

The Directors however do not consider this accounting interpretation best reflects the investment approach of the Company. Djerriwarrh takes a long term view of its investments and does not believe current share prices through this downturn necessarily reflect the long term value of the underlying businesses and assets that it invests in. If the Investment Committee considers an asset to be impaired in an investment sense, then it is typically sold and the funds invested elsewhere.

It should also be noted this impairment charge does not alter the net asset value of the portfolio, as these falls in market value had already been recorded in the Company's investment portfolio.

Investment Portfolio

In managing the portfolio during the year Djerriwarrh participated in a number of capital raisings and Dividend Reinvestment Plans at attractive prices. The Company also reduced the number of holdings in the portfolio in order to fund some of these opportunities and build its overall cash position.

Whilst the Company's portfolio was heavily impacted by the general decline in the market, its performance was well ahead of the overall market for the year. The strongest contributors to the investment portfolio over this period, including the returns generated by writing call options over the stock, were Westpac, Commonwealth Bank, Woolworths, Coca-Cola Amatil and Foster's Group. The total return on the portfolio over the 12 months to 30 June 2009 (measured by the change in net asset backing per share plus dividends reinvested and after tax and management fees) was down 15.9 per cent, whereas the corresponding figures for the S&P/ASX 200 Accumulation Index was a decline of 20.1 per cent. As well as the benefits derived from writing options over the portfolio in a declining market this outperformance was also as a result of avoiding or removing from the portfolio stocks which Djerriwarrh perceived as having heightened investment risks and from a move to improve the cash holding of the Company during the period.

Grossing up for the benefit of the enhanced level of franking credits generated from its investment activity, Djerriwarrh's portfolio return for the year is negative 13.3 per cent compared to the benchmark return of negative 18.8 per cent. Over a 10 year period these figures are positive 8.8 per cent for Djerriwarrh and positive 8.7 per cent for the index.

Purchases in the investment portfolio were confined predominately to participation in capital raisings by the ANZ Bank, Commonwealth Bank, National Australia Bank, Santos, Rio Tinto, QBE Insurance, OneSteel and Westpac (including shares from its takeover of St.George Bank). Incitec Pivot was the only new stock added to the investment portfolio during the year.

The Company sold its entire holdings in ConnectEast, CFS Retail Property, James Hardie Industries, Macquarie Airports, News Corp, Suncorp Metway and Westfield Group. Other major sales arose because of takeovers: Queensland Gas by British Gas and St.George Bank by Westpac.

Sales from the portfolio significantly outweighed the levels of purchases during the year which meant the Company had cash of $57.9 million at 30 June 2009.

Trading Portfolio

Given our ongoing caution towards the market, the trading portfolio operated at very low levels during the year and was only utilised for very specific opportunities. This portfolio generated $1.5 million of profit this year whereas last year there was a loss of $5.7 million. At 30 June 2009, there were no securities held in the trading portfolio.

Outlook

Djerriwarrh will look to continue to operate with relatively high levels of call option coverage, although as markets have stabilised somewhat the overall level of volatility has started to decline. Dividend income received from the companies Djerriwarrh invests in has already come under pressure as a result of the adverse economic conditions. These factors may have implications for the level of future income that can be generated from the portfolio, although the Company enters the new financial year with a very good level of written option premium.

Directors' Fees

In light of the present difficult economic environment for shareholders and the community in general, Directors have implemented a freeze on any increase in Directors' fees for the next 12 months. This policy also applies to members of the executive management team employed by Australian Investment Companies Services Limited who provide administration and investment management services to Djerriwarrh. Djerriwarrh is a 25 per cent shareholder of AICS.

Capital Changes

Pursuant to the Dividend Reinvestment Plan for the August dividend in 2008, 1,127,446 shares were issued at $4.10 per share and, in the Dividend Reinvestment Plan in February 2009, 993,908 shares were issued at $3.07 per share. The Company also undertook some on-market buy-backs with 3,000 shares being bought back and cancelled at an average share price of $3.74 and the Company continues to have an active buy-back facility. In addition, 192,894 $3.90 convertible notes were converted into ordinary shares on a 1 for 1 basis. As a result of all of these activities, the Company's paid up capital increased on a net basis by $8.41 million after costs by year end.

Dividends

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

The dividends paid during the year ended 30 June 2009 were as follows:

	2009 $'000
Final dividend for the year ended 30 June 2008 of 16.0 cents per share fully franked at 30 per cent, paid on 15 August 2008	32,655
Interim dividend for the year ended 30 June 2009 of 10.0 cents per share fully franked at 30 per cent paid on 20 February 2009	20,541
	53,196

Listed Investment Company Capital Gains

Listed Investment Companies (LIC) that 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 Listed Investment Companies on an equal footing with holders of managed investment trusts with respect to Capital Gains Tax on the sale of underlying investments.

Tax legislation sets out the definition of a 'Listed Investment Company' which Djerriwarrh satisfies. Furthermore, from time to time the Company sells securities out of the investment portfolio held for more than one year which results in capital gains being made and tax being paid. The Company is therefore 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 16.0 cents per share for the year ended 30 June 2009, it carries with it a 5.7 cents per share LIC capital gain attributable part (2008: 14.3 cents). The amount which shareholders may be able to claim as a tax deduction depends on their individual situation. Further details are provided in the dividend statements.

Financial Condition

The Company's financing consists primarily of shareholders' funds. The Company also has borrowings in the form of convertible notes of $32.0 million, which expire on 30 September 2009 and agreements with the National Australia Bank and Commonwealth Bank for cash advance facilities of $150 million (see Note 7). As at 30 June 2009, $60 million had been drawn down (2008: $78 million). The Company's total borrowings of $92 million at balance date represented 13.6 per cent of net assets.

Likely Developments

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

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

Significant Changes in the State of Affairs

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

Events Since Balance Date

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

Environmental Regulations

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

Rounding of Amounts

The Company is of the kind referred to in Class Order 98/0100 (as amended) issued by the Australian Securities and Investment Commission relating to the 'rounding off' of amounts in the Directors' Report. Unless specifically stated otherwise, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Board and Management

Directors

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

Mr Teele has been Chairman of the Company since commencement of operations in 1989. He is also Chairman of Australian Foundation Investment Company Limited (AFIC) and AMCIL Limited. He was formerly the Executive Chairman of the JBWere Group.

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

Mr Barker has been a Director of the Company since December 1989 and was appointed Managing Director in February 2001. He is also Managing Director of AFIC Limited, AMCIL Limited and Mirrabooka Investments Limited.

Peter C Barnett FCPA. Independent Non-Executive Director.

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

Terrence A Campbell AO BCom (Melb). Non-Executive Director. Member of the Investment Committee.

Mr Campbell was appointed to the Board in November 1989. He is Senior Chairman and former Chief Executive of Goldman Sachs JBWere; Chairman of Mirrabooka Investments Limited, Deputy Chairman of AFIC Limited and a Director of AMCIL Limited.

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

Mr Guy is a company Director who was appointed to the Board in December 1989. He is a Director of Aviva Australia Holdings Limited and an ANZ responsible entity and trustee, ANZ Specialist Asset Management Limited. He is a former Director of PaperlinX Limited and a former Partner and Managing Partner of Arthur Robinson & Hedderwicks (now Allens Arthur Robinson) and is still a consultant to them.

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

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

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

Mr Paterson is a company Director who was appointed to the Board in July 2002. He is a Director of Australian Foundation Investment Company Limited and a member of the Board of Guardians of Australia's Future Fund. He was formerly a Director of Goldman Sachs JBWere.

Senior Executives

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

Mr Driver joined the Company in January 2003. Previously, he was with National Australia Bank Ltd for 18 years in various roles covering business strategy, marketing, distribution, investor relations and business operations.

R Mark Freeman BE, MBA, Grad Dip Applied Finance and Investment, Chief Investment Officer.

Mr Freeman joined the Company in February 2007. He was a Partner with Goldman Sachs JBWere for five of the 12 years he was employed by them. His primary role during that time was assisting investment companies with their investment and dealing activities. As such he has a depth of knowledge and experience of the Company's investment approaches, policies and processes.

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

Mr Pordage joined the Company in February 2009. He has over 10 years company secretarial experience and was previously Deputy Company Secretary for Australia and New Zealand Banking Group Limited. Prior to that he was Head of Board Support for Barclays PLC in the UK. He was the inaugural recipient of the Chartered Secretaries Australia 'Young Governance Professional of the Year' award in 2007. He is a member of CSA's Victorian Council and a member of two of their national committees, the Legislation Review Committee and the Communication Committee.

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 17 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 a member of the User Focus Group of the Australian Accounting Standards Board. He is also a Non-Executive Director of the Royal Victorian Eye & Ear Hospital.

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 2009 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
BB Teele	12	12	45	45	-	-	1	1
RE Barker	12	10	45	35	-	2#	-	-
PC Barnett	12	11	-	38#	-	-	-	-
TA Campbell	12	11	45	35	-	-	-	-
AF Guy	12	12	45	44	3	3	1	1
GJ Kraehe	12	11	-	31#	3	3	1	1
J Paterson	12	11	45	39	3	2	1	-

Attended meetings by invitation.

Retirement, Election and Continuation in Office of Directors

Mr Bruce B Teele, having been last re-elected by shareholders at the 2006 Annual General Meeting (AGM), will retire and being eligible, will offer himself for re-election at the forthcoming 2009 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. Directors contributed a combined one per cent of the total insurance premium. 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 2007 Annual General Meeting, the total aggregate amount approved by shareholders for Non-Executive Director remuneration was $650,000.

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.

Djerriwarrh does not pay any performance-based remuneration.

RE Barker is made available as Managing Director of Djerriwarrh by Australian Investment Company Services ("AICS"). The fees to which he is entitled as a Director of the Company are paid directly to AICS pursuant to his remuneration arrangements with them. 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. The performance criteria includes quantitative and qualitative assessments which include, amongst other things, the services that they have provided to Djerriwarrh and for which AICS is paid.

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

The Directors and the Company have agreed to freeze Directors' retirement allowances at the 30 June 2004 level. This frozen amount will be paid to the respective Directors when they ultimately retire, without further adjustment. The Company continues to pay a super guarantee contribution (SGC) 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 2009 were as follows:

	Primary	Post Employment	
	Fee $	Superannuation $	Total Remuneration $
BB Teele – Chairman (Non-Executive)			
2009	**132,110**	**11,890**	**144,000**
2008	121,100	10,900	132,000
RE Barker* – Director (Executive)			
2009	**66,055**	**5,945**	**72,000**
2008	60,550	5,450	66,000
PC Barnett – Director (Non-Executive) (appointed 18 Oct 2007)			
2009	**1,000**	**71,000**	**72,000**
2008	42,751	3,848	46,599
TA Campbell – Director (Non-Executive)			
2009	**66,055**	**5,945**	**72,000**
2008	60,550	5,450	66,000
RJ Fynmore# – Director (Non-Executive) (retired 1 Jan 2008)			
2009	**-**	**-**	**-**
2008	33,000	-	33,000
AF Guy – Director (Non-Executive)			
2009	**66,055**	**5,945**	**72,000**
2008	60,550	5,450	66,000
GJ Kraehe – Director (Non-Executive)			
2009	**66,055**	**5,945**	**72,000**
2008	60,550	5,450	66,000
J Paterson – Director (Non-Executive)			
2009	**66,055**	**5,945**	**72,000**
2008	60,550	5,450	66,000
Total Remuneration: Directors			
2009	**463,385**	**112,615**	**576,000**
2008	499,601	41,998	541,599

* Directors fees for RE Barker are paid to AICS as part of his employment arrangements.

Upon reaching age 70, Directors no longer have to receive superannuation guarantee contributions (SGC) and this amount can be paid as other fees in lieu of SGC.

(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 retirement 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. 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. It is not expected that any of these Directors will retire within the next 12 months.

	Amount Payable on Retirement $
BB Teele	229,000
RE Barker	114,500
TA Campbell	114,500
AF Guy	114,500
GJ Kraehe	44,468
J Paterson	44,468
	661,436

Directors' Holdings of Securities Issued by the Company

As at the date of this report, Directors who hold shares or convertible notes 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:

	Shares	DJWG Convertible Notes (6.5% 30/09/09)
BB Teele	1,642,778	-
RE Barker	363,705	-
PC Barnett	40,000	-
TA Campbell	401,272	-
AF Guy	193,375	-
GJ Kraehe	35,910	-
J Paterson	201,215	-

It is the Company's policy that no Djerriwarrh shares owned by Directors 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 (commenced 9 February 2009); (2008: five executives): (SE Crook resigned 31 December 2008).

Other than the Managing Director whose Director's fees are paid directly to AICS, no remuneration is paid to the executives 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 28 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 12.

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

Bruce B Teele
Chairman

Melbourne
20 July 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77 Melbourne
Australia
www.pwc.com/au
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Auditor's Independence Declaration

As lead auditor for the audit of Djerriwarrh Investments Limited for the year ended 30 June 2009, 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.

This declaration is in respect of Djerriwarrh Investments Limited during the period.

David Coogan
Partner
PricewaterhouseCoopers

Melbourne
20 July 2009

Corporate Governance Statement

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

In accordance with ASX Listing Rule 4.10.3, set out below are the ASX Corporate Governance Council's eight principles of corporate governance (ASX Governance Principles) and outlined accordingly how the Board has applied each principle and the recommendations set out within them.

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

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

Principle 1: Laying Solid Foundations for Management and Oversight

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

Role of the Board

The Company's Corporate Objective, as determined by the Board, is to invest in Australian equities with a long term focus on the larger companies listed on the ASX with the goal of providing shareholders with investment returns through access to a steady stream of franked dividends and increase in the value of capital invested. The Company will use Exchange Traded Options written against the portfolio to enhance income return to investors:

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

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

During the course of the year, the Board approved a Board charter which formalised the existing role of the Board outlined above and the matters that the Board has reserved to itself. Those matters include:

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

The Directors meet formally as a Board at least 11 times a year and the Non-Executive Directors meet regularly in the absence of the Managing Director and members of management.

