Djerriwarrh
AUSTRALIAN EQUITIES, ENHANCED YIELD

Djerriwarrh Investments Limited
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23 August 2011

The Manager
Company Announcements Office
Australian Securities Exchange
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 2011 Statutory Annual Report, Annual Shareholder Review, Notice of Meeting and Proxy Form being sent to shareholders.

Yours faithfully

Simon Pordage
Company Secretary

Statutory Annual Report 2011

Djerriwarrh

AUSTRALIAN EQUITIES, ENHANCED YIELD

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Summary of Results

Reported Profit for the 12 Months

Reported profit for the 12 months to 30 June 2011 was $56.9 million up from $25.0 million over the corresponding period last year. Note last year's figure included realised losses ($20.1 million) on investment securities sold which are no longer required to be included in profit under current accounting standards.

Net Operating Profit

Net operating profit for the 12 month period was $54.9 million, 25.7 per cent higher than the corresponding figure of $43.7 million last year.

Earnings Per Share

Earnings per share based on net operating profit were 25.7 cents compared with 20.7 cents last year.

A Fully Franked Final Dividend

A fully franked final dividend of 16 cents per share was declared. This final dividend is unchanged from last year and brings total fully franked dividends for the year to 26 cents per share.

Part of the final dividend is sourced from pre-tax listed investment company capital gains of 8.6 cents per share (last year 8.6 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 was maintained for the final dividend with a 2.5 per cent discount.

Total Portfolio Return

Total portfolio return after management fees and tax on income and realised gains over the year to 30 June 2011 (change in net asset backing per share plus dividends reinvested) was an increase of 10.9 per cent whereas the S&P/ASX 200 Accumulation Index increased 11.7 per cent over the same period. However, these figures do not reflect the benefit of the fully franked nature of the Company's high dividend yield when compared with the market index.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the 12 month period was 3.3 per cent as the premium of the share price to net asset backing declined substantially over the period.

Management Expense Ratio

Management expense ratio was 0.38 per cent.

Net Asset Backing

Net asset backing at 30 June 2011 was $3.59 (before providing for the 16 cent final dividend). At 30 June 2010 the net asset backing was $3.49.

Directors' Report

This report in relation to the financial year to 30 June 2011 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 stocks where there is an active options market. The Company 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 which 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 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 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 2010-11, this was 0.38 per cent of the portfolio's average market value.

By investing in Djerriwarrh, shareholders have access to:

- a diversified portfolio of about 50 of Australia's major companies and 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 Investments has lifted reported profit to $56.9 million for the 12 months to 30 June 2011. Last year's reported profit was $25.0 million, however this included some realised losses on investment securities sold which are no longer required to be included in profit under current accounting standards.

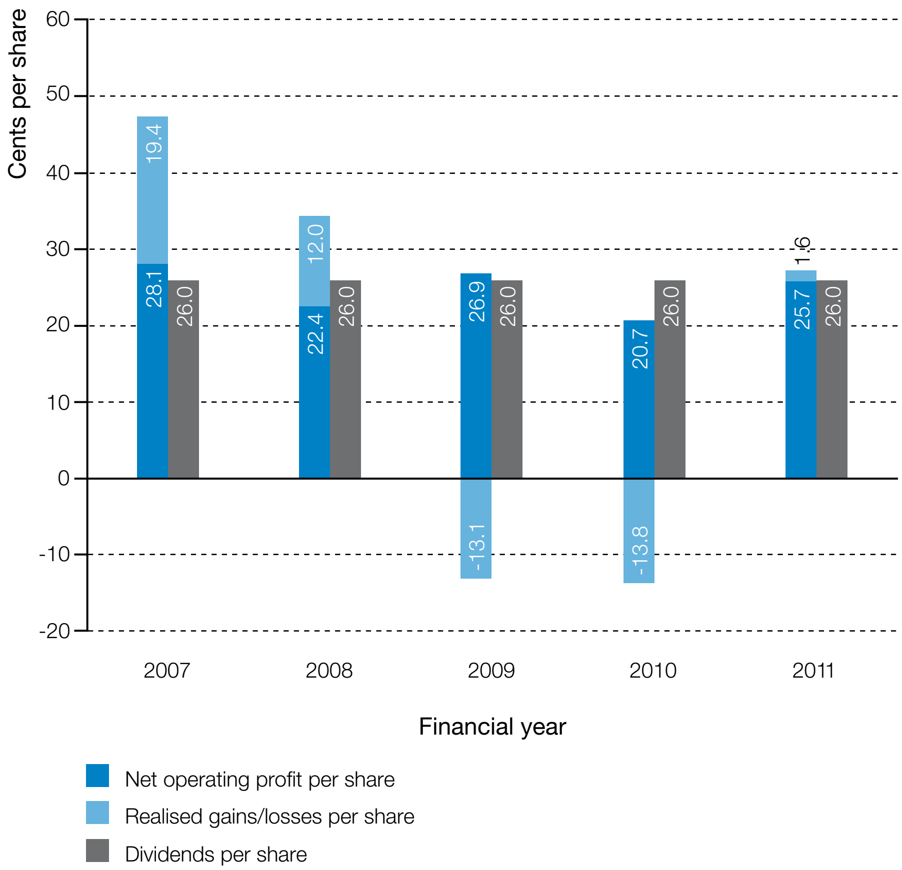
Net operating profit, which measures the income generated from the investment, trading and options portfolios, also increased strongly. For the 12 month period this figure was $54.9 million, 25.7 per cent higher than the corresponding figure of $43.7 million last year.

This increase was driven primarily by two factors. Djerriwarrh participated in the off market share buy-backs by BHP Billiton and Woolworths to benefit from substantial fully franked income that was on offer. There was also a recovery during the year in dividends paid by companies in which Djerriwarrh invests, particularly the major banks.

The increase in franked income has helped cover the Company's dividend which in recent years had been partially sourced from reserves. Djerriwarrh's final dividend has been maintained at 16 cents per share fully franked. The total dividend for the year of 26 cents per share provides a fully franked yield in excess of 6 per cent. For investors who can take advantage of franking credits this provides a very attractive 'grossed up' yield, particularly in an equity market that has produced little capital growth over recent years.

