DJERRIWARRH INVESTMENTS LIMITED

ABN 38 006 862 693

APPENDIX 4E STATEMENT
FOR THE YEAR ENDING 30 JUNE 2009

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2009 with the previous corresponding period being the year ended 30 June 2008.

This report is based on audited financial statements. A copy of the audit report can be found on page 31.

Results for announcement to the market

- Operating Profit after tax (excluding capital gains) was $55.2 million, 21.1% up from the previous corresponding period.

- Net operating profit per share (before capital gains) was 26.9 cents per share on an undiluted basis, up from 22.4 cents last year.

- Net loss attributable to members (including realised capital gains & losses and the AASB 139 ‘impairment’ revaluation charge of $49.7 million) was a loss of $14.1 million, 121% down from a profit of $66.7 million in the previous corresponding period. Excluding the ‘impairment’ revaluation charge the net profit would have been $35.6 million.

- Revenue from operating activities (excluding capital gains) was $48.1 million, 3.7% up from the previous corresponding period.

- The interim dividend for the 2009 financial year was 10 cents per share (the same as last year), fully franked, and it was paid to shareholders on 20 February 2009.

- The final dividend of 16 cents per share fully franked, the same as last year, will be paid on 25 August 2009 to ordinary shareholders on the register on 10 August 2009.

- 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 Company operates a Dividend Reinvestment Plan under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares is based at a 5% discount 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. The last day for the receipt of an election notice for participation in the plan is 10 August 2009.

- The record date for the next payment of interest on 30 September 2009 on the 6.5% Unsecured Convertible Notes on issue will be 23 September 2009. Notice to convert the Notes to Ordinary Shares for the next conversion date needs to be received by the Company by 15 September 2009 in accordance with the Conditions of Issue. Any notes unconverted will be redeemed on 30 September 2009 at their face value of $3.90.

- Net tangible assets per share before any provision for deferred tax on the unrealised taxable gains on the long-term investment portfolio as at 30 June 2009 were $3.34 (before allowing for the final dividend), down from $4.28 (before allowing for the final dividend) at the end of the previous corresponding period.

VOLATILE MARKET DRIVES INCOME FOR DJERRIWARRH

MEDIA RELEASE - FULL YEAR RESULT TO 30 JUNE 2009

20 July 2009

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.

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%.

Djerriwarrh's final dividend has been held at 16 cents per share fully franked.

The value of the Company's portfolio declined by 15.9% over the year compared to the 20.1% fall in the general market. Grossing up for the benefit of the enhanced level of franking credits generated from its investment activity, Djerriwarrh's portfolio return is negative 13.3% compared to the benchmark return of negative 18.8%.

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.

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 stocks in the portfolio in order to fund some of these opportunities and build its overall cash position.

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.

Please direct any enquiries to:

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Chairman	Managing Director	General Manager
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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	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.

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
			605.9
		As % of Total Portfolio Value (excludes Cash & Bank Bills)	84.4%

(a) Includes $10.3m of RIO new shares
(b) Includes $3.1m of WES partially protected securities

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

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

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

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

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 buybacks	**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) & 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 buybacks		(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.

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 (eg 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 1b)(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% and 50% 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% 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 2009 $'000	Alternate Treatment 2008 $'000	Statutory Accounts 2009 $'000	Statutory Accounts 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% (2008 – 30%)	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% (2008 – 30%)	(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 years 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% (2008: 7.3%).

(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 4” Australian retail banks. (2008 : with Goldman Sachs JBWere’s Australian $ Cash Reserves Fund rated AAAm by S&P 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

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

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% (2008 – 77%) of the loan principal outstanding. The fixed interest rates are 5.735% and 5.940%.

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 (ie 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:

(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) & (e) above.

13. Current liabilities - payables

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	Notes	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

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

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

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 $64.7m 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 & 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) & 11 with respect to cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are over-due.

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% and 10%, 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%.

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 (inc Property Trusts)	9.22%	9.07%
Telecommunications	5.62%	6.01%
Other - Health Care, Info Technology, Utilities	3.20%	5.43%
Cash	7.47%	0.03%

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

	% 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% 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% 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 3 months. The Company has on issue convertible notes (see Note 15) which have a fixed interest-rate payable of 6.5%.

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% paid on 15 August 2008 (2008: 16.0 cents fully franked at 30% 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%, paid 20 February 2009 (2008: 10.0 cents fully franked at 30% paid on 16 February 2008)	20,541	20,334
	53,196	52,572

(b) Franking credits

	2009 $'000	2008 $'000
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.	35,264	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	21,110	20,673
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	49,257	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

	2009 $'000	2008 $'000
Since the end of the year Directors have determined a final dividend of 16 cents per share fully franked at 30%. The aggregate amount of the final dividend for the year to 30 June 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

	2009 $'000	2008 $'000
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 & 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	528,440	47,560	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% 30 Sept. 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.

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.

		2009 $'000	2008 $'000
(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

	2009 $'000	2008 $'000
The Company has paid administrative fees to its associated entity, Australian Investment Company Services Ltd, in which it has a 25% shareholding :	1,999	1,453

28. Remuneration of auditors

During the year the auditor earned the following remuneration:

	2009 $	2008 $
PricewaterhouseCoopers		
Audit or review of financial reports	110,585	101,860
<u>Non-Audit Services</u>		
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 5 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.

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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.

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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*.

Pricewaterhouse Coopers

PricewaterhouseCoopers

David Coogan
Partner

Melbourne
20 July 2009