Delegation to Board Committees

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

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

Each Board Committee operates under a formal charter that is made publicly available on the Company's website. The role and work of the Nomination Committee is outlined under Principle 2 below and the same for the Audit Committee is outlined under Principle 4 on page 17 and Principle 7 on page 18.

The general role of the Investment Committee, whose membership currently comprises each of the Directors with the exception of PC Barnett and GJ Kraehe, who regularly attend Committee meetings when available in an ex officio capacity, is to make investment decisions to support the Company's Corporate Objective. In doing this, the Committee:

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

During the year, one of the key focuses of the Committee has been that of risk management within the Company's portfolios of investments. This has involved, amongst other activities, monitoring the option coverage of the portfolio, selling securities that no longer met the Company's investment objectives and reducing the trading portfolio.

The number of Board and Board Committee meetings held during the year and attendance by Directors are set out on page 8.

Delegation to Management

The Company has entered into an agreement with AICS, in which it has a 25 per cent ownership interest, to provide a comprehensive range of management services. These include securities/stock market services to the Company under the leadership of the Managing Director, including the day-to-day maintenance of the portfolios and associated research. The Managing Director is responsible to the Company for the performance of those services and the Board acts in close consultation and cooperation with AICS in relation to the provision of services by AICS to the Company. AICS is paid a fee based on its costs in providing these services.

The Board believes that the Company is fully compliant with Principle 1. As set out above, the Board continuously reviews the performance of AICS, under the leadership of the Managing Director, in providing services to the Company, and as such there is no separate evaluation of the performance of individual senior executives.

Principle 2: Structuring the Board to Add Value

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

See the Directors' Report for details of the skills, experience, and expertise of each Director. The number of meetings held during the year and attendance by Directors are set out on page 8. The Directors normally meet as a Board each month.

The Board comprises a Non-Executive Chairman (BB Teele), Managing Director (RE Barker) and five Non-Executive Directors (TA Campbell, PC Barnett, AF Guy, GJ Kraehe and J Paterson) all of whom have a personal financial interest in the Company.

The Directors' Report on page 7 sets out the details of the skills, experience, and expertise of each Director.

The roles of the Chairman and Managing Director are separate. The role of the Managing Director is set out under Principle 1. The role of the Chairman is set out in the Board charter, including being responsible for:

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

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

Appointment and Renewal

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

BB Teele	– 19 years
RE Barker	– 21 years
TA Campbell	– 19 years
AF Guy	– 19 years
GJ Kraehe	– 7 years
J Paterson	– 7 years
PC Barnett	– 1 year

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

All Directors have entered into an agreement with the Company covering the terms of their appointment, access to documents, Director's indemnity against liability, and Directors' and Officers insurance.

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

Each Director of the Company is encouraged to have a financial interest in the Company. All Directors have a meaningful shareholding in the Company. (For details of the Directors' holdings refer to the Financial Report). As shareholders in the Company, Directors benefit in the same way as all other shareholders in improving shareholder value.

Nomination Committee

The Board has a Nomination Committee which comprises four members of the Board with GJ Kraehe as the Chairman and the members being AF Guy, J Paterson and BB Teele. The Charter of the Nomination Committee is set out on the Company's website.

The Committee considers matters relating to the orderly renewal of the Board and the attraction and retention of Directors of high calibre with the appropriate experience and skill to contribute effectively to the oversight of the Company.

In order to provide a specific opportunity for performance matters to be discussed with each Director, the Company has established a formal Director review process. The Chairman meets with each Director individually to discuss issues including performance and effectiveness of the Board as a whole, Board Committees, individual Directors, the Managing Director, senior executives and the Chairman with the intention of providing mutual feedback. The Chairman reports on the general outcome of these meetings to the Nomination Committee. Given the nature of the Company's activities, it is considered that this process of evaluation of the Board, Board Committees, individual Directors and the Chairman is sufficiently formal. Evaluations under this process were carried out during the year.

Independence of Directors

The Nomination Committee reviews the independence of each of the Directors (excluding the Managing Director) on an annual basis, taking into account the factors set out in box 2.1 of the ASX Governance Principles, including situations where an individual Director may be a partner in, controlling shareholder of, or executive of an entity which has a material commercial relationship with the Company. In looking at such relationships, the Board has set an initial materiality threshold of $200,000 and this threshold is reviewed annually by the Board.

BB Teele, the Chairman of the Company, has a continuing close involvement in the management of the portfolio. Accordingly, he is not considered an independent Director. Given that Djerriwarrh is a Listed Investment Company and is a long term investor, it is of great assistance to have a Chairman with a depth of experience and skills in the securities industry who is actively involved in the investment decisions. Given the specialised nature of the Company, an independent Chairman is not regarded as necessary.

TA Campbell is not considered an independent Director because of his current involvement as Senior Chairman, former Chief Executive and a shareholder of Goldman Sachs JBWere with whom the Company has had a strong relationship over its life and in consequence of the related party transactions (refer Note 27 to the Accounts).

The other four Non-Executive Directors, PC Barnett, AF Guy, GJ Kraehe and J Paterson are considered independent. The Board does not consider that J Paterson's past involvement with Goldman Sachs JBWere as a Director and shareholder compromises his independence as a Director.

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

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

The Board believes that the Company is fully compliant with Principle 2 but that, for the reasons given above, it does not consider it appropriate to follow the recommendation that the Chairman of the Company should be an independent Director.

Principle 3: Promotion of Ethical and Responsible Decision-making

Compliance with this Principle requires that the Company should actively promote ethical and responsible decision-making.

The Company, including its Directors and senior executives, is committed to maintaining the highest standards of integrity and seeks to ensure all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and, where appropriate, to protect its shareholders' interests.

The Company has approved and published Corporate Principles of Conduct and a Trading Policy for Directors which are available on the website together with the Trading Policy that the Company has for dealing in its own shares by its officers or those working on the Company's behalf. These documents are provided to management and new Directors as they join the Company and any updates are provided to all employees and Directors. In accordance with the Company's policy, no Djerriwarrh shares held by Directors are to be held subject to margin loans. These documents are provided to management and new Directors as they join the Company and any updates are provided to all Directors and AICS employees.

Because of the Company's operation as a Listed Investment Company, its key stakeholders are its shareholders, employees and the small number of creditors connected with the administration of the Company's affairs. As noted above, the Company has published Corporate Principles of Conduct which are intended to guide the activities of Directors, senior executives and staff and are designed to ensure that the legal requirements and other obligations to stakeholders are complied with at all times. They are available on the Company's website.

In addition to the consideration by the Board of individual Directors' independence, the Corporate Principles of Conduct set out details of how conflicts of interest should be avoided. The Company's Directors and employees must disclose to the Company any material personal interest that they or any associate may have in a matter that relates to the affairs of the Company. Directors must inform the Company Secretary immediately they become aware of any changes to their shareholdings or directorships. Where a conflict of interest may arise, full disclosure by all interested persons must be made and appropriate arrangements followed, such that interested persons are not included in making the relevant decisions and discussions.

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

Principle 4: Safeguarding Integrity in Financial Reporting

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

The Company has established an Audit Committee comprising three Directors, all of whom are independent: AF Guy (Chairman), GJ Kraehe and J Paterson. The number of meetings held during the year and attendance by committee members are set out on page 8. All members of the Audit Committee have the requisite financial experience and understanding to effectively discharge its mandate. In addition, the Chairman of the Committee is a Fellow of the Institute of Chartered Accountants in Australia.

The Audit Committee is responsible for reviewing:

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

The role of the Audit Committee in respect of its oversight of risk management issues is set out under Principle 7, on page 18.

Written Affirmations

The Board has obtained from the Managing Director and the Chief Financial Officer written affirmation concerning the Company's financial statements required by the Corporations Act as set out in the Directors' Declaration on page 42.

External Audit

The Company has a process to ensure the independence and competence of the Company's external auditors including the Audit Committee reviewing any non-audit work to ensure that it does not conflict with audit independence. Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners is set out on the Company's website. Policies relating to rotating external audit engagement partners are set by the external audit firm in accordance with Corporations Act and international best practice requirements.

The Audit Committee meets regularly with the external auditor in the absence of management.

The Board believes that the Company is fully compliant with Principle 4 and its recommendations.

Principle 5: Making Timely and Balanced Disclosure

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

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

The Company's Continuous Disclosure Policy is publicly available on its website.

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

Principle 6: Respecting the Rights of Shareholders

Compliance with this Principle requires that the Company respects the rights of shareholders and facilitates the effective exercise of those rights.

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

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

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

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

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

Principle 7: Recognising and Managing Risk

Compliance with this Principle requires that the Board establish a sound system of risk oversight, management and internal control.

The Board considers that the Company has established and maintains a sound system of risk oversight, management and internal control. The Risk Management Framework adopted by the Board is available on the Company's website. The framework has been designed taking into account best practice from the standard AS/NZS 4360 'Risk Management', the Committee of Sponsoring Organisations of the Treadway Commission (COSO) and the Group of 100's 'Guide to Compliance with ASX Principle 7'.

The Board are assisted in their risk management activities by the Audit Committee and coordination of risk management activities is done by the Chief Financial Officer, who reports to the Audit Committee on such matters.

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

- investment risk; and
- operational risk.

Investment Risk

Investment risk includes:

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

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

Operational Risk

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

The Company has received a report from AICS outlining the control objectives for AICS and the specific policies and procedures established to meet these procedures. These policies include management oversight, segregation of duties, multiple sign-offs and specific authorisation levels. AICS has stated that these have been in place throughout the period, and have been effective in meeting the control objectives. This statement and verification have been confirmed by AICS's internal auditors, Ernst & Young, under the requirements of Auditing Standard 810.

The Audit Committee has specific oversight of management's role in identifying and responding to risk issues. Andrew Guy, Chairman of the Audit Committee, and John Paterson are also both members of the AICS Audit Committee and John Paterson serves as Chairman of AICS.

Written Affirmations

The Board has obtained from the Managing Director and the Chief Financial Officer written affirmation that, to the best of their knowledge and belief, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects insofar as they relate to financial reporting risks. The Audit Committee and the Board have also received reports from the senior executives as to the effectiveness of Company's management of its material business risks whilst noting that as a Listed Investment Company, the Company can never be entirely free of investment risk.

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

Principle 8: Remunerating Fairly and Responsibly

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

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

Directors' Remuneration

The Constitution of Djerriwarrh requires approval by the shareholders in general meeting of a maximum amount of remuneration to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors together with such factors as the general level of fees paid to Australian corporate Directors. The amount of remuneration for each Director excludes amounts that were owing to them when the Directors' retirement allowances were frozen at 30 June 2004.

Djerriwarrh does not pay any performance-based remuneration.

Management Remuneration Approach

Because the Company has outsourced its administrative functions, it has not adopted any 'at risk' remuneration arrangements for the Managing Director or any other person involved in the activities of the Company.

RE Barker is made available as Managing Director of Djerriwarrh by AICS. The fees to which he is entitled as a Director of the Company are paid directly to AICS pursuant to his remuneration arrangements with them. Also as part of these remuneration arrangements with AICS, RE Barker receives an 'at risk' component determined by AICS which is based on performance. The performance criteria includes quantitative and qualitative assessments which include, among other things, the services that he has provided to Djerriwarrh and for which AICS is paid.

Further information on Directors and Executives remuneration is set out in the Financial Report on page 39.

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

Income Statement

For the Year Ended 30 June 2009

	Note	2009 $'000	2008 $'000
Dividends and distributions		46,833	46,108
Revenue from deposits and bank bills		1,245	257
Other revenue		23	15
Total revenue		48,101	46,380
Income from options written		23,322	19,830
Net gains/(losses) on trading portfolio		1,497	(5,712)
Income from operating activities before net gains on investments		72,920	60,498
Finance costs		(6,927)	(8,708)
Administration expenses		(3,122)	(2,864)
Share of net profit from Associate		254	42
Operating profit before income tax expense and net gains on investments	5	63,125	48,968
Income tax expense*	6	(7,912)	(3,377)
Net operating profit before net gains on investments		55,213	45,591
Net gains/(losses) on investments			
Net gains/(losses) on ordinary securities sold from the investment portfolio		(35,075)	29,938
Net (losses)/gains on open options positions		10,542	(4,763)
Tax (expense)/credit on net gains/(losses) on investments*	6	4,933	(4,083)
AASB 139 'impairment' revaluation charge on investment portfolio	4	(70,943)	-
Tax credit on AASB 139 'impairment' revaluation charge*	4	21,253	-
		(69,290)	21,092
Profit/(loss) for the year		(14,077)	66,683

	Cents	Cents
Basic earnings per share	(6.85)	32.81
Diluted earnings per share	(5.90)	32.18

Information on earnings per share, including net operating profit before net gains on investments per share, can be found in Note 25.