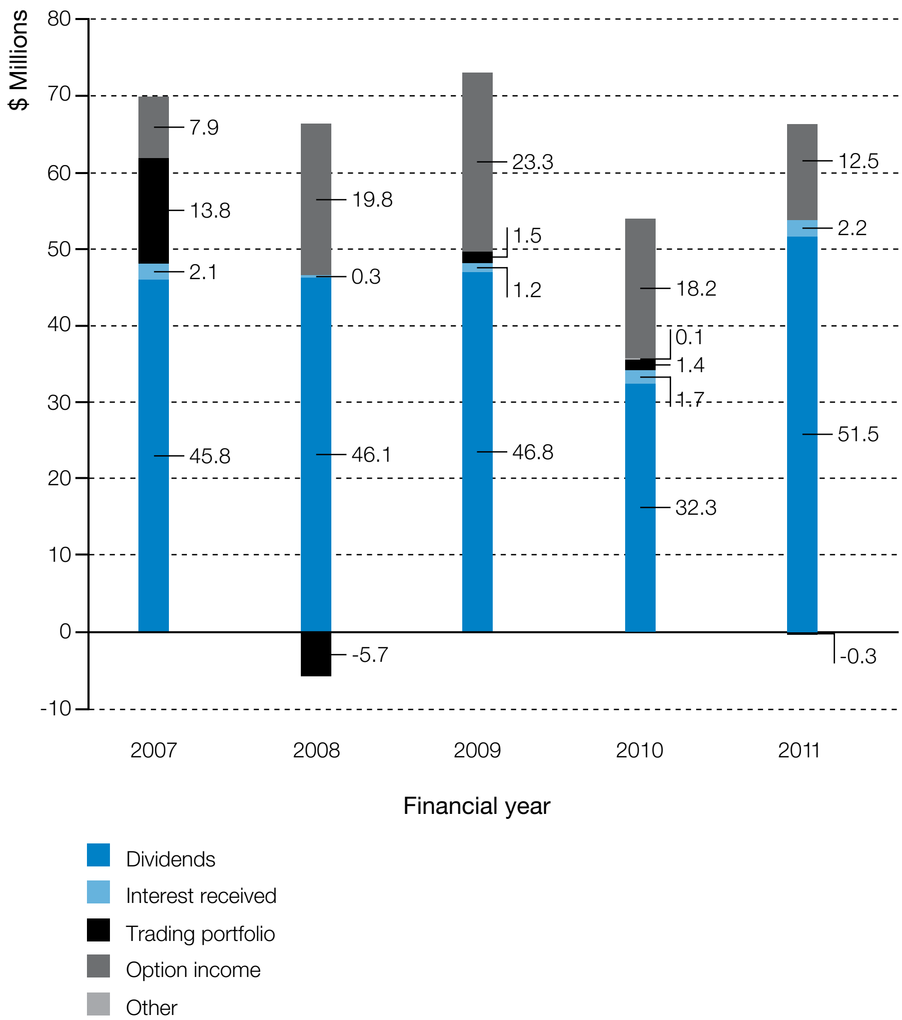
Shareholders should also note part of the final dividend is sourced from pre-tax listed investment company capital gains of 8.6 cents per share (last year 8.6 cents per share). Certain shareholders may be able to claim some of this amount as a tax deduction.

Earnings Per Share and Dividends Per Share



The next chart highlights the composition of Djerriwarrh's income over the last five years. The large increase in dividends received this year, particularly through the BHP Billiton buy-back which contributed $11.6 million of income, is evident from this chart. Djerriwarrh does not normally like to sell shares in its attractive long term holdings but in this circumstance it was the only way of accessing a significant amount of fully franked dividend from the company which is important for Djerriwarrh's shareholders. Option income was down slightly as volatility levels were low during the year and option coverage was at the lower end of the range. The contribution from the trading portfolio (excluding dividends received) was negative $0.3 million compared with a positive $1.4 million last year as the market fell quickly toward the end of the financial year. The trading portfolio is currently relatively small at $23.3 million.

Contribution to Income



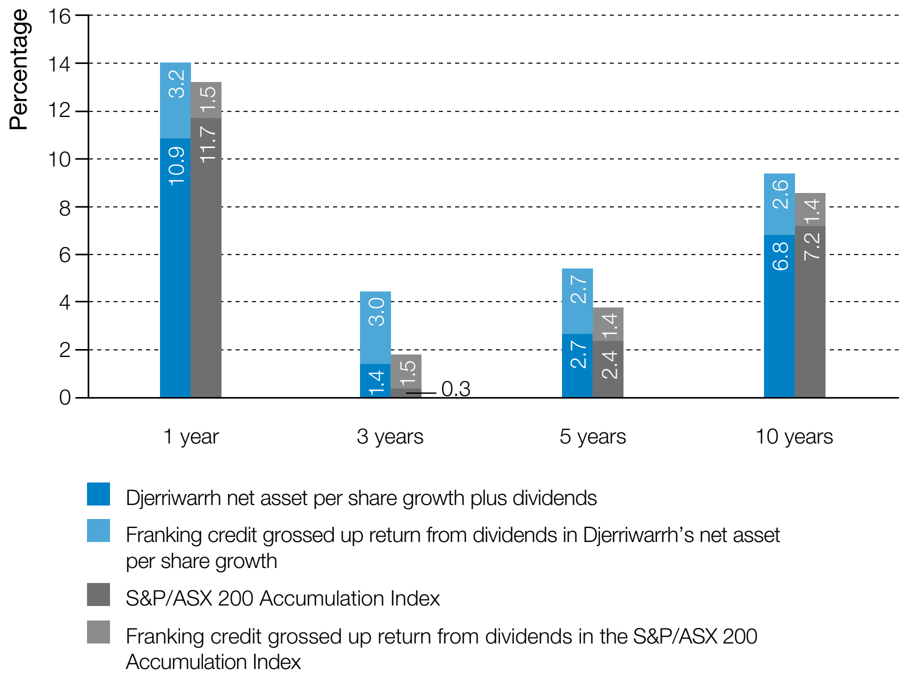
The Portfolio

Djerriwarrh's portfolio return of 10.9 per cent for the 12 months to 30 June 2011 was slightly behind the return of 11.7 per cent for the S&P/ASX 200 Accumulation Index as Djerriwarrh is not an investor in the more speculative parts of the resources market which rose strongly over the year. These figures also do not reflect the benefit of the fully franked nature of the Company's high dividend yield.

The chart below highlights the relative performance of the portfolio versus the relevant market index. In writing call options over part of the portfolio Djerriwarrh sometimes gives up capital gains in the pursuit of a higher fully franked income.

This is why it is important to consider the benefits of franking credits from Djerriwarrh's enhanced dividend yield when considering the investment performance. These franking benefits are represented by the additional sections on the columns for the respective performance of the index and Djerriwarrh's portfolio.

Portfolio Performance – Per Annum Return to 30 June 2011



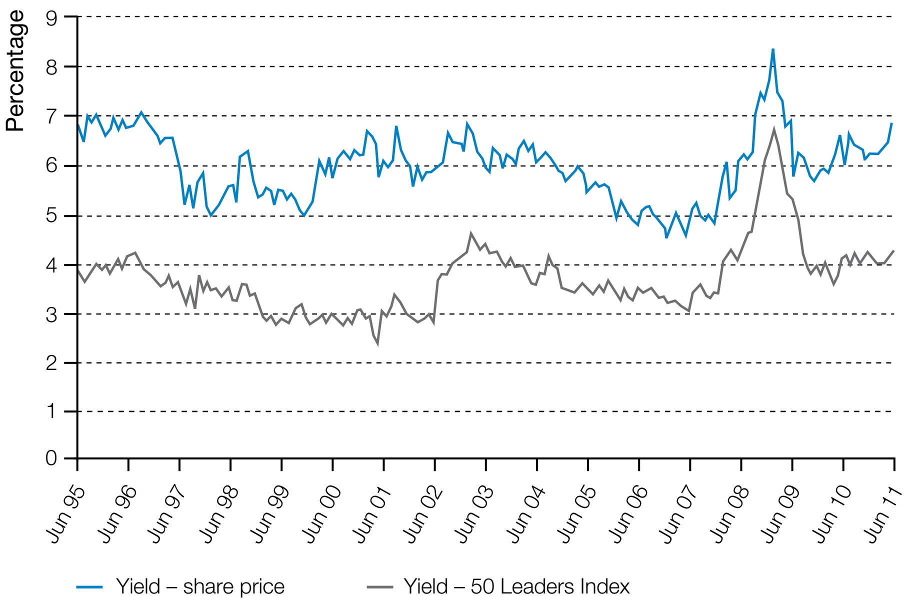
Notes:

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. It should be noted that Index returns for the market do not include the negative impact of management expenses and tax on their performance.

The franking credit gross up reflects the benefit of franking credits for those investors who can fully utilise them.

The chart below 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 83 per cent franked) since the Company was listed. It should be noted these yields do not take into account the franking benefits available to investors.

Djerriwarrh Yield v Market Yield



Volatility which is an important factor in Djerriwarrh's investment activities has fallen dramatically since the global financial crisis and has continued to track at relatively modest levels since then as the market index has traded in a consistent value range.

Market Implied Volatility of Call Options

In this environment, the Company has sought to maintain high option coverage although this has been against a background of a subdued equity market in the second half of the year which meant Djerriwarrh was cautious about writing options against holdings at low exercise prices. However Djerriwarrh has been buying high yielding shares such as the ANZ and Commonwealth Bank and at the same time selling call options against them. Some modest put option exposure was also added at attractive exercise prices on selected holdings. Djerriwarrh's level of option coverage fell to low levels as many call options expired at the end of the financial year and the Company was able to retain most of the premium from these option contracts.

Major acquisitions included AMP as a result of its takeover of AXA Asia Pacific, Rio Tinto and Orica. The Company also looked to replenish its holding in BHP Billiton after participation in the buy-back.

There were few sales over the period as many options expired without being exercised, although some call options in Rio Tinto were exercised in the first half of the financial year. Also, as noted, AXA Asia Pacific was taken over.

Outlook

Concerns about government debt levels in some European countries, weaker than expected growth in the United States and the potential earnings impact of the divergent economic conditions across different sectors of the Australian market negatively dominated investor sentiment toward the end of the financial year. The current political environment in Australia with the complexities of a minority government also adds to investor uncertainty. As a result most of the gains that investors experienced earlier in the year, other than return from dividends, reduced by year end.

Djerriwarrh will be seeking to increase its option coverage as opportunities arise. However given current market conditions, we are conscious of the risk to capital growth in the portfolio of doing so during market low points. We will therefore be patient in our approach.

Capital Changes

Pursuant to the Dividend Reinvestment Plan for the August dividend in 2010, 1,338,004 shares were issued at $3.89 per share, and in the Dividend Reinvestment Plan in February 2011, 831,586 shares were issued at $4.05 per share. As a result of this, the Company's paid up capital increased on a net basis by $8.6 million after costs by year end.

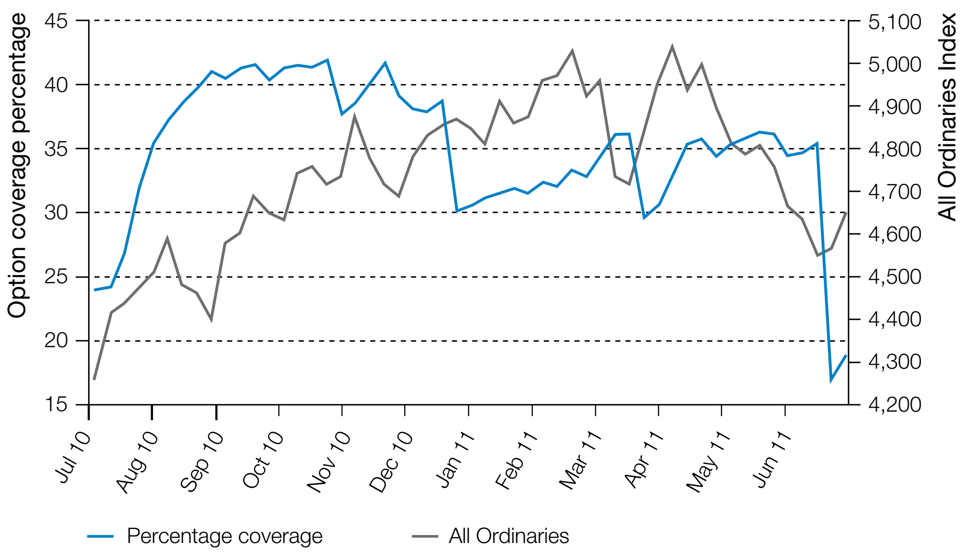
Dividends

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

The dividends paid during the year ended 30 June 2011 were as follows:

	$'000
Final dividend for the year ended 30 June 2010 of 16.0 cents per share fully franked at 30 per cent paid on 24 August 2010	33,987
Interim dividend for the year ended 30 June 2011 of 10.0 cents per share fully franked at 30 per cent paid on 18 February 2011	21,376
	55,563

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



Listed Investment Company Capital Gains

Listed investment companies (LICs) which make capital gains on the sale of investments held for more than one year are able to attach to their dividends a LIC capital gains amount which some shareholders are able to use to claim a tax deduction. This is called an 'LIC capital gain attributable part'. The purpose of this is to put shareholders in listed investment companies on a similar footing with holders of managed investment trusts with respect to capital gains tax on the sale of underlying investments.

Tax legislation sets out the definition of a '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 may result 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 cents per share for the year ended 30 June 2011, it carries with it an 8.6 cents per share LIC capital gain attributable part (2010: also 8.6 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. From 1 July 2011, the Company also has agreements with the National Australia Bank, Commonwealth Bank of Australia and Westpac Bank for cash advance facilities of $175 million (see Note 6). As at 30 June 2011, $100 million had been drawn down (2010: $50 million). The Company's total borrowings of $100 million at balance date represented 13.3 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 investment objectives.

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 98/100 (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. Managing Director of the Company's associated entity, Australian Investment Company Services Limited (AICS).

Mr Barker has been a Director of the Company since May 1988 and was appointed Managing Director in February 2001. He is also Managing Director of AFIC, 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 has been a Director since November 1989. He is Senior Chairman of Goldman Sachs Australia and New Zealand (formerly Goldman Sachs JBWere) and Advisory Director of Goldman Sachs. Mr Campbell was formerly Chairman and Chief Executive of Goldman Sachs JBWere. He is also Chairman of Mirrabooka Investments Limited, Deputy Chairman of Australian Foundation Investment Company Limited (AFIC) 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 an ANZ responsible entity and trustee, ANZ Specialist Asset Management Limited. He is a former Director of Aviva Australia Holdings Limited and PaperlinX Limited and a former Partner and Managing Partner of Arthur Robinson & Hedderwicks (now Allens Arthur Robinson).

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) CPA F Fin. Deputy Chairman and 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 and appointed Deputy Chairman in September 2009. He is also a Director of AFIC. He was formerly a Director of Goldman Sachs JBWere and is a former member of the Board of Guardians of Australia's Future Fund.