	2009 $000	2008 $000
* Total tax expense/(credit)	(18,274)	7,460

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

Balance Sheet
As at 30 June 2009

	Note	2009 $'000	2008 $'000
Current assets			
Cash	7	57,905	298
Receivables	8	6,228	22,354
Trading portfolio	9	-	29,337
Interest rate hedging contracts	10	-	1,044
Total current assets		64,133	53,033
Non-current assets			
Investment portfolio	11	730,165	959,370
Shares in Associate		274	92
Deferred tax assets	12	12,230	8,505
Total non-current assets		742,669	967,967
Total assets		806,802	1,021,000
Current liabilities			
Payables	13	8,719	2,610
Tax payable		4,286	8,909
Borrowings – cash advance facilities	7	60,000	78,000
Borrowings – convertible notes	15	32,002	-
Interest rate hedging contracts	10	279	-
Options written portfolio	14	12,678	25,760
Total current liabilities		117,964	115,279
Non-current liabilities			
Borrowings – convertible notes	15	-	32,587
Deferred tax liabilities – investment portfolio	16	11,162	63,842
Total non-current liabilities		11,162	96,429
Total liabilities		129,126	211,708
Net assets		677,676	809,292
Shareholders' equity			
Share capital	17	587,649	579,243
Revaluation reserve	18	(11,350)	60,076
'Impairment' revaluation charge reserve	19	(49,690)	-
Realised capital gains reserve	20	86,600	134,010
Retained profits	21	64,746	34,919
Interest rate hedging reserve	10	(279)	1,044
Total shareholders' equity		677,676	809,292

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

Statement of Changes in Equity

For the Year Ended 30 June 2009

	Note	2009 $'000	2008 $'000
Total equity at the beginning of the year		809,292	935,942
Dividends paid	24	(53,196)	(52,572)
Dividend Reinvestment Plan	17	7,674	7,772
Share buy-backs	17	(11)	(24)
Exercise of convertible notes	17	752	4,218
Cost of Issue	17	(9)	(1)
Total transactions with shareholders		(44,790)	(40,607)
Revaluation of investment portfolio		(173,796)	(210,415)
Provision for tax on unrealised gains/losses		52,680	57,450
Transfer to income statement for AASB 139 'impairment' revaluation charge		70,943	-
Tax credit on AASB 139 'impairment' revaluation charge		(21,253)	-
Net unrealised gains/(losses) recognised directly in equity	18	(71,426)	(152,965)
Profit/(loss) for the year		(14,077)	66,683
Net movement in fair-value for interest rate swaps	10	(1,323)	239
Total recognised income (including unrealised gains) and expense for the year		(86,826)	(86,043)
Total equity at the end of the financial year		677,676	809,292

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

Cash Flow Statement

For the Year Ended 30 June 2009

	Note	2009 $'000 Inflows/ (Outflows)	2008 $'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		51,919	40,971
Purchases for trading portfolio		(19,643)	(19,029)
Proceeds from entering into options in options written portfolio		40,111	64,534
Payment to close out options in options written portfolio		(19,330)	(41,292)
Interest received		1,053	257
Dividends and distributions received		40,090	46,394
		94,200	91,835
Other receipts		23	15
Administration expenses		(3,169)	(2,912)
Finance costs paid		(6,763)	(7,992)
Income taxes paid		(7,411)	(5,153)
Net cash inflow/(outflow) from operating activities	29	76,880	75,793
Cash flows from investing activities			
Investment in Associate		-	(50)
Sales from investment portfolio		130,189	165,912
Purchases for investment portfolio		(82,120)	(208,548)
Taxes paid on capital gains		(3,800)	(4,974)
Net cash inflow/(outflow) from investing activities		44,269	(47,660)
Cash flows from financing activities			
Proceeds from borrowings		324,300	409,400
Repayment of borrowings		(342,300)	(392,900)
Share issue transaction costs		(9)	(1)
Share buy-backs		(11)	(24)
Dividends paid		(45,522)	(44,855)
Net cash inflow/(outflow) from financing activities		(63,542)	(28,380)
Net increase/(decrease) in cash held		57,607	(247)
Cash at the beginning of the financial year		298	545
Cash at the end of the financial year	7	57,905	298

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

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

This general purpose Financial Report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. This Financial Report has been authorised for issue as per the Directors Declaration and is presented in the Australian currency. The Company has the power to amend and reissue the Financial Report.

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

Phrase	AASB Terminology
Market Value	Fair Value for Actively Traded Securities
Cash	Cash and Cash Equivalents
Share Capital	Contributed Equity

This Financial Report has been prepared in accordance with AIFRS (Australian equivalents to International Financial Reporting Standards).

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

The Company has not applied any Australian Accounting Standards or AASB interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2009 ('the inoperative standards'). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt the inoperative standards at the date at which their adoption becomes mandatory.

(a) Basis of Accounting

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

(b) Holdings of Securities

(i) Balance Sheet Classification

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

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

The trading portfolio comprises securities held for short term trading purposes, including exchange traded options contracts that are entered into, as described in Note 9. No securities were held in the trading portfolio as at 30 June 2009.

The options written portfolio contains exchange traded options contracts that are entered into as described in Note 14.

Ordinary securities within the investment portfolio are classified as 'assets available for sale', whereas securities that contain a derivative element (e.g. convertible notes) and the trading portfolio are classified as 'assets measured at fair value through the Income Statement'.

(ii) Valuation of Investment Portfolio

Securities, including listed and unlisted shares and notes, are initially brought to account at market value, which is the cost of acquisition including transaction costs, and are revalued to market values continuously. Increments and decrements on ordinary securities are taken to the Revaluation Reserve.

Where disposal of an investment occurs any revaluation increment or decrement relating to it is transferred from the Revaluation Reserve to the Income Statement.

Increments and decrements on the value of the securities that contain a derivative element (known as 'hybrids') are taken directly through the Income Statement.

(iii) Valuation of Trading Portfolio

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

Increments and decrements on the value of securities in the trading portfolio are taken directly through the Income Statement.

(iv) Valuation of Options Written Portfolio

Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value. Increments and decrements are recognised as per the policy in Note 1(b)(v).

(v) Income from Holdings of Securities

Distributions relating to listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis and distributions relating to unlisted securities are recognised as income when received unless the distributions are capital returns on ordinary shares in which case the amount of the distribution is treated as an adjustment to the carrying value of the shares.

Djerriwarrh writes options in the options written portfolio to enhance income. Income from options in the options written portfolio is only recognised in net operating profit when the option is closed out, expires or is exercised. The income is the difference between the premium received on the option less any cost to close out the option.

The unrealised gain or loss on open options positions is shown alongside the unrealised gain or loss on hybrids or 'other securities' in the investment portfolio which is required under accounting standards to be accounted for through the income statement.

(c) Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by any unused tax losses and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are offset as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

A tax provision is made for the unrealised gain or loss on securities valued at fair value through the Income Statement – i.e. hybrids and the trading and options written portfolios.

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

(d) Cash Flows

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

(e) 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 the Company approximates their carrying value.

The fair value for assets that are actively traded on market is defined by AASB 139 as 'last bid price'.

(f) Convertible Notes

On issue of convertible notes, the Company estimates the fair value of the liability component, being the obligation to make future payments of principal and interest to noteholders, using a market interest rate for an equivalent non-convertible note. The residual amount is included in equity as other equity securities with no recognition of any change in the value of the option in subsequent periods. The liability is then included in borrowings and carried on an amortised cost basis with interest on the notes recognised as borrowing costs on an effective yield basis until the liability is extinguished on conversion or maturity of the notes.

(g) Interest Rate Swap

The Company has hedged a proportion of its short term borrowings against changes in interest rates by entering into interest rate swap agreements. Interest rate swaps are shown at 'fair value' on the Balance Sheet representing the cost of unwinding the swap. For that portion of the Company's swap agreements that are effective hedges, the fair value of the unused portion of the swap agreement is recognised in equity. Otherwise the fair value is recognised in net profit.

Accumulated amounts in equity are recycled in the income statement as the interest on the borrowings becomes due and payable and the hedge is used. The amount recognised is accounted for as finance costs during the period along with the interest on the borrowings. The net amount receivable or payable under interest rate swap agreements is also recognised at this time and is included in 'other receivables' or 'other payables' at each balance date.

(h) Directors' Retirement Allowances

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

(i) Impairment of Assets in the Investment Portfolio

When the market value of a stock that is held in the investment portfolio is below its cost, it is reviewed for impairment. *AASB 139 – Financial Instruments: Recognition and Measurement* states that impairment has occurred if there has been a 'loss event or events' that have an impact on the future cash flows of the financial asset that can be reliably estimated.

When 'impairment' is held to have occurred, the amount of the loss that has been taken through the Revaluation Reserve is reversed and instead is taken through the Income Statement. Any subsequent increase in the market value of a stock thus impaired does not go through the Income Statement, however, but will be accounted for through the Revaluation Reserve whilst any further decrease will continue to be accounted for through the Income Statement.

The Investment Committee regularly reviews the stocks in the investment portfolio, and where it believes that such an event has occurred or is likely to occur, will seek to exit the position. Should that position not be exited by the balance sheet date, an impairment charge may be taken to the Income Statement as described above.

The Company is a long term investor, and does not regard short term or cyclical movements in the share-price of its investments as evidence of impairment. However, the relevant Accounting Standard also states that a "significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is also objective evidence of impairment." The Company's approach to this and the resultant charge are set out in Note 4.

(j) Rounding of Amounts

The Company is of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment 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.

(k) Associate Accounting Policy

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

The Company'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 reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

2. Critical Accounting Estimates and Judgements

The preparation of financial reports in conformity with AIFRS requires the use of certain critical accounting estimates. This requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB112 *Income Taxes* deferred tax liabilities have been recognised for Capital Gains Tax (CGT) on the unrealised taxable gains in the investment portfolio at current tax rates. As the Directors do not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 16. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

The issue of whether any of the Company's investments are impaired is also a matter requiring judgement. Refer to Note 4 for the Company's approach in relation to this and the resulting charge.

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

3. Financial Reporting by Segments

The Company operates as a Listed Investment Company in Australia. It has no reportable business or geographic segments.

4. Profit Excluding Impairment

The accounts include an impairment charge of $49.7 million for the year.

This charge is based on an interpretation of *AASB 139 – Financial Instruments: Recognition and Measurement* that takes as its starting point that, subject to other evidence to the contrary and judgement, an investment is impaired if it has been below its accounting cost for a minimum of 15 months or if the market value of the investment is more than 35 per cent below its accounting cost.

Djerriwarrh is an investment company that has invested on behalf of its shareholders for nearly 20 years. It takes a long term view of investments, and does not believe that share prices in a cyclical downturn (or indeed upturn) necessarily reflect the long term fair value of the underlying businesses and assets that it invests in.

If, in the Directors' opinion, an investment has become impaired due to significant changes to that particular holding, that investment is divested from the portfolio. Any such 'impairment' charge would therefore be reflected as a realised loss within net gains or losses on investments sold from the investment portfolio.

The Directors believe that the interpretation of the standard used in the financial statements, and its application, does not reflect the long term nature of the Company's investment activities.

In addition, there is no current intention to sell any of the assets in the investment portfolio, and the Directors do not consider that there is sufficient or reliable evidence to indicate that at some point in the medium to long term, any investments currently held will not recover their cost. Therefore, in the Directors' view, to take a 'realised' loss on an investment that the Directors have no current intention of selling does not accurately reflect the performance of the Company during the financial year.

It should be noted that any impairment charge that is taken on equity investments held by the Company cannot, under current Accounting Standards, be reversed back through the Income Statement when the market price recovers, but must be revalued through the Balance Sheet. The impairment charge is thus permanent until such time as the asset is sold.

Shareholders should note that all investments are continuously marked-to-market. Any 'unrealised' impairment charge taken on investments that are not disposed of by the Company therefore has no impact on the net tangible assets or shareholders' equity.

Directors note that the International Accounting Standard 39/AASB 139 which relates to the impairment is being revised and is expected to take effect from before the end of the current calendar year. This may lead to changes in the way that fair value movements on the Company's investments are recorded. The Company will monitor developments and make the necessary announcements once the new standard is finalised.

The Directors have presented below an alternative presentation of the Company's performance which, in their view, more clearly presents the actual performance of the Company:

	Alternate Treatment		Statutory Accounts	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Net operating profit before net gains on investments	55,213	45,591	55,213	45,591
Net gains/(losses) on investments				
Net gains/(losses) on ordinary securities sold from the investment portfolio	(35,075)	29,938	(35,075)	29,938
Unrealised gains/(losses) on options written	10,542	(4,763)	10,542	(4,763)
Tax expense on net gains on investments	4,933	(4,083)	4,933	(4,083)
AASB 139 'impairment' revaluation charge	-	-	(70,943)	-
Tax credit on AASB 139 'impairment' revaluation charge	-	-	21,253	-
	(19,600)	21,092	(69,290)	21,092
Profit/(loss) for the year	35,613	66,683	(14,077)	66,683

5. Operating Profit Before Income Tax Expense and Net Gains on Investments

	2009 $'000	2008 $'000
Dividends and distributions (excluding interest)		
- securities held in investment portfolio	46,615	44,192
- securities held in trading portfolio	218	1,916
	46,833	46,108
Interest income		
- securities held in investment portfolio	-	-
- deposits and income from cash investments	1,245	257
	1,245	257
Net gains/(losses)		
- net gains from trading portfolio sales	1,497	3,299
- realised gains on options written portfolio	23,322	19,830
- unrealised gains/(losses) in trading portfolio	-	(9,011)
	24,819	14,118
Other income	23	15
Income from operating activities before net gains on investments	72,920	60,498
Finance costs	(6,927)	(8,708)
Administration fees paid to Australian Investment Company Services Ltd (AICS)	(1,999)	(1,453)
Share of net profit from Associate	254	42
Other administration expenses	(1,123)	(1,411)
Operating profit before income tax expense and net gains on investments	63,125	48,968

Further information relating to remuneration of auditors is set out in Note 28, and Directors in Note 26. The administration fees paid to AICS are pursuant to an arrangement covering the Company's day-to-day management and administration.

6. Income Tax Expense

	2009 $'000	2008 $'000
(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Operating profit before income tax expense and net gains/(losses) on investments	63,125	48,968
Tax at the Australian tax rate of 30 per cent (2008: 30 per cent)	18,937	14,690
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax offset for franked dividends	(12,172)	(11,258)
Tax effect of reversal of prior years open options positions	1,946	517
Sundry items	258	329
	8,969	4,278
Under (over) provision in prior years	(1,057)	(901)
Income tax expense on operating profit before net gains/(losses) on investments	7,912	3,377
Net gains/(losses) from investments (before tax)	(24,533)	25,175
Tax at the Australian tax rate of 30 per cent (2008: 30 per cent)	(7,360)	7,553
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impact of parcel selection for capital gains purposes	2,435	(4,134)
Tax effect of reversing previous year's gains on hybrids	-	151
Under (over) provision in prior years	(8)	513
Income tax expense/(credit) on net gains from investments	(4,933)	4,083
Tax credit on AASB 139 'impairment' revaluation charge	(21,253)	-
Total income tax expense	(18,274)	7,460

(b) Income Tax Expense Composition

Charge for tax payable relating to the current year	7,769	12,663
Under (over) provision in prior years	(1,065)	(388)
Charge for tax on scrip-for-scrip acquisitions	-	1,343
Tax credit on AASB 139 'impairment' revaluation charge	(21,253)	-
(Increase)/decrease in deferred tax assets	(3,725)	(6,158)
	(18,274)	7,460

(c) Amounts Recognised Directly in Equity

Increase/(decrease) in deferred tax liabilities relating to capital gains tax on the movement in unrealised gains in ordinary securities in the investment portfolio	(52,680)	(57,450)
	(52,680)	(57,450)

7. Current Assets – Cash

Cash at bank and in hand	14,891	4
Fixed term deposits	43,014	294
	57,905	298

Cash investments yielded an average interest rate of 3.6 per cent (2008: 7.3 per cent).

(a) Credit Risk Exposure

The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest. Purchased bills of exchange are carried on the balance sheet at an amount less than the amount realisable at maturity. The credit risk exposure of the Company regarding purchased bills of exchange is the carrying value, which comprises the cost of the bank bills and the income accrued to balance date.

Cash investments are made in deposits with the 'big four' Australian retail banks. (2008: with Goldman Sachs JBWere's Australian Dollar Cash Reserves Fund rated AAAm by Standard & Poor's and Aaa/MR1+ by Moody's).

(b) Standby Arrangements and Credit Facilities

The Company is party to agreements under which Commonwealth Bank of Australia and National Australia Bank will extend a cash advance facility. During the year, the Company decided to reduce the level of its facilities.

	2009 $'000	2008 $'000
Commonwealth Bank of Australia – cash advance facility	100,000	100,000
Amount drawn down	60,000	15,500
Undrawn facilities	40,000	84,500
National Australia Bank – cash advance/floating rate bill facility	50,000	100,000
Amount drawn down	-	62,500
Undrawn facilities	50,000	37,500
Total short term loan facilities	150,000	200,000
Total drawn down	60,000	78,000
Total undrawn facilities	90,000	122,000

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 normally drawn down for no more than three months.

8. Current Assets – Receivables

	2009 $'000	2008 $'000
Dividends and distributions receivable	5,661	7,953
Outstanding settlements – investment portfolio	257	13,540
Other receivables	310	861
	6,228	22,354

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

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

9. Current Assets – Trading Portfolio

	2009 $'000	2008 $'000
Listed securities at market value (designated as 'assets held for trading')		
- shares and trust units	-	29,947
- options written by the Company		
- calls	-	(204)
- puts	-	(406)
	-	29,337

(a) Credit Risk Exposure

Credit risk exposures of the Company arise in relation to converting and convertible notes and other interest-bearing securities to the extent of their carrying values, in the event of a shortfall on winding-up of the issuing companies.

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

(b) Options Sold

The Company enters into option contracts in the trading portfolio as part of its trading activities to generate profits on dealing in securities. Options are only written over stocks that are in the trading portfolio. Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. Whereas if the Company sells a put option it is obligated to buy the underlying shares at an agreed price if the taker exercises the option. Options are valued at a theoretical price which is obtained via an independent third-party data provider.

As at balance date there were no call options outstanding which potentially required the Company if they were exercised to deliver securities (2008: $14.9 million maximum value of securities to be delivered) held by the Company in its trading portfolio, and no put options outstanding which potentially required the Company if they were exercised to purchase securities (2008: $1.7 million maximum liability).

As at balance date all of these contracts are exchange-traded options and are entered into within the constraints and controls imposed by the Australian Securities Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily. The Investment Committee meets regularly (normally weekly) to consider, review and approve the investment, trading and sub-underwriting transactions of the Company and related matters.

10. Interest Rate Swaps

	2009 $'000	2008 $'000
Current assets/(liabilities)	(279)	1,044
	(279)	1,044

The Company has hedged a proportion of its short term borrowings against changes in interest rates by entering into interest rate swap agreements. The Company's swap agreements have been assessed as an effective hedge for the Company's short term borrowings and therefore the fair value of the unused portion of the swap agreements is recognised in the interest rate hedging reserve in equity.

Swaps currently in place cover 100 per cent (2008: 77 per cent) of the loan principal outstanding. The fixed interest rates are 5.735 per cent and 5.940 per cent.

	2009 $'000	2008 $'000
At 30 June 2009, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:		
Less than 1 year	60,000	-
1-2 years	-	60,000

11. Non-current Assets – Investment Portfolio

	2009 $'000	2008 $'000
Listed securities		
- shares at market value	730,165	959,370
	730,165	959,370

Credit risk exposures of the Company arise in relation to converting and convertible notes and other interest-bearing securities to the extent of their carrying values, in the event of a shortfall on winding-up of the issuing companies. Ordinary securities (i.e. non-hybrids) are designated as 'assets available for sale'.

12. Non-current Assets – Deferred Tax

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

	2009 $'000	2008 $'000
(a) Tax on unrealised (gains)/losses or write-downs on the trading portfolio	-	220
(b) Tax on unrealised (gains)/losses in the options written portfolio	(1,217)	1,946
(c) Tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out	5,020	6,058
(d) Provisions and expenses charged to the accounting profit which are not yet tax deductible	373	312
(e) Interest and dividend income receivable which is not assessable for tax until receipt	(33)	(31)
(f) Capital gains losses unutilised	8,087	-
	12,230	8,505

Movements:		
Opening balance at 1 July	8,505	2,347
Credited/(charged) to income statement	3,725	6,158
	12,230	8,505

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

The portion of DTA likely to be reversed within the next 12 months is $3.8 million (2008: $7.7 million). This relates primarily to items described in Notes (a), (b), (c) and (e) above.

13. Current Liabilities – Payables

	2009 $'000	2008 $'000
Outstanding settlements – investment portfolio	6,932	37
Outstanding settlements – trading portfolio	-	-
Outstanding settlements – options written portfolio	-	-
Director retirement benefits	661	661
Other payables and accruals	1,126	1,912
	8,719	2,610

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

14. Options Written Portfolio

The Company enters into option contracts in the options written portfolio for the purpose of enhancing returns via the premiums that it earns from the writing of these contracts. It is separate from both the trading portfolio and the investment portfolio, and the options are designated as 'assets measured at fair value through the Profit and Loss Statement'. Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. Whereas if the Company sells a put option it is obligated to buy the underlying shares at an agreed price if the taker exercises the option. Options are valued at a theoretical price which is obtained via an independent third-party data provider.

As at balance date the Company had no outstanding put options which at the option of the purchaser may have required the Company to buy securities prior to the respective expiry dates if they were exercised (2008: $10.5 million exposure). As at balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of $335.0 million (2008: $310.0 million). The total income for the year of $23.3 million (2008: $19.8 million) plus the unrealised gains on the open options position of $10.5 million (2008: loss of $4.8 million), both before tax, was a net pre-tax 'profit' of $33.8 million (2008: $15.0 million).

As at balance date all of these contracts are exchange-traded options and are entered into within the constraints and controls imposed by the Australian Securities Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily. The Investment Committee meets regularly (normally weekly) to consider, review and approve the investment and trading transactions of the Company and related matters. $70.8 million of shares are held by the Australian Clearing House (ACH) as collateral for sold option positions written by the Company (2008: $85.5 million). These shares are held by ACH under the terms of ACH 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.

15. Current Liabilities – Convertible Notes

	2009 $'000	2008 $'000
Current unsecured		
- convertible notes at amortised cost	32,002	32,587

There were 8,205,683 convertible notes outstanding at 30 June 2009 (2008: 8,398,577). These notes have a face value of $3.90 and carry an interest entitlement of 6.5 per cent per annum. They may be converted at the option of the holder into ordinary shares at a rate of one share per note on 31 March or 30 September each year until 30 September 2009. Notes not converted will be redeemed at their face value on 30 September 2009. At 30 June 2009, the face value of the convertible notes was $32.0 million (2008: $32.8 million). Terms of the notes are regulated under a trust deed between the Company and Permanent Nominees (Aust) Ltd.

As per accounting policy Note 1(f), at issuance the residual value of the equity component of the convertible notes was calculated as nil.

16. Deferred Tax Liabilities – Investment Portfolio

	2009 $'000	2008 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	11,162	63,842
Movements:		
Opening balance at 1 July	63,842	119,949
Charged to Income Statement for scrip-for-scrip rollover	-	1,343
(Credited)/charged to equity for ordinary securities	(52,680)	(57,450)
	11,162	63,842

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

17. Shareholders' Equity – Share Capital

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

Date	Details	Note	Number of Shares '000	Issue Price $	Paid-up Capital $'000
1/07/2007	Balance		201,490		567,278
09/08/2007	Dividend Reinvestment Plan	(i)	934	5.11	4,772
30/09/2007	Convertible note conversion	(ii)	919	3.90	3,581
16/02/2008	Dividend Reinvestment Plan	(i)	594	5.05	3,000
31/03/2008	Convertible note conversion	(ii)	163	3.90	637
	On-market share buy-backs	(iii)	(5)		(24)
	Costs of Rights Issue				(1)
30/06/2008	Balance		204,095		579,243
15/08/2008	Dividend Reinvestment Plan	(i)	1,127	4.10	4,623
30/09/2008	Convertible note conversion	(ii)	193	3.90	752
20/02/2009	Dividend Reinvestment Plan	(i)	994	3.07	3,051
	On-market share buy-backs	(iii)	(3)		(11)
	Cost of share issues				(9)
			206,406		587,649

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

(ii) The Company issued shares with effect from 31 March and 30 September, as a result of the conversion of convertible notes (see Note 15).

(iii) The Company introduced an on-market Buy-Back Programme in December 2000. During year ended 30 June 2009 the Company had bought back 3,000 shares at an average price of $3.74. During the corresponding period in 2008, 5,000 shares were bought back also at an average price of $4.75.

18. Revaluation Reserve

	2009 $'000	2008 $'000
Opening balance at 1 July	60,076	213,041
Revaluation of investment portfolio	(173,796)	(210,415)
Provision for tax on unrealised gains	52,680	57,450
AASB 139 'impairment' revaluation charge	49,690	-
	(11,350)	60,076

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

19. 'Impairment' Revaluation Charge Reserve

	2009 $'000	2008 $'000
Opening balance at 1 July	-	-
Transfer from retained profits	(49,690)	-
	(49,690)	-

This reserve relates to the 'impairment' revaluation charge that the Company has been required to take through the Income Statement. See Note 4.

20. Realised Capital Gains Reserve

	2009 $'000	2008 $'000
Opening balance at 1 July	134,010	113,815
Dividends paid	(20,430)	(4,231)
Transfer from retained profits	(26,980)	24,426
	86,600	134,010

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio. As the balance relates to net realised gains it may be distributed as cash dividends at the discretion of Directors.

21. Retained Profits

	2009 $'000	2008 $'000
Opening balance at 1 July	34,919	41,003
Dividends paid	(32,766)	(48,341)
Transfer to Realised Capital Gains Reserve	26,980	(24,426)
Profit/(loss) for the year	(14,077)	66,683
Transfer to 'Impairment' Revaluation Charge Reserve	49,690	-
	64,746	34,919

The amount of the retained profits reserve of $64.7 million is after the transfer out of the AASB 139 'impairment' revaluation charge which has been required under the Accounting Standards to be charged to the Income Statement. Before this transfer, the amount of the reserve would have been $15.1 million.

22. Capital Management

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

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

The Company's capital consists of its shareholders equity, plus any net debt. The change in this capital is as noted in Notes 7(b), 15, 17, 18, 19, 20 and 21.

23. Financial Risk Management

AASB 7 – *Financial Instruments: Disclosures* identifies three types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

Credit Risk

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

Credit risk is managed as noted in Notes 7(a), 8, 9(a) and 11 with respect to cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue.

Liquidity Risk

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

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

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

The Company's inward cash flows depend upon the level of distributions received. Should these drop by a material amount, the Company would amend its outwards cash flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is manageable by the Board and management.

Furthermore, the assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

The Company has access to $150 million of cash advance facilities, and any borrowing facilities are normally drawn for a period no longer than three months.

Market Risk

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

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

A general fall in market prices of 5 per cent and 10 per cent, if spread equally over all assets in the investment portfolio would lead to a reduction in the Company's equity of $25.6 million and $51.2 million respectively, assuming a tax rate of 30 per cent.

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

The Company's investment by sector is as below:

	2009 %	2008 %
Energy	12.60	14.09
Materials	18.15	23.33
Industrials	5.33	6.05
Consumer discretionary	2.06	4.89
Consumer staples	7.49	8.17
Banks	28.86	22.93
Other financials (including property trusts)	9.22	9.07
Telecommunications	5.62	6.01
Other – healthcare, information technology, utilities	3.20	5.43
Cash	7.47	0.03

Securities representing over 5 per cent of the investment portfolio at 30 June 2009 were:

	Percentage of Portfolio
BHP Billiton	11.0%
Westpac	10.1%
National Australia Bank	7.2%
Commonwealth Bank	7.1%
Telstra	5.6%

No other security represents 5 per cent or more of the Company's investment portfolio.