Alice JM Williams B.Com, FCPA, FAICD, CFA, ASFA AIF. Independent Non-Executive Director. Member of the Investment Committee.

Ms Williams was appointed to the Board in May 2010. Ms Williams is a Director of Equity Trustees Limited, Guild Group and Defence Health and is a council member of Anti-Cancer Council Victoria. She was formerly a Director of Airservices Australia, State Trustees Limited, Victorian Funds Management Corporation, Western Health, the Australian Accounting Standards Board, Telstra Sale Company and V/Line Passenger Corporation. She previously held senior management positions in the financial services sector including NM Rothschild and Sons (Australia) Limited and JP Morgan Australia.

Senior Executives

Geoffrey N Driver B Ec, Grad Dip Finance. 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 App Fin (Sec Inst), AMP (INSEAD). Chief Investment Officer.

Mr Freeman joined the Company in February 2007. He was formerly a Partner with Goldman Sachs JBWere. His primary role during that time was advising investment companies with their investment and dealing activities. As such he has a depth of knowledge and experience of investment markets and the Company's approaches, policies and processes.

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

Mr Pordage joined the Company in February 2009. He is a Chartered Secretary and has over 13 years company secretarial experience. He was previously Deputy Company Secretary for Australia and New Zealand Banking Group Limited and prior to that was Head of Board Support for Barclays PLC in the UK. He is a member of Chartered Secretaries Australia's Victorian Council, Chairman of CSA's National Legislation Review Committee and a member of two of their national committees, the Communication Committee and Corporate and Legal Issues 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 18 years of 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 and 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 2011 and the number 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	37	37	-	-	1	1
RE Barker	12	12	37	36	-	3^	-	-
PC Barnett	12	11	-	25^	-	-	-	-
TA Campbell	12	9	37	26	-	-	-	-
AF Guy	12	12	37	35	3	3	1	1
GJ Kraehe	12	10	-	26^	3	2	1	1
J Paterson	12	11	37	35	3	3	1	1
AJM Williams*	8	8	19	20#	-	-	-	-

* Ms Williams was granted a formal leave of absence by the Board from 2 September 2010 until 31 January 2011.

Ms Williams became a member of the Investment Committee on 19 August 2010.

^ Attended meetings by invitation.

Retirement, Election and Continuation in Office of Directors

Messrs P Barnett, G Kraehe AO and J Paterson, having been last re-elected by shareholders at the 2008 AGM, will retire and being eligible, will offer themselves for re-election at the forthcoming 2011 AGM.

Insurance of Directors and Officers

During the financial year, the Company paid insurance premiums to insure the Directors and officers named in this report to the extent allowable by law. The terms of the insurance contract preclude disclosure of further details.

(a) Principles Used to Determine Nature and Amount of Remuneration

The constitution of Djerriwarrh requires approval by the shareholders in general meeting of a maximum amount of remuneration per year to be allocated between and paid to Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Australian corporate Directors. The amount of remuneration for each Director excludes amounts owing when the Directors' retirement allowances were frozen at 30 June 2004. At the Company's 2010 Annual General Meeting, the total aggregate amount approved by shareholders for Non-Executive Director remuneration was $800,000.

Directors hold office until such time as they retire, resign or are removed from office under the terms set out in the constitution of the Company.

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 superannuation guarantee contributions (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 2011 were as follows:

	Primary	Post Employment	
	Fee $	Superannuation# $	Total Remuneration $
BB Teele: Chairman (Non-Executive)			
2011	**137,614**	**12,386**	**150,000**
2010	132,110	11,890	144,000
RE Barker*: Managing Director (Executive)			
2011	**68,807**	**6,193**	**75,000**
2010	66,055	5,945	72,000
PC Barnett: Director (Non-Executive)			
2011	**29,294**	**45,706**	**75,000**
2010	26,128	45,872	72,000
TA Campbell: Director (Non-Executive)			
2011	**68,807**	**6,193**	**75,000**
2010	66,055	5,945	72,000
AF Guy: Director (Non-Executive)			
2011	**68,807**	**6,193**	**75,000**
2010	66,055	5,945	72,000
GJ Kraehe: Director (Non-Executive)			
2011	**68,807**	**6,193**	**75,000**
2010	66,055	5,945	72,000
J Paterson: Deputy Chairman (Non-Executive)			
2011	**68,807**	**6,193**	**75,000**
2010	66,055	5,945	72,000
AJM Williams: Director (Non-Executive) appointed 17 May 2010			
2011	**68,807**	**6,193**	**75,000**
2010	8,144	733	8,877
Total Remuneration: Directors			
2011	**579,750**	**95,250**	**675,000**
2010	496,657	88,220	584,877

* 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. Currently, any Director over this age has elected to salary sacrifice the equivalent amount into superannuation.

(c) Directors' Retirement Allowances

The Board proposed and shareholders approved at the 2004 AGM discontinuing the practice of paying Directors' retirement allowances.

The Directors' retirement allowance provided in past years was equal to the total emoluments that the Director received in the three years immediately preceding retirement, where a Director had held office for five or more years and a proportionate part for less than five years service.

For Directors in office at 30 June 2004, the amounts accrued as at that date will be paid to them upon their ultimate retirement. No further accruals of Directors retiring allowances will be made after 30 June 2004. New Directors appointed to the Company after that date will not be entitled to any Directors' retirement allowance.

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
PC Barnett	0
AJM Williams	0
	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
BB Teele	1,820,061
RE Barker	363,705
PC Barnett	40,000
TA Campbell	433,576
AF Guy	196,436
GJ Kraehe	35,910
J Paterson	217,696
AJM Williams	7,361

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 (2010: five executives).

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 26 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 16.

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

John Paterson
Deputy Chairman

Melbourne
18 July 2011

Auditor's Independence Declaration

PRICEWATERHOUSECOOPERS

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Auditor's Independence Declaration

As lead auditor for the audit of Djerriwarrh Investments Limited for the year ended 30 June 2011, 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
18 July 2011

Liability limited by a scheme approved under Professional Standards Legislation

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 is how the Board has applied each principle and the recommendations set out within them. A copy of the ASX Governance Principles can be found on the ASX's website, www.asx.com.au

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

This 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 focus on stocks where there is an active options market. The Company uses exchange traded options to enhance income return to investors.

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

- 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.

The Board operates under a Board charter, available on the Company's website, which documents the 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 normally monthly and the Non-Executive Directors meet regularly in the absence of the Managing Director and members of management. During the financial year, the Board also held a strategy conference.

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 22 and Principle 7 on page 23.

The Investment Committee's membership currently comprises BB Teele (Chairman), RE Barker, TA Campbell, AF Guy, J Paterson and AJM Williams. The other Directors, PC Barnett and GJ Kraehe, regularly attend Committee meetings by invitation when available. The general role of the Committee 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, a key focus of the Committee has continued to be that of risk management within the Company's portfolios of investments. This has involved, amongst other activities, monitoring the option coverage of the portfolio, and selling securities that no longer met the Company's investment objectives. Further details of the role of the Committee in respect of the oversight of investment risk can be found under Principle 7 on page 24.

The number of Board and Board Committee meetings held during the year and attendance by Directors are set out on page 11.