The writing of put and call options in the options written portfolio (Note 14) and the trading portfolio (Note 9) is undertaken to enhance income. The writing of call options also provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. The Company does not write options where it does not own sufficient securities to meet any call obligations, and normally not more than 50 per cent of the investment portfolio is at risk of being sold to meet call options.

The Company is not directly exposed to currency risk as all its investments are quoted in Australian dollars. The Company has hedged a portion of its short term borrowings to protect against short term interest rates – see Note 10. Any borrowings in excess of the hedged amount of $60 million have a floating interest rate which is fixed for no more than three months. The Company has on issue convertible notes (see Note 15) which have a fixed interest rate payable of 6.5 per cent.

24. Dividends

	2009 $'000	2008 $'000
(a) Dividends Paid During the Year		
Final dividend for the year ended 30 June 2008 of 16.0 cents fully franked at 30 per cent paid on 15 August 2008 (2008: 16.0 cents fully franked at 30 per cent paid on 9 August 2007)	32,655	32,238
Interim dividend for the year ended 30 June 2009 of 10 cents per share fully franked at 30 per cent, paid 20 February 2009 (2008: 10.0 cents fully franked at 30 per cent paid on 16 February 2008)	20,541	20,334
	53,196	52,572
(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:	36,260	34,668
Impact on the franking account of dividends determined but not recognised as a liability at the end of the financial year:	(14,154)	(13,995)
Net available	22,106	20,673
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	51,581	48,237

The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and the Company paying tax.

(c) Dividends Determined After Balance Date

Since the end of the year Directors have determined 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 2009 to be paid on 25 August 2009, but not recognised as a liability at the end of the financial year	33,025	

(d) Listed Investment Company Capital Gain Account

Balance of the Listed Investment Company (LIC) capital gain account	10,719	34,446
This would equate to an attributable amount of:	15,313	49,209

Distributed LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the dividend statement.

LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains or the receipt of LIC distributions from LIC securities held in the portfolios.

25. Earnings Per Share

	2009	2008
Basic Earnings Per Share	Number	Number
Weighted average number of ordinary shares used as the denominator	205,575,854	203,264,501
	$'000	$'000
Profit/(loss) for the year	(14,077)	66,683
	Cents	Cents
Basic earnings per share	(6.85)	32.81
Diluted Earnings Per Share	Number	Number
Weighted average number of ordinary shares used as the denominator (as above)	205,575,854	203,264,501
Weighted average number of convertible notes used as the denominator	8,254,303	8,755,067
	213,830,157	212,019,568
	$'000	$'000
Profit/(loss) for the year	(14,077)	66,683
Interest on convertible notes (net of tax)	1,465	1,553
	(12,612)	68,236
	Cents	Cents
Diluted earnings per share	(5.90)	32.18
Basic Net Operating Profit Before Net Gains on Investments Per Share	Number	Number
Weighted average number of ordinary shares used as the denominator	205,575,854	203,264,501
	$'000	$'000
Net operating profit before net gains on investments	55,213	45,591
	Cents	Cents
Basic net operating profit before net gains on investments	26.86	22.43
Diluted Net Operating Profit Before Net Gains on Investments	Number	Number
Weighted average number of ordinary shares used as the denominator (as above)	205,575,854	203,264,501
Weighted average number of convertible notes used as the denominator	8,254,303	8,755,067
	213,830,157	212,019,568
	$'000	$'000
Net operating profit before net gains on investments	55,213	45,591
Interest on convertible notes (net of tax)	1,465	1,553
	56,678	47,144
	Cents	Cents
Diluted net operating profit before net gains on investments	26.51	22.24

26. Directors and Executives

Persons who were Directors of Djerriwarrh Investments Limited for part or all of the financial year ended 30 June 2009 were:

BB Teele
RE Barker
PC Barnett
TA Campbell
AF Guy
GJ Kraehe
J Paterson

Persons who were executives with authority for the strategic direction and management of the Company for part or all of the financial year ended 30 June 2009 were:

RE Barker – Managing Director
GN Driver – General Manager Business Development and Investor Relations
RM Freeman – Chief Investment Officer
AJB Porter – Chief Financial Officer
SE Crook – Company Secretary and General Counsel (resigned 31 December 2008)
SM Pordage – Company Secretary (commenced 9 February 2009)

Other than the Managing Director whose Directors fees are paid directly to AICS no remuneration is paid to the executives as their services are provided pursuant to an arrangement with AICS.

	Short Term Benefits $	Post-employment Benefits $	Total $
2009			
Directors	**463,385**	**112,615**	**576,000**
2008			
Directors	499,601	41,998	541,599

Holdings of Securities

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

	Opening Balance	Net Changes	Closing Balance
BB Teele	1,603,850	38,928	1,642,778
RE Barker	363,705	-	363,705
PC Barnett	20,000	20,000	40,000
TA Campbell	387,602	13,670	401,272
AF Guy	180,241	13,134	193,375
GJ Kraehe	35,910	-	35,910
J Paterson	154,484	46,731	201,215
GN Driver	15,000	3,000	18,000
RM Freeman	36,810	2,683	39,493

No Director or Executive holds any of the Company's Convertible Notes ($3.90 6.5 per cent 30 September 2009) (2008: Nil).

27. Related Parties

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

	2009 $'000	2008 $'000
Director TA Campbell had or has an interest in the following transactions as Director, employee and shareholder of Goldman Sachs JBWere Group Holdings Pty Ltd, Goldman Sachs JBWere Pty Ltd, Goldman Sachs JBWere Services Pty Ltd and Goldman Sachs JBWere Capital Markets Limited.		
(a) The Company invested surplus funds in deposits at call with Goldman Sachs JBWere		
- net interest revenue received or receivable	58	257
- expense paid or payable for management of the cash and bill portfolio	-	-
- deposits at call (at balance date)	-	294
(b) The Company buys and sells securities through Goldman Sachs JBWere Pty Ltd amongst other brokers		
- brokerage expenses paid or payable	282	690
The Company has paid administrative fees to its associated entity, Australian Investment Company Services Ltd, in which it has a 25 per cent shareholding:	1,999	1,453

28. Remuneration of Auditors

	2009 $	2008 $
During the year the auditor earned the following remuneration:		
PricewaterhouseCoopers		
Audit or review of financial reports	110,585	101,860
Non-audit services		
Audit of trust deed reporting	5,210	4,510
Taxation compliance services*	68,585	17,930
Total remuneration	184,380	124,300

*Includes additional work regarding a review of the Company's CGT records.

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

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

	2009 $'000	2008 $'000
Profit/(loss) for the year	(14,077)	66,683
- Net (gains)/losses on investments before tax	35,075	(29,938)
- AASB 139 'impairment' revaluation charge	49,690	-
- Accounting adjustment for tax on hybrids	-	(151)
- Net decrease (increase) in trading portfolio	29,337	21,457
- Net profit from Associate	(178)	(42)
- Accounting adjustment for tax on scrip-for-scrip gains	-	1,343
- Increase (decrease) in options written portfolio	(13,082)	8,175
- Dividends received as securities under DRP investments	(7,561)	(1,230)
- Decrease (increase) in current receivables	16,126	26,298
- Less increase/(decrease) in receivables for investment portfolio	(13,283)	(17,720)
- Increase/(decrease) in deferred tax liabilities	(56,405)	(62,265)
- Less decrease/(increase) in deferred tax liabilities for investment portfolio	52,680	56,107
- Increase (decrease) in current payables	6,109	(8,914)
- Less decrease (increase) in payables for investment portfolio	(6,895)	8,592
- Less decrease (increase) in other provisions	-	50
- Increase (decrease) in tax payable	(4,623)	2,207
- Less capital gains tax paid	3,800	4,974
- Amortisation of borrowing costs	167	167
Net cash flows from operating activities	76,880	75,793

30. Contingencies

At balance date, the Company had entered into a sub-underwriting agreement to subscribe for up to $2 million worth of securities under the capital raising by Australian Infrastructure Fund and $3.8 million worth of securities under the capital raising by Rio Tinto Limited.

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

Directors' Declaration

In the Directors' opinion:

(1) the financial statements and notes (including the additional information as set out in Note 4 to the financial statements) set out on pages 20 to 41 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 entity's financial position as at 30 June 2009 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.

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 2009. The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer to the best of their knowledge, the financial records of the Company have been properly maintained, that the financial statements (including the additional information as set out in Note 4 to the financial statements) comply with accounting standards and that they give a true and fair view.

Bruce Teele
Chairman

Melbourne
20 July 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999
Website:www.pwc.com/au

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 2009, and the income statement, statement of changes in equity and cash flow statement 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing 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.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

PRICEWATERHOUSECOOPERS

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

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

Independence

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

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 2009 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;* and

(b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2009. 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 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

David Coogan
Partner

Melbourne
20 July 2009

Other Information

Information About Shareholders and Noteholders

At 14 July 2009 there were 18,755 holdings of ordinary shares and 1,339 holders of 30 September 2009 6.5 per cent unsecured convertible notes (DJWGA). These holdings were distributed in the following categories:

Size of Holding			Shareholdings (At 14 July 09)	Noteholdings (At 14 July 09)
1	to	1,000	2,169	476
1,001	to	5,000	7,063	620
5,001	to	10,000	4,427	146
10,001	to	100,000	4,949	94
100,000	and over		147	3

20 largest shareholding/note holding (per cent of total)	10.20%	48.81%
Average shareholding/note holding	11,005	6,128

There were 327 shareholdings of less than a marketable parcel of $500 (132 shares).

There were 10 note holdings of less than a marketable parcel of $500 (127 notes).

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.

Voting Rights of Convertible Notes

Noteholders have certain rights to vote at meetings of Noteholders but are not entitled to vote at general meetings, unless provided for by the ASX Listing Rules or the Corporations Act 2001.

Major Shareholders and Noteholders

The 20 largest holdings of ordinary shares and unsecured convertible notes as at 14 July 2009 are listed below:

Shares	Holding	% Total
Australian Foundation Investment Company Limited	8,596,503	4.16
Mr Bruce Teele	1,642,778	0.80
RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	1,609,126	0.78
Miss Margaret Frances Erskine	1,000,000	0.48
Tregony Pty Ltd	966,337	0.47
Mr Frederick Joseph Johnson	732,632	0.35
Anglican Church Property Trust Diocese of Canberra and Goulburn	593,966	0.29
Martindale Pty Ltd	582,000	0.28
Melbourne Citymission Inc	580,980	0.28
Mr David John Brownell + Mrs Joanna Margaret Brownell <Brownell Superannuation A/C>	500,000	0.24
Australian Executor Trustees Limited <No 1 Account>	492,534	0.24
Mr Eric Howard Wheatley + Mrs Sylvia Daisy Wheatley	480,000	0.23
Baker Custodian Corporation	450,000	0.22
UBS Wealth Management Australia Nominees Pty Ltd	430,780	0.21
Resthaven Incorporated	427,945	0.21
P N B W Pty Ltd <F & Ja Arrowsmith Family A/C>	420,156	0.20
Mr Terrence Campbell	401,272	0.20
Mr Ian Tweedie + Mr Ian Fraser + Mr John Hannaford <Joe White Bequest A/C>	396,360	0.19
Mr Russell James Fynmore <Russell Fynmore Family A/C>	384,494	0.19
Mr Ross Barker	363,705	0.18

Convertible Notes – DJWGA (30 September 2009, 6.5 Per Cent Per Annum Interest)

Notes	Holding	% Total
Neweconomy Com Au Nominees Pty Limited <900 Account>	2,728,000	33.25
Australian Executor Trustees Limited <No 1 Account>	280,762	3.42
ANZ Nominees Limited <Cash Income A/C>	115,360	1.41
Invia Custodian Pty Limited <Pirie Family Super Fund A/C>	83,704	1.02
Mrs Irma Adrienne Deam	75,000	0.91
Prof David Geoffrey Penington	75,000	0.91
National Nominees Limited	68,439	0.83
Mrs Jean Willis Ingham	65,000	0.79
Mr Graham George Boone	60,500	0.74
Mr Geoffrey Ross Harvey + Mrs Helen Ruth Harvey <R & H Harvey Super Fund A/C>	54,428	0.66
Mr Alan Finkel <A & E Finkel Foundation A/C>	52,000	0.63
Coolgardie Pty Ltd <Murdoch Sf Pension No B A/C>	50,000	0.61
Mr David Calvert-Jones <Cj Charitable Foundation A/C>	50,000	0.61
Mr John Campbell Macpherson <Ba Nandra Pastoral Set A/C>	50,000	0.61
Mr Paul Francis Silwood + Mrs Diane Hazel Silwood <Poi Super Fund A/C>	35,500	0.43
Mrs Kathleen Sherwin Grigg	35,000	0.43
Mr John Theodore Ralph + Mrs Barbara Edna Ralph <John Ralph S/F Pen Fund A/C>	34,900	0.43
Mr Errol Bertram Goldschmidt + Mrs Zillah Goldschmidt <Accumulated Acumen S/F A/C>	30,880	0.38
Mr Gordon Douglas + Mrs Wendy Kathleen Douglas <Wengor S/F Wd A/C>	30,756	0.37
Mr Thomas Stirling Tootell	30,000	0.37

Substantial Shareholders

The Company has not been notified of any substantial shareholders.

Transactions in Securities

During the year ended 30 June 2009, the Company recorded 2,073 transactions in securities (including options). $1,070,955 (including GST) in brokerage was paid or accrued for the year.

Holdings of Securities

As at 30 June 2009

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 or stapled securities.

Ordinary Shares and Trust Units		Number of Shares Held 2008 '000	Number of Shares Held 2009 '000	Market Value 2009 $'000
AGK*	AGL Energy	527	527	7,067
AIX	Australian Infrastructure Fund	1,541	2,777	3,750
AMC*	Amcor	1,922	1,822	9,033
AMH	AMCIL	12,277	12,257	6,619
AMP*	AMP	3,245	3,565	17,350
ANZ*	Australia and New Zealand Banking Group	1,764	2,140	34,657
APN	APN News & Media	1,919	1,919	2,831
AWC*	Alumina	4,471	3,918	5,456
AXA*	AXA Asia Pacific Holdings	2,694	3,164	12,250
BHP*	BHP Billiton	2,787	2,500	85,218
BLD*	Boral Ltd	1,001	1,001	4,036
BSL	BlueScope Steel	102	102	258
BXB*	Brambles	2,790	2,886	17,083
CBA*	Commonwealth Bank of Australia	1,311	1,476	54,991
CCL*	Coca-Cola Amatil	1,339	1,164	9,968
CNX	Carbon Energy	970	970	373
CPU*	Computershare	1,237	1,237	10,996
CSR	CSR	9,39	939	1,597
ESG	Eastern Star Gas	2,000	2,000	1,600
FGL*	Foster's Group	2,375	1,350	6,930
FXJ*	Fairfax Media	1,567	1,567	1,896
GDY	Geodynamics	460	460	400
GDYO	Geodynamics options	0	115	7
GWT	GWA International	966	966	2,221
HDF	Hastings Diversified Utilities Fund	4,200	4,304	5,100
HXL	Hexima	280	280	98
IAG*	Insurance Australia Group	1,977	1,777	6,219
IPL*	Incitec Pivot	0	800	1,860

Ordinary Shares and Trust Units		Number of Shares Held 2008 '000	Number of Shares Held 2009 '000	Market Value 2009 $'000
MIR	Mirrabooka Investments	4,607	4,607	6,749
MTS	Metcash	1,050	1,050	4,525
NAB*	National Australia Bank	2,452	2,558	55,866
ORG*	Origin Energy	1,298	858	12,519
ORI*	Orica	145	138	2,863
OSH*	Oil Search	4,506	4,506	24,403
OST*	OneSteel	1,200	2,261	5,605
PMV	Premier Investments	838	838	4,624
PNA	PanAust	1,250	3,646	1,313
PPC	Peet	1,272	1,696	2,697
QBE*	QBE Insurance Group	778	989	19,613
RIO*	Rio Tinto	381	332	14,464
RION	Rio Tinto New	0	197	10,269
STO*	Santos	1,765	1,604	23,359
TCL*	Transurban Group	2,542	2,842	11,873
TLS*	Telstra Corporation	13,656	12,864	43,571
TOL*	Toll Holdings	798	798	4,948
VIR	Viridis Clean Energy Group	2,763	3,565	963
WAN*	West Australian Newspapers Holdings	2,550	2,600	11,277
WBC*	Westpac Banking Corporation	2,672	3,904	78,267
WES*	Wesfarmers	661	462	10,048
WESN	Wesfarmers Partially Protected Shares	131	131	3,068
WOW*	Woolworths	718	718	18,889
WPL*	Woodside Petroleum	793	841	35,850
Total				717,487

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

Major Transactions in the Investment Portfolio

Acquisitions (Above $5 Million)	Cost $'000
Westpac Banking Corporation [a]	20,859
National Australia Bank	7,305
Santos	7,171
Commonwealth Bank of Australia	5,794
Rio Tinto New	5,565
ANZ Banking Group	5,337

Disposals (Above $5 Million)	Proceeds $'000
St.George Bank [b]	14,636
Westfield Group	12,057
News Corporation	11,132
Queensland Gas [c]	10,514
BHP Billiton	8,902
ConnectEast Group	7,231
Wesfarmers	7,197
CFS Retail Property	6,739
Santos	6,514
Foster's Group	5,767
Suncorp-Metway	5,749
Origin Energy	5,472

(a) Includes $14.6 million from the takeover of St.George Bank.

(b) Takeover by Westpac Banking Corporation.

(c) Sold on-market into British Gas takeover.

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	Quantity Underwritten
Santos Limited	CitiGroup Deutsche Bank JP Morgan	2-for-5 non renounceable rights issue at $12.50 per share	240,000
PanAust Limited	ABN Amro Morgans	Placement of shares at 28 cents per share	662,963
Rio Tinto Limited	Credit Suisse JP Morgan Macquarie	21-for-40 renounceable rights issue at $28.29 per share	133,380
Australian Infrastructure Fund	Credit Suisse Deutsche Bank	1-for-2 non renounceable issue at $1.10 per share	1,818,182

Issues of Securities

Issue	Type	Price	Remarks
22 December 1989	Initial Allotment	$2.00	
9 April 1990	New Issue	$2.00	
18 June 1990	New Issue	$2.00	
1 January 1992	New Issue	$2.29	
25 September 1992	DRP	$2.17	DRP = Dividend Reinvestment Plan
26 March 1993	DRP	$2.13	
24 September 1993	DRP	$2.30	
31 March 1994	DRP	$2.56	
21 June 1994	New Issue	$2.57	
23 September 1994	DRP	$2.34	
24 March 1995	DRP	$2.34	
22 June 1995	New Issue	$2.60	
27 September 1995	DRP	$2.47	
29 March 1996	DRP	$2.73	
13 September 1996	DRP	$2.58	
27 March 1997	DRP	$2.76	
11 September 1997	DRP	$3.35	
30 October 1997	Rights Issue	$4.00	1-for-5 Rights Issue of Convertible Notes
27 March 1998	DRP	$3.60	
11 September 1998	DRP	$3.27	
15 March 1999	DRP	$3.47	
28 April 1999	SAP	$3.36	SAP = Share Acquisition Plan
11 August 1999	DRP	$3.54	
7 March 2000	DRP	$3.47	
27 April 2000	SAP	$3.28	
16 August 2000	DRP	$3.27	
8 March 2001	DRP	$3.15	
29 June 2001	DRP	$3.53	
4 October 2001	SAP	$3.51	
7 March 2002	DRP	$3.73	
19 August 2002	DRP	$3.57	
19 December 2002	SAP	$3.14	
7 March 2003	DRP	$3.27	
22 August 2003	DRP	$3.50	
22 December 2003	SAP	$3.22	
5 March 2004	DRP	$3.48	
9 July 2004	Convertible Note Issue	$3.90	Issue of $3.90 Convertible Notes maturing 30 September 2009
26 August 2004	DRP	$3.43	
16 March 2005	DRP	$3.68	
26 August 2005	DRP	$3.95	
8 March 2006	DRP	$4.29	
10 August 2006	DRP	$4.62	
11 October 2006	Rights Issue	$4.00	1-for-5 Rights Issue
12 March 2007	DRP	$4.78	
9 August 2007	DRP	$5.11	
16 February 2008	DRP	$5.05	
15 August 2008	DRP	$4.10	
20 February 2009	DRP	$3.07	

Key Statistics

	2009	2008	2007	2006	2005
Net profit after tax ($ Million) [(a)]	(14.1)	66.7	90.7	63.3	56.7
Net operating profit after tax ($ Million)	55.2	45.6	53.6	38.5	36.3
Investments at market value ($ Million) [(b)]	717.5	962.9	1,119.9	810.1	672.7
Net operating profit per share (Cents)	26.9	22.4	28.1	23.6	22.9
Dividends per share (Cents) [(c)]	26.0	26.0	26.0	23.0	22.5
Net asset backing (Cents) [(d)]	334	428	524	445	390
Number of shareholders (30 June)	18,745	18,591	18,235	16,523	16,506

Notes

(a) 2009 net profit is after AASB 139 'impairment' revaluation charge of $49.7 million. Excluding this, profit would have been $35.6 million.

(b) Excludes cash.

(c) All dividends were fully franked. For 2009, the dividends carried an attributable 'LIC gain' of 5.7 cents. For 2008, this attributable gain was 14.3 cents per share, for 2007 it was 3 cents per share and for 2006 it was 2 cents per share. No LIC gains were paid for 2005.

(d) Net asset 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
ABN 38 006 862 693

Directors
Bruce B Teele, Chairman
Ross E Barker, Managing Director
Peter C Barnett
Terrence A Campbell AO
Andrew F Guy
Graham J Kraehe AO
John Paterson

Company Secretaries
Simon M Pordage
Andrew JB Porter

Auditor
PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation
Australia

Registered Office
Level 21, 101 Collins Street
Melbourne, Victoria 3000

Mail Address
GPO Box 2114
Melbourne Victoria 3001

Contact Details

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

For inquiries 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
Email	web.queries@computershare.com.au
Website	www.computershare.com

For all inquiries relating to shareholdings, dividends and related matters, please contact the share registrar as above.

Securities Exchange Code

DJW	Ordinary shares
DJWGA	6.5 per cent unsecured convertible notes Interest payment date: 30 September 2009 Record date: 23 September 2009 Final notice of conversion to ordinary share needs to be received by the Company by 15 September 2009.

Annual General Meeting

Time	10.00am
Date	Thursday 1 October 2009
Venue	Hilton on the Park
Location	192 Wellington Parade East Melbourne Victoria

Sydney Shareholder Meeting

Time	2.30pm
Date	Monday 19 October 2009
Venue	Four Seasons Hotel
Location	199 George Street Sydney

Adelaide Shareholder Meeting

Time	2.30pm
Date	Friday 16 October 2009
Venue	Adelaide Festival Centre
Location	King William Road Adelaide

Designed and produced by MDM Design. Printed on environmentally friendly paper.

09

Enhancing Income | Annual Review

DJERRIWARRH INVESTMENTS

Contents

The Statutory Annual Report for 2009 is available on Djerriwarrh's website www.djerri.com.au or by contacting the Company on (03) 9650 9911.

DJERRIWARRH INVESTMENTS

Summary of Results

Net Operating Profit

Net operating profit was $55.2 million (last year $45.6 million), up 21.1 per cent from the previous corresponding period. This operating profit is made up primarily of dividends received from the investment portfolio, option income and revenue from the trading portfolio. Volatile conditions in equity markets continued to provide a significant boost to Djerriwarrh's option income during the period, whilst dividend income received was generally in line with last year. Directors feel this is the most appropriate profit measure of the Company's activities for shareholders.

AIFRS Accounting Result

AIFRS accounting result was a loss of $14.1 million (last year was a profit of $66.7 million). The figure this year includes losses on sale of investments, revaluation of open option positions and an unrealised loss of $49.7 million transferred from the revaluation reserve for 'impairment' required by the accounting standards.

Earnings Per Share

Earnings per share based on net operating profit were 26.9 cents compared with 22.4 cents last year.

A Fully Franked Final Dividend

A fully franked final dividend of 16 cents per share was announced. This final dividend is unchanged from last year. The final dividend of 16 cents brings total dividends for the year to 26 cents per share, the same as last year.

Part of the final dividend is sourced from pre tax Listed Investment Company capital gains of 5.7 cents per share (last year 14.3 cents per share). Certain shareholders may be able to claim some of this amount as a tax deduction.

The Dividend Reinvestment Plan

The Dividend Reinvestment Plan for the final dividend was maintained with a discount of 5 per cent.

Total Portfolio Return

Total portfolio return after tax and management fees over the year to 30 June 2009 (change in net asset backing per share plus dividends reinvested) was a decrease of 15.9 per cent, whereas the S&P/ASX 200 Accumulation Index declined 20.1 per cent over the same period. Including the benefit of franking credits from the dividends paid by Djerriwarrh the portfolio return was a decrease of 13.3 per cent, whereas the Index declined 18.8 per cent.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the 12 month period was negative 4.9 per cent.

Management Expense Ratio

Management expense ratio was 0.36 per cent. This was up from last year's figure of 0.26 per cent as a result of the decline in the value of the portfolio.

Net Asset Backing at 30 June 2009

Net asset backing at 30 June 2009 was $3.34 (before providing for the 16 cent final dividend).