Delegation to Management

The Company has no employees and 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. Separate evaluations of the performance of individual Senior Executives are carried out by AICS.

Principle 2: Structuring the Board to Add Value

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

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

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.

J Paterson was appointed as Deputy Chairman in September 2009. The Deputy Chairman deputises for and supports the Chairman in respect of the authorities and responsibilities conferred or delegated to the Chairman by the Board.

See the Directors' Report on page 10 for details of the skills, experience, and expertise of each Director.

The Nomination Committee has reviewed the mix of skills, experience, expertise and diversity that would be most appropriate for the Board. In appointing new Directors, it was concluded that the overlying philosophy must be that the best candidate is appointed.

It has been agreed that in respect of any potential Director appointment, the shortlist of candidates must include appropriate female representation and the Board would benefit by having female representation on the Board at any given time.

There are currently eight Directors on the Board, which is the maximum currently allowed under the Company's Constitution.

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	– 21 years
RE Barker	– 23 years
TA Campbell	– 21 years
AF Guy	– 21 years
GJ Kraehe	– 9 years
J Paterson	– 9 years
PC Barnett	– 3 years
AJM Williams	– 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 are regarded as important factors 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 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 Non-Executive Directors, with GJ Kraehe as the Chairman and the members being AF Guy, J Paterson and BB Teele.

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, skill and diversity to contribute effectively to the oversight of the Company, making recommendations on these matters to the Board as appropriate.

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 appropriateness of which is reviewed annually. 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 and the Board generally in private session.

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 also 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, and makes recommendations to the Board in this respect. In looking at such relationships, the Board looks at all the circumstances but sets an initial monetary threshold for materiality and this is reviewed annually by the Board, on the recommendation of the Nomination Committee. The Board has resolved that this threshold be $500,000.

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.

Given the past and continued relationship that the Company has with Goldman Sachs Australia and New Zealand (formerly Goldman Sachs JBWere), TA Campbell, who is Senior Chairman of Goldman Sachs Australia and New Zealand, and is a former Chairman and Chief Executive of Goldman Sachs JBWere, is also not regarded as independent.

The other five Non-Executive Directors, PC Barnett, AF Guy, GJ Kraehe, J Paterson and AJM Williams, are considered independent.

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

This Principle requires that the Company should actively promote ethical and responsible decision-making.

The Company 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.

Corporate Principles of Conduct

The Company has adopted Corporate Principles of Conduct which outline ethical standards to be followed by Directors and Senior Executives of the Company when carrying out their responsibilities with a view to the Company achieving its aims which are available on the Company's website.

Under the Principles, Directors and Senior Executives will:

- conduct business in good faith in the best interests of the Company with efficiency, honesty and fairness;
- perform their duties with the utmost integrity and the standard of care and diligence expected of an organisation of the highest calibre;
- treat others with dignity and respect; and
- not engage in conduct likely to have an adverse effect on the reputation of the Company.

The Corporate Principles of Conduct also 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.

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.

AICS has its own comprehensive Principles of Conduct in place that covers the behaviours and actions of its employees. Compliance with those Principles is a condition of the appointment of each Senior Executive with the Company and a condition of their employment with AICS.

Whistleblower Protection Policy

During the year, the Company adopted a new Whistleblower Protection Policy, which establishes a formal framework within which individuals are able, in a secure way, to express their genuine concerns about unlawful behaviour or breaches of policy, free from the threat of victimisation or reprisal and on the understanding that their concerns will be investigated and that, where appropriate, action will be taken to redress the situation.

Securities Dealing Policy

During the financial year, the Board considered and approved a revised Securities Dealing Policy applicable to personal trading in the Company's securities by Directors and Senior Executives, which is available on the Company's website. The policy was revised following the introduction of new ASX Listing Rules relating to this.

Under the policy, Directors and Senior Executives must not deal in the Company's shares around the full year and half year results and around the Company's monthly NTA announcements.

The policy requires Directors and Senior Executives to provide notification in advance of any intention to deal in the Company's shares and to notify the Company Secretary following the trade so that any relevant notification can be made to the market. Under the policy, Directors and Senior Executives are prohibited from using the Company's securities as security for margin lending arrangements or other loans and must also use their best endeavours to ensure they are not put in a position of conflict with the policy by virtue of having margin or other loans over other securities.

Compliance with the policy is a condition of the appointment of each Senior Executive with the Company and a condition of their employment with AICS.

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

Principle 4: Safeguarding Integrity in Financial Reporting

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 is set out on page 11. All members of the Audit Committee have the requisite financial experience and understanding to effectively discharge its mandate.

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 23.

Written Affirmations

The Board has received 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 51.

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 in the Committee's Charter. 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

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 has a written policy and procedures designed to ensure compliance with ASX Listing Rule and Corporations Act disclosure requirements, to ensure accountability at a senior management level for that compliance and to clarify individual, management and Board responsibilities in the process. The policy is publicly available on the Company's website. The Board believes that the Company is fully compliant with Principle 5 and its recommendations.

Principle 6: Respecting the Rights of Shareholders

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's policy is to maintain 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 financial year, shareholder meetings were held in Sydney, Melbourne, Adelaide, Brisbane, Canberra and Perth. The Company views the holding of these non-statutory meetings as being very important in terms of communicating with its shareholders.

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 Company's website has been redesigned during the year to enhance the online experience of the Company's shareholders by providing more comprehensive and accessible information on the Company.

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

Principle 7: Recognising and Managing Risk

This Principle requires that the Board establishes a sound system of risk oversight and management and internal control.

The Company has established and maintains a sound system of risk oversight, management and internal control. The Risk Management Framework adopted by the Company is available on the Company's website.

The framework has been developed to take into account the principles and guidelines outlined in AS/NZS ISO 31000: 2009 Risk Management – principles and guidelines.

This approach involves establishing the context in which it operates, identifying the risks, analysing those risks, evaluating the risks, treating the risks where appropriate and monitoring, reviewing and reporting risks and the overall performance of the framework. This process is underpinned through regular communication and consultation with key business stakeholders.

The framework forms the basis for embedding enterprise risk management within the culture of the organisation. The objectives of it are to:

- enable the Company to meet its obligations and objectives efficiently and reliably;
- increase the likelihood that the Company will be successful in its business operations by mitigating potentially damaging events occurring (e.g. operational risk) and maximising the results of positive events (e.g. financial position, investment strategies, etc.), through the implementation of risk management strategies;
- provide decision makers with the means to identify risks and to determine whether the controls in place are adequate to mitigate those risks;
- provide a mechanism to assess the levels of risk that can be accepted;
- ensure that the application of risk management practices is understood by the agents, employees, officers and Directors of the Company and a strong risk culture is well entrenched; and
- reduce the consequence and/or likelihood of potentially damaging events by regular reviews of investments and investment strategies or by transferring the impact of potentially damaging events to third parties (e.g. by insurance, and contractual arrangements) for outsourced arrangements, where appropriate.

The Board is assisted in its 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.

The framework is reviewed on an annual basis.

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

- investment risk; and
- operational risk.

Investment Risk

Investment risk includes:

- market risk;
- credit, counter-party 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, and has 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 resource risk, reputational risk (insofar as it relates to the operations of the Company), disaster recovery and occupational health and safety 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. AF Guy, Chairman of the Audit Committee, and J Paterson are also both members of the AICS Risk Management, Audit and Remuneration Committee and J Paterson serves as Chairman of AICS.

Written Affirmations

The Board has received 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 the 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

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 include 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 Senior Executives' remuneration is set out in the Remuneration Report on pages 12 to 14.

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 2011

	Note	2011 $'000	2010 $'000
Dividends and distributions		51,447	32,330
Revenue from deposits and bank bills		2,153	1,687
Other revenue		-	93
Total revenue		53,600	34,110
Net gains/(losses) on trading portfolio		(291)	1,449
Income from options written portfolio		12,535	18,232
Income from operating activities		65,844	53,791
Finance costs		(4,902)	(3,734)
Administration expenses		(3,368)	(3,175)
Share of net profit from Associate		146	277
Operating profit before income tax expense	4	57,720	47,159
Income tax expense*	5	(2,782)	(3,460)
Net operating profit for the year		54,938	43,699
Net gains/(losses) on investments			
Net losses on open options positions		(947)	(1,157)
Deferred tax on net losses on open options positions*	5	284	347
Net gains on puttable instruments		3,681	3,101
Tax expense on net gains on puttable instruments*	5	(1,104)	(930)
Net losses on securities sold from the investment portfolio before 7 December 2009		-	(11,050)
Tax expense on losses on securities sold*	5	-	(9,010)
		1,914	(18,699)
Profit for the year		56,852	25,000

		Cents	Cents
Basic earnings per share	23	26.58	11.86

		2011 $000	2010 $000
* Total tax expense	5	3,602	13,053

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

Statement of Comprehensive Income

For the Year Ended 30 June 2011

	Year to 30 June 2011			Year to 30 June 2010		
	Revenue $'000	Capital $'000	Total $'000	Revenue $'000	Capital $'000	Total $'000
Profit for the year	54,938	1,914	56,852	43,699	(18,699)	25,000
Other comprehensive income						
Unrealised gains/(losses) for the period on securities in the portfolio at 30 June	-	31,580	31,580	-	44,770	44,770
Deferred tax expense on above	-	(5,374)	(5,374)	-	3,945	3,945
Plus gains/(losses) for the period on securities realised before 7 December 2009	-	-	-	-	38	38
Tax expense on above	-	-	-	-	(12,314)	(12,314)
Plus gains/(losses) for the period on securities realised after 7 December 2009	-	(8,759)	(8,759)	-	6,183	6,183
Tax expense on above	-	(537)	(537)	-	(8,692)	(8,692)
Transfer to Income Statement of cumulative losses on investments realised prior to 7 December 2009	-	-	-	-	11,050	11,050
Tax expense/(credit) on above	-	-	-	-	9,010	9,010
Net movement in fair value of swap contracts	-	(169)	(169)	-	(45)	(45)
Total other comprehensive income [1, 2]	-	16,741	16,741	-	53,945	53,945
Total comprehensive income [3]	54,938	18,655	73,593	43,699	35,246	78,945

1. These are the net capital gains/(losses) not recorded through the Income Statement. Capital includes the unrealised gains or losses on open options positions.
2. Total tax movement in other comprehensive Income: 2011 – $(5.9) million; 2010 – $(8.1) million.
3. This is the Company's net return for the year, which includes the net operating profit plus the net realised and unrealised gains or losses on the Company's investment portfolio and net gains/losses on open options positions.

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

Balance Sheet
As at 30 June 2011

	Note	2011 $'000	2010 $'000
Current assets			
Cash	6	54,913	69,706
Receivables	7	9,150	6,459
Trading portfolio	8	23,317	10,497
Total current assets		87,380	86,662
Non-current assets			
Investment portfolio	9	790,574	712,993
Shares in Associate		566	465
Deferred tax assets	10	412	1,214
Total non-current assets		791,552	714,672
Total assets		878,932	801,334
Current liabilities			
Payables	11	2,165	2,563
Tax payable		3,538	4,794
Borrowings – bank debt		100,000	50,000
Interest rate hedging contracts	12	493	324
Options written portfolio	13	2,044	3,235
Total current liabilities		108,240	60,916
Non-current liabilities			
Deferred tax liabilities – investment portfolio	14	17,696	14,202
Total non-current liabilities		17,696	14,202
Total liabilities		125,936	75,118
Net assets		752,996	726,216
Shareholders' equity			
Share capital	15	619,986	611,436
Revaluation reserve	17	20,153	4,045
Realised capital gains reserve	19	44,242	49,360
Interest rate hedging reserve	12	(493)	(324)
Retained profits	20	69,108	61,699
Total shareholders' equity		752,996	726,216

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

Statement of Changes in Equity
For the Year Ended 30 June 2011

Year Ended 30 June 2011	Note	Share Capital $'000	Revaluation Reserve $'000	Realised Capital Gains $'000	Interest Rate Hedging $'000	Retained Profits $'000	Total $'000
Total equity at the beginning of the year		611,436	4,045	49,360	(324)	61,699	726,216
Dividends paid	22	-	-	(8,497)	-	(46,866)	(55,363)
Shares issued – Dividend Reinvestment Plan	15	8,573	-	-	-	-	8,573
Other share capital adjustments	15	(23)	-	-	-	-	(23)
Total transactions with shareholders		8,550	-	(8,497)	-	(46,866)	(46,813)
Profit for the year		-	2,577	-	-	54,275	56,852
Other comprehensive income (net of tax)							
Net unrealised gains for the period for stocks held at 30 June		-	26,206	-	-	-	26,206
Net losses for the period on securities realised		-	(9,296)	-	-	-	(9,296)
Transfer to realisation reserve of cumulative gains on investments realised		-	(3,379)	3,379	-	-	-
Net movement in fair value of swap contracts		-	-	-	(169)	-	(169)
Other comprehensive income for the year		-	13,531	3,379	(169)	-	16,741
Total equity at the end of the year		619,986	20,153	44,242	(493)	69,108	752,996

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

Statement of Changes in Equity continued

For the Year Ended 30 June 2011 (2010 Comparatives)