Summary of Results continued

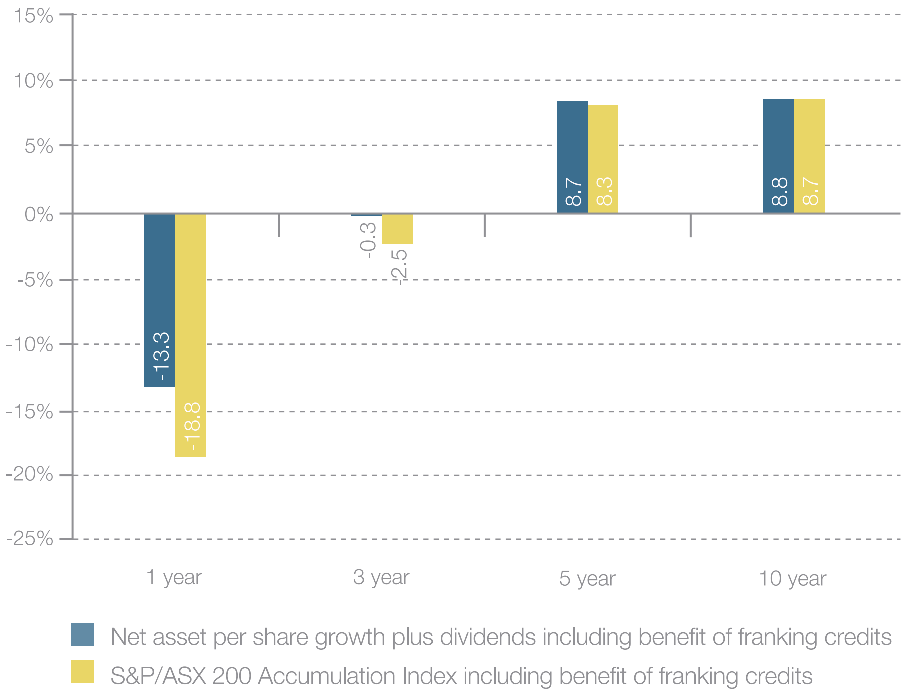
Earnings Per Share v Dividends Per Share

Portfolio Performance to 30 June 2009

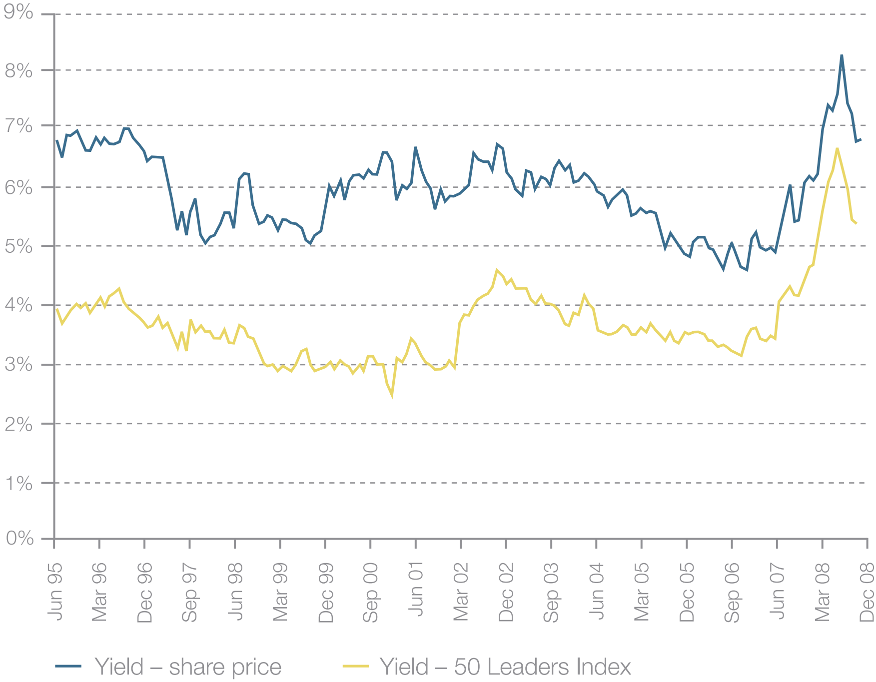
Note: Djerriwarrh net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax on realised sales of investments and does not reflect the value of franking credits attached to the dividends. It should be noted that Index returns for the market do not include the negative impact of management expenses and tax on their performance.

Summary of Results continued

Portfolio Performance to 30 June 2009 Including Benefit of Franking Credits



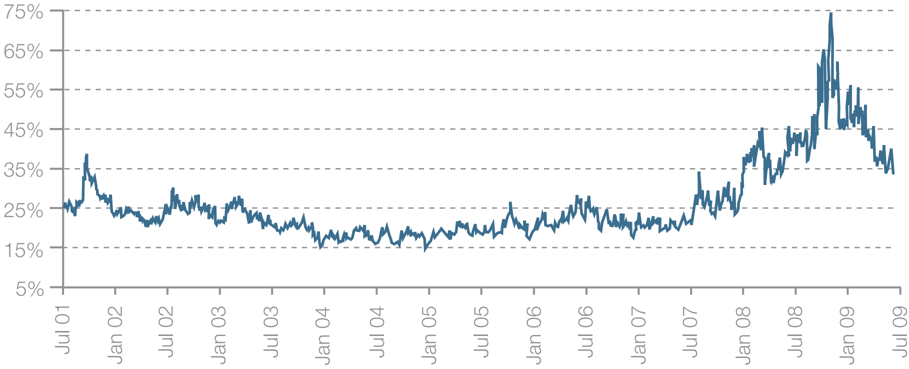
Djerriwarrh Yield v Market Yield



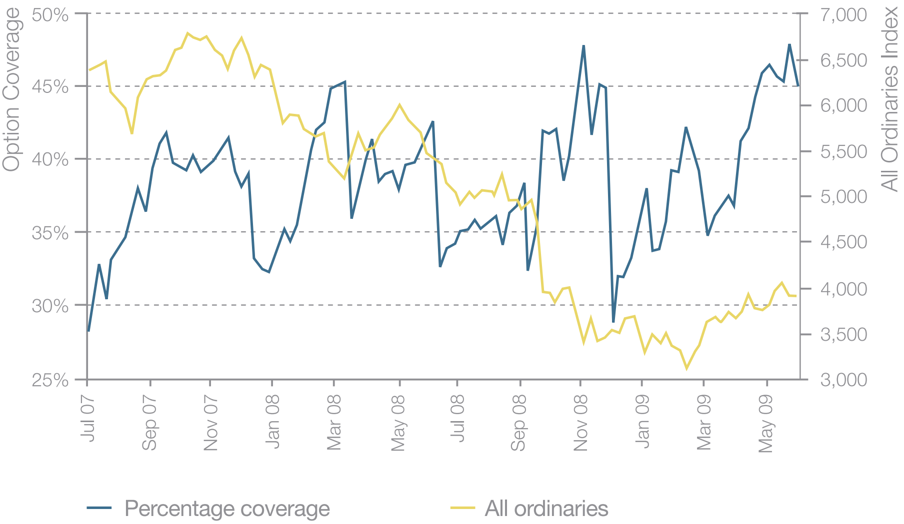
The chart above highlights the relative dividend yield on Djerriwarrh shares (which is fully franked) in comparison to the dividend yield on the S&P/ASX 50 Leaders Index (which is only 82 per cent franked) since the Company was listed.

Summary of Results continued

Market Implied Volatility of Call Options



Option Coverage of the Portfolio v Movements in the All Ordinaries Index



Review of Operations

Profit Performance and Dividends

Djerriwarrh's option writing activity has benefited greatly from the volatile market conditions which have prevailed throughout the year. In a year where dividends received from companies have begun to decline Djerriwarrh has been able to harvest significantly more income from its option writing activity given a higher level of call option coverage over the portfolio and the very large moves in shares prices evident through the year.

Income from the option written portfolio increased to $23.3 million from $19.8 million last year. The Company's dividend income of $46.8 million was generally in line with last year's figure of $46.1 million, although this figure again benefited from participating in a share buy back.

Net operating profit, which measures the underlying income generated from the investment and trading portfolios, was up substantially from $45.6 million to $55.2 million, an increase of 21 per cent.

Djerriwarrh's final dividend has been held at 16 cents per share fully franked, taking total dividends for year to 26 cents per share fully franked, the same amount as last year.

The AIFRS accounting result for the year was a loss of $14.1 million. Because of an interpretation of the Accounting Standards, Directors were required to classify some of the Company's investments as 'impaired', given the large fall in market values below cost that have occurred over the year. As a consequence, the accounting result includes a charge of $49.7 million for unrealised losses on the investment portfolio for so-called 'impaired' stocks. In such cases the negative changes in capital value that have already been recorded through the balance sheet must instead be recognised through the Company's income statement.

The Directors however do not consider this accounting interpretation best reflects the investment approach of the Company. Djerriwarrh takes a long term view of its investments and does not believe current share prices through this downturn necessarily reflect the long term value of the underlying businesses and assets that it invests in. If the Investment Committee considers an asset to be impaired in an investment sense, then it is typically sold and the funds invested elsewhere.

It should also be noted this impairment charge does not alter the net asset value of the portfolio, as these falls in market value had already been recorded in the Company's investment portfolio.

Investment Portfolio

In managing the portfolio during the year Djerriwarrh participated in a number of capital raisings and Dividend Reinvestment Plans at attractive prices. The Company also reduced the number of holdings in the portfolio in order to fund some of these opportunities and build its overall cash position.

Whilst the Company's portfolio was heavily impacted by the general decline in the market, its performance was well ahead of the overall market for the year. The strongest contributors to the investment portfolio over this period, including the returns generated by writing call options over the stock, were Westpac, Commonwealth Bank, Woolworths, Coca-Cola Amatil and Foster's Group. The total return on the portfolio over the 12 months to 30 June 2009 (measured by the change in net asset backing per share plus dividends reinvested and after tax and management fees) was down 15.9 per cent, whereas the corresponding figures for the S&P/ASX 200 Accumulation Index was a decline of 20.1 per cent. As well as the benefits derived from writing options over the portfolio in a declining market this outperformance was also as a result of avoiding or removing from the portfolio stocks which Djerriwarrh perceived as having heightened investment risks and from a move to improve the cash holding of the Company during the period.

Grossing up for the benefit of the enhanced level of franking credits generated from its investment activity, Djerriwarrh's portfolio return for the year is negative 13.3 per cent compared to the benchmark return of negative 18.8 per cent. Over a 10 year period these figures are positive 8.8 per cent for Djerriwarrh and positive 8.7 per cent for the index.

Purchases in the investment portfolio were confined predominately to participation in capital raisings by the ANZ Bank, Commonwealth Bank, National Australia Bank, Santos, Rio Tinto, QBE Insurance, OneSteel and Westpac (including shares from its takeover of St.George Bank). Incitec Pivot was the only new stock added to the investment portfolio during the year.

The Company sold its entire holdings in ConnectEast, CFS Retail Property, James Hardie Industries, Macquarie Airports, News Corp, Suncorp Metway and Westfield Group. Other major sales arose because of takeovers: Queensland Gas by British Gas and St.George Bank by Westpac.

Sales from the portfolio significantly outweighed the levels of purchases during the year which meant the Company had cash of $57.9 million at 30 June 2009.

Trading Portfolio

Given our ongoing caution towards the market, the trading portfolio operated at very low levels during the year and was only utilised for very specific opportunities. This portfolio generated $1.5 million of profit this year whereas last year there was a loss of $5.7 million. At 30 June 2009, there were no securities held in the trading portfolio.

Outlook

Djerriwarrh will look to continue to operate with relatively high levels of call option coverage, although as markets have stabilised somewhat the overall level of volatility has started to decline. Dividend income received from the companies Djerriwarrh invests in has already come under pressure as a result of the adverse economic conditions. These factors may have implications for the level of future income that can be generated from the portfolio, although the Company enters the new financial year with a very good level of written option premium.

Directors' Fees

In light of the present difficult economic environment for shareholders and the community in general, Directors have implemented a freeze on any increase in Directors' fees for the next 12 months. This policy also applies to members of the executive management team employed by Australian Investment Company Services Limited who provide administration and investment management services to Djerriwarrh. Djerriwarrh is a 25 per cent shareholder of AICS.

Top Investments

As at 30 June 2009

Includes investments held in both the investment and trading portfolios.

Valued at Closing Prices at 30 June 2009

		Total Value $ Million
1	BHP Billiton*	85.2
2	Westpac Banking Corporation*	78.3
3	National Australia Bank*	55.9
4	Commonwealth Bank of Australia*	55.0
5	Telstra Corporation*	43.6
6	Woodside Petroleum*	35.8
7	Australia and New Zealand Banking Group*	34.7
8	Rio Tinto*(a)	24.7
9	Oil Search*	24.4
10	Santos*	23.4
11	QBE Insurance Group*	19.6
12	Woolworths*	18.9
13	AMP*	17.3
14	Brambles*	17.1
15	Wesfarmers*(b)	13.1
16	Origin Energy*	12.5
17	AXA Asia Pacific Holdings*	12.3
18	Transurban Group*	11.9
19	West Australian Newspapers Holdings*	11.3
20	Computershare*	11.0
Total		**605.9**

As a percentage of total portfolio value (excludes cash and bank bills)	84.4%

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

(a) Includes $10.3 million of RIO new shares.

(b) Includes $3.1 million of WES partially protected securities.

Income Statement

For the Year Ended 30 June 2009

	2009 $'000	2008 $'000
Dividends and distributions	46,833	46,108
Revenue from deposits and bank bills	1,245	257
Other revenue	23	15
Total revenue	48,101	46,380
Net gains/(losses) on trading portfolio	1,497	(5,712)
Income from options written portfolio	23,322	19,830
Income from operating activities	72,920	60,498
Finance costs	(6,927)	(8,708)
Administration expenses	(2,868)	(2,822)
Operating profit before income tax	63,125	48,968
Income tax	(7,912)	(3,377)
Net operating profit	55,213	45,591
Net capital gains/(losses) on investments		
Net gains/(losses) on ordinary securities sold from the investment portfolio	(35,075)	29,938
Net gains/(losses) on open options positions	10,542	(4,763)
Tax expense on net gains on investments	4,933	(4,083)
AASB 139 'impairment' revaluation charge on investment portfolio	(70,943)	-
Tax credit on deemed 'impairment' charge	21,253	-
	(69,290)	21,092
Profit/(loss) for the year (including capital gains/'impairment' revaluation charge)	(14,077)	66,683

	Cents	Cents
Net operating profit per share	26.92	22.43
Profit/(loss) for the year (including capital gains and 'impairment' revaluation charge) per share	(6.85)	32.81

Balance Sheet

As at 30 June 2009

	2009 $'000	2008 $'000
Current assets		
Cash	57,905	298
Receivables	6,228	22,354
Trading portfolio	-	29,337
Interest rate hedging contracts	-	1,044
Total current assets	64,133	53,033
Non-current assets		
Investment portfolio	730,165	959,370
Shares in associate	274	92
Deferred tax assets	12,230	8,505
Total non-current assets	742,669	967,967
Total assets	806,802	1,021,000
Current liabilities		
Payables	8,719	2,610
Tax payable	4,286	8,909
Borrowings – cash advance facilities	60,000	78,000
Borrowings – convertible notes	32,002	-
Interest rate hedging contracts	279	-
Options written portfolio	12,678	25,760
Total current liabilities	117,964	115,279
Non-current liabilities		
Borrowings – convertible notes	-	32,587
Deferred tax liabilities – investment portfolio	11,162	63,842
Total non-current liabilities	11,162	96,429
Total liabilities	129,126	211,708
Net assets	677,676	809,292
Shareholders' equity		
Share capital	587,649	579,243
Revaluation reserve	(11,350)	60,076
Impairment revaluation charge reserve	(49,690)	-
Realised capital gains reserve	86,600	134,010
Retained profits	64,746	34,919
Interest rate hedging reserve	(279)	1,044
Total shareholders' equity	677,676	809,292

Statement of Changes in Equity

For the Year Ended 30 June 2009

	2009 $'000	2008 $'000
Total equity at the beginning of the year	809,292	935,942
Dividends paid	(53,196)	(52,572)
Shares issued		
- Dividend Reinvestment Plan	7,674	7,772
- Exercise of convertible notes	752	4,218
On-market share buy-backs	(11)	(24)
Cost of share issues	(9)	(1)
Total transactions with shareholders	(44,790)	(40,607)
Revaluation of investment portfolio	(173,796)	(210,415)
Provision for tax on unrealised gains/(losses)	52,680	57,450
Transfer to income statement for AASB 139 'impairment' charge	70,943	-
Tax credit on above	(21,253)	-
Net unrealised gains/(losses) on investment portfolio	(71,426)	(152,965)
Net movement in fair-value for interest rate swaps	(1,323)	239
Net capital gains/(losses) for the year including 'impairment' revaluation charge	(69,290)	21,092
Operating profit for the year	55,213	45,591
Total equity at the end of the financial year	677,676	809,292

Holdings of Securities

As at 30 June 2009

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 or stapled securities.