Year Ended 30 June 2010	Note	Share Capital $'000	Revaluation Reserve $'000	'Impairment' Revaluation Charge $'000	Realised Capital Gains $'000	Interest Rate Hedging $'000	Retained Profits $'000	Total $'000
Total equity at the beginning of the year (as reported)		587,649	(11,350)	(49,690)	86,600	(279)	64,746	677,676
Adoption of AASB 9		-	(47,417)	47,417	-	-	-	-
Restated total equity at the beginning of the year		587,649	(58,767)	(2,273)	86,600	(279)	64,746	677,676
Dividends paid	22	-	-	-	(8,256)	-	(45,936)	(54,192)
Shares issued – Dividend Reinvestment Plan	15	8,045	-	-	-	-	-	8,045
Convertible note conversion	15	15,752	-	-	-	-	-	15,752
Other share capital adjustments	15	(10)	-	-	-	-	-	(10)
Total transactions with shareholders		23,787	-	-	(8,256)	-	(45,936)	(30,405)
Profit for the year		-	2,171	-	(20,060)	-	42,889	25,000
Transfer of impairment charge reserve to realisation reserve		-	-	2,273	(2,273)	-	-	-
Other comprehensive income (net of tax)								
Net unrealised gains for the period for stocks held at 30 June		-	48,715	-	-	-	-	48,715
Net losses for the period on securities realised before 7 December 2009		-	(12,276)	-	-	-	-	(12,276)
Transfer to Income Statement of cumulative losses on investments realised before 7 December 2009		-	20,060	-	-	-	-	20,060
Net losses for the period on securities realised after 7 December 2009		-	(2,509)	-	-	-	-	(2,509)
Transfer to realisation reserve of cumulative losses on investments realised after 7 December 2009		-	6,651	-	(6,651)	-	-	-
Net movement in fair value of swap contracts		-	-	-	-	(45)	-	(45)
Other comprehensive income for the year		-	60,641	-	(6,651)	(45)	-	53,945
Total equity at the end of the year		611,436	4,045	-	49,360	(324)	61,699	726,216

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

Cash Flow Statement

For the Year Ended 30 June 2011

	Note	2011 $'000 Inflows/ (Outflows)	2010 $'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		10,113	17,472
Purchases for trading portfolio		(18,707)	(21,073)
Interest received		2,402	1,407
Proceeds from entering into options in options written portfolio		20,107	37,977
Payment to close out options in options written portfolio		(9,706)	(30,344)
Dividends and distributions received		46,977	19,399
		51,186	24,838
Other receipts		-	93
Administration expenses		(3,365)	(3,170)
Finance costs paid		(5,070)	(4,398)
Income taxes (paid)/credit		443	(6,448)
Net cash inflow/(outflow) from operating activities	27	43,194	10,915
Cash flows from investing activities			
Sales from investment portfolio		27,626	135,812
Purchases for investment portfolio		(81,934)	(62,522)
Tax paid on capital gains		(6,866)	-
Net cash inflow/(outflow) from investing activities		(61,174)	73,290
Cash flows from financing activities			
Proceeds from borrowings		330,000	195,000
Repayment of borrowings		(280,000)	(221,250)
Share issue transaction costs		(23)	(10)
Share buy-backs		-	-
Dividends paid		(46,790)	(46,144)
Net cash inflow/(outflow) from financing activities		3,187	(72,404)
Net increase/(decrease) in cash held		(14,793)	11,801
Cash at the beginning of the year		69,706	57,905
Cash at the end of the year	6	54,913	69,706

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 Australian 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
Hybrids	Equity instruments that are not ordinary securities
Options	Derivatives written over equity instruments that are valued at fair value through profit and loss

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS). The Company is a 'for profit' entity.

The Company has not applied any Australian Accounting Standards or UIG interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2011. 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 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) 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 has one Associate – Australian Investment Company Services ("AICS") in which it has a 25 per cent shareholding. AICS provides investment and administrative services to the Company and to other listed investment companies, including its Parent, Australian Foundation Investment Company ("AFIC") which holds the other 75 per cent.

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

(c) Holdings of Securities

(i) Balance Sheet Classification

The Company has three discrete portfolios of securities: the investment portfolio, the options written portfolio and the trading 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 options written portfolio contains predominantly exchange traded options contracts that are entered into as described in Note 13.

The trading portfolio comprises securities held for short term trading purposes, including exchange traded options contracts that are entered into as described in Note 8.

Securities within the investment portfolio (with the exception of puttable instruments and convertible notes that are classified as debt) are classified as 'financial assets measured at fair value through other comprehensive income', and are designated as such upon initial recognition, whereas securities held within the trading portfolio are classified as 'mandatorily measured at fair value through profit or loss in accordance with AASB 9'.

The designation of securities within the investment portfolio as 'financial assets measured at fair value through other comprehensive income' is consistent with the Directors' view of these assets as being held for the long term for both capital growth and for the provision to the Company of dividends and distribution income rather than to make a profit from the sale of such securities, which is the purpose of securities held within the trading portfolio. Puttable instruments and convertible notes classified as debt are required to be classified at fair value through profit or loss although the Directors also view these assets as being held for the long term for both capital growth and for the provision to the Company of distribution income and their being managed as part of the investment portfolio.

(ii) Valuation of Investment Portfolio

Securities, including listed securities and hybrids, are initially brought to account at market value, which is the cost of acquisition, and are revalued to market values (or fair value if there is no active market) continuously. Increments and decrements on equity instruments are recognised as other comprehensive income and taken to the revaluation reserve.

Gains and losses on puttable instruments and convertible notes that are classified as debt are recognised in profit or loss. However, they are subsequently transferred from retained earnings 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 realisation reserve. The amounts of such transfers are noted in the Statement of Changes in Equity, and are done primarily to isolate the realised gains out of which the Company can pay a 'listed investment company' or 'LIC' gain as part of its dividend, which conveys certain taxation benefits to many of the Company's shareholders.

(iii) Valuation of Trading Portfolio

Securities, including listed and unlisted shares 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 to profit or loss 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.

(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 unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the relevant portion is treated as proceeds from a sale. If the distributions are capital returns on ordinary shares the amount of the distribution is treated as an adjustment to the carrying value of the shares.

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

(d) 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 (excluding those related to the unrealised gains or losses in the investment portfolio) are offset as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

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

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.

(e) 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.

(f) Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, bank borrowings 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 AIFRS as 'last bid price'.

(g) 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.

(h) Interest Rate Swaps

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 (which is 100 per cent), 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.

(i) Rounding of Amounts

The Company is of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Financial Report. Amounts in the Financial Report have been rounded off in accordance with that Class Order, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(j) Split Between Revenue and Capital in Other Comprehensive Income

'Capital' relates to realised or unrealised gains (and the tax thereon) on securities within the investment portfolio and excludes income in the form of distributions and dividends which are recorded as 'revenue'. 'Capital' also includes movements in the fair value of the Company's swap contracts. All other items, including expenses, are recorded as net operating profit, which is equivalent to 'revenue'.

(k) Segment Reporting

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

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 gain 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 14. 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.

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

(a) Description of Segments

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

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

The Company invests in equity securities and other instruments to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends, option premiums and trading income and enhancement of capital invested.

(b) Segment Information Provided to the Board

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

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

	2011 $'000	2010 $'000
Net operating profit after income tax expense	54,938	43,699
Add back income tax expense	2,782	3,460
Net losses on securities sold from the investment portfolio before 7 December 2009	-	(11,050)
Net gains on puttable instruments	3,681	3,101
Net losses on open options positions	(947)	(1,157)
Profit for the year before tax	60,454	38,053

In addition, the Investment Committee regularly reviews the net asset value per share both before and after provision for deferred tax on the unrealised gains in the Company's long term investment portfolio. Deferred tax is calculated as set out in Notes 1(d) and 2. The relevant amounts as at 30 June 2011 and 30 June 2010 were as follows:

	2011 $	2010 $
Net tangible asset backing per share		
Before tax	3.59	3.49
After tax	3.51	3.42

(c) Other Segment Information

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

The Company is domiciled in Australia and all of the Company's income is derived from Australian entities or entities that have a listing on the Australian Securities Exchange. The Company has a diversified portfolio of investments, with only one investment comprising more than 10 per cent of the Company's income, including realised income from the options written portfolio: BHP Billiton (23.9 per cent) including $11.6 million of dividend included in income received due to the Company's participation in BHP Billiton's off-market buy-back (2010: None over 10 per cent).