Ordinary Shares and Trust Units		Number Shares Held 2008 '000	Number Shares Held 2009 '000	Market Value 2009 $'000
AGK*	AGL Energy	527	527	7,067
AIX	Australian Infrastructure Fund	1,541	2,777	3,750
AMC*	Amcor	1,922	1,822	9,033
AMH	AMCIL	12,277	12,257	6,619
AMP*	AMP	3,245	3,565	17,350
ANZ*	Australia and New Zealand Banking Group	1,764	2,140	34,657
APN	APN News & Media	1,919	1,919	2,831
AWC*	Alumina	4,471	3,918	5,456
AXA*	AXA Asia Pacific Holdings	2,694	3,164	12,250
BHP*	BHP Billiton	2,787	2,500	85,218
BLD*	Boral	1,001	1,001	4,036
BSL	BlueScope Steel	102	102	258
BXB*	Brambles	2,790	2,886	17,083
CBA*	Commonwealth Bank of Australia	1,311	1,476	54,991

Ordinary Shares and Trust Units		Number Shares Held 2008 '000	Number Shares Held 2009 '000	Market Value 2009 $'000
CCL*	Coca-Cola Amatil	1,339	1,164	9,968
CNX	Carbon Energy	970	970	373
CPU*	Computershare	1,237	1,237	10,996
CSR	CSR	939	939	1,597
ESG	Eastern Star Gas	2,000	2,000	1,600
FGL*	Foster's Group	2,375	1,350	6,930
FXJ*	Fairfax Media	1,567	1,567	1,896
GDY	Geodynamics	460	460	400
GDYO	Geodynamics Options	0	115	7
GWT	GWA International	966	966	2,221
HDF	Hastings Diversified Utilities Fund	4,200	4,304	5,100
HXL	Hexima	280	280	98
IAG*	Insurance Australia Group	1,977	1,777	6,219
IPL*	Incitec Pivot	0	800	1,860
MIR	Mirrabooka Investments	4,607	4,607	6,749
MTS	Metcash	1,050	1,050	4,525
NAB*	National Australia Bank	2,452	2,558	55,866
ORG*	Origin Energy	1,298	858	12,519
ORI*	Orica	145	138	2,863
OSH*	Oil Search	4,506	4,506	24,403
OST*	OneSteel	1,200	2,261	5,605
PMV	Premier Investments	838	838	4,624
PNA	PanAust	1,250	3,646	1,313

Holdings of Securities continued

As at 30 June 2009

Ordinary Shares and Trust Units		Number Shares Held 2008 '000	Number Shares Held 2009 '000	Market Value 2009 $'000
PPC	Peet	1,272	1,696	2,697
QBE*	QBE Insurance Group	778	989	19,613
RIO*	Rio Tinto	381	332	14,464
RION	Rio Tinto New	0	197	10,269
STO*	Santos	1,765	1,604	23,359
TCL*	Transurban Group	2,542	2,842	11,873
TLS*	Telstra Corporation	13,656	12,864	43,571
TOL*	Toll Holdings	798	798	4,948
VIR	Viridis Clean Energy Group	2,763	3,565	963
WAN*	West Australian Newspapers Holdings	2,550	2,600	11,277
WBC*	Westpac Banking Corporation	2,672	3,904	78,267
WES*	Wesfarmers	661	462	10,048
WESN	Wesfarmers Partially Protected Shares	131	131	3,068
WOW*	Woolworths	718	718	18,889
WPL*	Woodside Petroleum	793	841	35,850
Total				717,487

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

Major Transactions in the Investment Portfolio

Acquisitions (Above $5 Million)	Total Cost $'000
Westpac Banking Corporation [a]	20,859
National Australia Bank	7,305
Santos	7,171
Commonwealth Bank of Australia	5,794
Rio Tinto New	5,565
ANZ Banking Group	5,337

Disposals (Above $5 Million)	Total Proceeds $'000
St.George Bank [b]	14,636
Westfield Group	12,057
News Corporation	11,132
Queensland Gas [c]	10,514
BHP Billiton	8,902
ConnectEast Group	7,231
Wesfarmers	7,197
CFS Retail Property	6,739
Santos	6,514
Foster's Group	5,767
Suncorp-Metway	5,749
Origin Energy	5,472

(a) Includes $14.6 million from the takeover of St.George Bank.

(b) Takeover by Westpac Banking Corporation.

(c) Sold on-market into British Gas takeover.

Company Particulars

Djerriwarrh Investments Limited
ABN 38 006 862 693

Directors
Bruce B Teele, Chairman
Ross E Barker, Managing Director
Peter C Barnett
Terrence A Campbell AO
Andrew F Guy
Graham J Kraehe AO
John Paterson

Company Secretaries
Simon M Pordage
Andrew JB Porter

Auditor
PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation
Australia

Registered Office
Level 21, 101 Collins Street
Melbourne Victoria 3000

Mail Address
GPO Box 2114
Melbourne Victoria 3001

Contact Details

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

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

Telephone 1800 780 784 (toll free)

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

Shareholder Enquiry Lines	1300 653 915 +61 3 9415 4190 (from overseas)
Facsimile	(03) 9473 2500
Email	web.queries@computershare.com.au
Website	www.computershare.com.au

Trustee for Noteholders
Permanent Nominees (Aust) Limited
35 Clarence Street
Sydney NSW 2000

Telephone (02) 8295 8100

Securities Exchange Code

DJW	Ordinary shares
DJWGA	6.5 per cent unsecured convertible notes Interest payment date: 30 September 2009 Record date: 23 September 2009 Final notice of conversion to ordinary share needs to be received by the Company by 15 September 2009.

Shareholder Meetings

Annual General Meeting

Time	10.00am
Date	Thursday 1 October 2009
Venue	Hilton on the Park
Location	192 Wellington Parade East Melbourne Victoria

Adelaide Shareholder Meeting

Time	2.30pm
Date	Friday 16 October 2009
Venue	Adelaide Festival Centre
Location	King William Road Adelaide

Sydney Shareholder Meeting

Time	2.30pm
Date	Monday 19 October 2009
Venue	Four Seasons Hotel
Location	199 George Street Sydney

Designed and produced by MDM Design. Printed on environmentally friendly paper.

DJERRIWARRH INVESTMENTS

ABN 38 006 862 693

NOTICE OF MEETING 2009

The Annual General Meeting of Djerriwarrh Investments Limited (the Company) will be held in the Grand Ballroom at the Hilton on the Park, 192 Wellington Parade, East Melbourne, Victoria, at **10.00am (AEST)** on **Thursday 1 October 2009**.

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 2009.
(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 2009.
(Note that the vote on this item is advisory only and does not bind the Directors or the Company).

3. RE-ELECTION OF DIRECTOR
To consider and, if thought fit, to pass the following resolution (as an ordinary resolution):

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

4. RENEWAL OF PARTIAL TAKEOVER APPROVAL RULES
To consider and, if thought fit, pass the following resolution (as a special resolution):

> *"To renew 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 2009 Annual General Meeting and will cease to have effect (unless renewed earlier) on 1 October 2012".*

The Company has determined that, for the purposes 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 **Tuesday 29 September 2009**.

By Order of the Board

Simon Pordage
Company Secretary
24 August 2009

EXPLANATORY NOTES - BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS AND REPORTS

During this item there will be an opportunity for shareholders to ask questions and comment on the Directors' Report, Financial Report and Independent Audit Report for the financial year ended 30 June 2009. No resolution will be required to be passed on this matter.

2. ADOPTION OF REMUNERATION REPORT

During this item there will be an opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report which commences on page 9 of the Company's 2009 Annual Report.

The vote on the proposed resolution is advisory only and will not bind the Directors or the Company. The Directors recommend that shareholders vote in favour of adopting the Remuneration Report.

3. RE-ELECTION OF DIRECTOR

Bruce B Teele. BSc BCom (Melb), Chairman. Chairman of the Investment Committee and member of the Nomination Committee.

Mr Teele has been Chairman of the Company since commencement of operations in 1989. He is also Chairman of Australian Foundation Investment Company Limited and AMCIL Limited. He was formerly the Executive Chairman of the JBWere Group.

The Directors (excluding Mr Teele because of his interest) endorse the re-election of Mr Teele as a Director.

4. 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 Renewal of the Partial Takeover Approval Provisions

The Directors propose to renew the following updated partial takeover approval rules in the Company's Constitution. They mirror exactly the existing Rules 79 and 80, previously approved by shareholders at the 2006 AGM and which will expire on 2 October 2009 unless renewed:

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 1 October 2012) 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, or to increase the extent of, 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 a retrospective discussion of the provisions proposed, 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 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 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.

Recommendation

The Directors recommend shareholders vote in favour of the resolution.

Notes relating to proxies

1. A member 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 and vote in the member's place. Where a member appoints more than one representative, proxy or attorney, those appointees are entitled to vote on a poll but not on a show of hands.

2. A member who appoints two proxies may specify a proportion or number of the member's votes each proxy is appointed to exercise. A single proxy exercises all the member's votes.

3. Proxy forms may be delivered in person, by mail or by fax to the Share Registry's office (see details below). Proxy forms must be completed, signed and received no later than 48 hours before the meeting.

4. Proxy forms may also be lodged online by visiting www.investorvote.com.au.

5. Relevant custodians may lodge their proxy forms online by visiting www.intermediaryonline.com.

6. The Company's Share Registry details are as follows:

   Computershare Investor Services Pty Limited
   Yarra Falls
   452 Johnston Street
   Abbotsford, VIC 3067

   GPO Box 242
   Melbourne, VIC 3001

Telephone:	1300 653 915 (within Australia)
	+61 3 9415 4190 (outside Australia)
Facsimile:	1800 783 447 (within Australia)
	+61 3 9473 2555 (outside Australia)

The deadline for lodgement of your proxy form is **10.00am (AEST)** on **Tuesday 29 September 2009**.

Annual Report

For shareholders who have not elected to receive a hard copy of the Company's 2009 Annual Report, a copy can be viewed or downloaded from the Company's website at the following address: www.djerri.com.au/annual_report.asp

Undirected proxies

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

DJERRIWARRH INVESTMENTS

ABN 38 006 862 693

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

Lodge your proxy:

Online:
www.investorvote.com.au

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

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

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

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

For all enquiries:

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

Email: web.queries@computershare.com.au

Proxy Form

Appoint your proxy online or view the 2009 Annual Report, 24 hours a day, 7 days a week:
www.investorvote.com.au

- ☑ **Appoint your proxy to vote**
- ☑ **Access the 2009 Annual Report**
- ☑ **Review and update your shareholding**

Your secure access information is:

Control Number: 123456

SRN/HIN: I1234567890 **PIN:** 123456

PLEASE NOTE: For security reasons it is very important that you keep your SRN/HIN confidential. If appointing your proxy online, please dispose of this form carefully.

For your vote to be effective it must be received by 10.00am (AEST) Tuesday 29 September 2009

How to direct your proxy to vote

All your securities will be voted in accordance with your directions.

Appointment of proxy

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 as they choose. 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 securities 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 securities 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 securities for each in Step 1 overleaf.

A proxy need not be a shareholder of the Company.

Lodgement of a proxy

This Proxy Form (and any Power of Attorney under which it is signed) must be received at the address given above by 10.00 am (AEST) on Tuesday 29 September 2009, 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

Bring this form to assist registration. 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.computershare.com.

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 ➔

043241_00VCAD

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

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

I 1234567890 IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a proxy to vote on your behalf

XX

I/We being a shareholder/s of Djerriwarrh Investments Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ________

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

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Djerriwarrh Investments Limited to be held at **Hilton on the Park in the Grand Ballroom, 192 Wellington Parade, East Melbourne, Victoria, Thursday 1 October 2009 at 10.00 am (AEST)** and at any adjournment of that 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
2	Adoption of the Remuneration Report (non-binding resolution).	☐	☐	☐
3	Re-election of Director - Mr Bruce Teele.	☐	☐	☐

Special Business

		For	Against	Abstain
4	Amendment of the constitution to renew the partial takeover provisions for a further three years.	☐	☐	☐

Board Recommendation and Undirected Proxies: The Board recommends shareholders vote in favour of all items. The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business.

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

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ________ Contact Daytime Telephone ________ Date ___ / ___ / ___

D J W 0 4 3 2 4 1 A

Computershare

043241_00VCAD