4. Operating Profit Before Income Tax Expense

	2011 $'000	2010 $'000
Dividends and distributions		
- securities held in investment portfolio	50,549	32,035
- securities held in trading portfolio	898	295
	51,447	32,330
Interest income		
- income from cash investments	2,153	1,687
	2,153	1,687
Net gains/(losses) and write downs		
- net realised gains from trading portfolio	2,021	1,781
- realised gains on options written portfolio	12,535	18,232
- unrealised losses from trading portfolio	(2,312)	(332)
	12,244	19,681
Other income	-	93
	-	93
Income from operating activities	65,844	53,791
Finance costs	(4,902)	(3,734)
Administration fees paid to AICS	(2,000)	(1,898)
Share of net profit from Associate	146	277
Other administration expenses	(1,368)	(1,277)
Operating profit before income tax expense	57,720	47,159

Further information relating to remuneration of auditors is set out in Note 26, Directors and Executives in Note 24.

5. Tax Expense

	2011 $'000	2010 $'000
(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Operating profit before income tax expense	57,720	47,159
Tax at the Australian tax rate of 30 per cent (2010: 30 per cent)	17,316	14,148
Tax offset for franked dividends	(12,823)	(8,040)
Tax effect of reversal of previous years' unrealised option position	(870)	(1,216)
Tax effect of sundry items not taxable in calculating taxable income	(504)	(12)
	3,119	4,880
Over provision in prior years	(337)	(1,420)
Income tax expense on operating profit before net gains on investments	2,782	3,460
Net gains/(losses) on investments	2,734	(9,106)
Tax at the Australian tax rate of 30 per cent (2010: 30 per cent)	820	(2,732)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Differences between accounting and tax cost bases for capital gains purposes	-	12,140
Under (over) provision in prior years	-	185
Tax expense/(credit) on net losses on investments	820	9,593
Total tax expense/(credit)	3,602	13,053

(b) Tax Expense Composition

	2011 $'000	2010 $'000
Charge for tax payable relating to the current year	2,033	2,342
Under (over) provision in prior years	(337)	(1,235)
Increase in deferred tax liabilities – puttable instruments	1,104	930
Decrease in deferred tax assets – other (including capital losses)	802	11,016
	3,602	13,053

(c) Amounts Recognised Directly through Other Comprehensive Income

	2011 $'000	2010 $'000
Increase (decrease) in deferred tax liabilities relating to capital gains tax on the movement in unrealised gains in the investment portfolio	5,911	8,051
	5,911	8,051

6. Current Assets – Cash

	2011 $'000	2010 $'000
Cash at bank and in hand	5,413	11,706
Fixed term deposits	49,500	58,000
	54,913	69,706

Cash holdings yielded an average floating interest rate of 5.6 per cent (2010: 4.4 per cent).

(a) Credit Risk Exposure

All cash investments not held in a transactional account are invested in short term deposits with Australia's big four commercial banks or their wholly-owned subsidiaries, all rated 'AA' by S&P.

(b) Standby Arrangements and Credit Facilities

The Company is party to agreements under which Commonwealth Bank of Australia and the National Australia Bank will extend a cash advance facility. $50 million of the facility with Commonwealth Bank is a five year facility. The remainder are 12 month facilities. At 1 July 2011 an additional new facility agreement for $25 million was entered into with Westpac Bank (for total debt facilities of $175 million).

	2011 $'000	2010 $'000
Commonwealth Bank of Australia – cash advance facility	130,000	130,000
Amount drawn down at 30 June	100,000	50,000
Undrawn facilities at 30 June	30,000	80,000
National Australia Bank – cash advance facility	20,000	20,000
Amount drawn down at 30 June	-	-
Undrawn facilities at 30 June	20,000	20,000
Total short term loan facilities	150,000	150,000
Total drawn down at 30 June	100,000	50,000
Total undrawn facilities at 30 June	50,000	100,000

The above borrowings are unsecured. Repayment of facilities is done either through the use of cash received from distributions or the sale of securities, or by rolling existing facilities into new ones. Facilities are usually drawn down for no more than three months.

7. Current Assets – Receivables

	2011 $'000	2010 $'000
Dividends and distributions receivable	6,718	5,432
Outstanding settlements – investment portfolio	-	90
Outstanding settlements – trading portfolio	904	34
Other receivables/pre-payments	1,528	903
	9,150	6,459

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.

8. Current Assets – Trading Portfolio

	2011 $'000	2010 $'000
Listed securities at market value		
- shares and trust units	23,317	10,682
- options sold by the Company		
- calls	-	(185)
- puts	-	-
	23,317	10,497

(a) 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. 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 from an independent third-party data provider. As at balance date there were no call options outstanding (2010: $8.3 million potential exposure) held by the Company in its trading portfolio. As at the previous balance date all of these contracts were exchange-traded options and were entered into within the constraints and controls imposed by the Australian Securities Exchange. 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.

9. Non-current Assets – Investment Portfolio

	2011 $'000	2010 $'000
Equity instruments		
- shares/trust and stapled securities market value	768,996	698,140
- unlisted securities at fair value	85	-
Puttable instruments and convertible notes classified as debt	21,493	14,853
	790,574	712,993

For a detailed list of the fair value of the securities in the investment portfolio measured at fair value through other comprehensive income, see Note 29.

10. Deferred Tax Assets

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

	2011 $'000	2010 $'000
(a) Trading portfolio	794	100
(b) Tax on unrealised (gains)/losses in the options written portfolio	(586)	(870)
(c) Tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out	-	1,929
(d) Provisions and expenses charged to the accounting profit which are not yet tax deductible	230	211
(e) Interest and dividend income receivable which is not assessable for tax until receipt	(26)	(156)
	412	1,214

Movements:		
Opening asset balance at 1 July	1,214	12,230
Credited/(charged) to Income Statement	(802)	(11,016)
	412	1,214

Any deferred tax asset 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 deferred tax asset likely to be reversed within the next 12 months is $182,000 (2010: $1.0 million). This relates primarily to items described in items (a), (b), (c) and (e) above.

11. Current Liabilities – Payables

	2011 $'000	2010 $'000
Outstanding settlements – investment portfolio	-	569
Outstanding settlements – trading portfolio	-	544
Directors' retirement benefits	661	661
Other payables	1,504	789
	2,165	2,563

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.

12. Interest Rate Swaps

	2011 $'000	2010 $'000
Opening balance at 1 July	(324)	(279)
Movement for year (net of tax)	(169)	(45)
Fair value of interest rate swap agreements	(493)	(324)

The Company has entered into three interest rate hedging contracts at a rate of 5.520 per cent, 5.375 per cent and 5.195 per cent with the Commonwealth Bank of Australia, under which the Company will pay a fixed interest rate on $100 million worth of short term borrowings. These have been designated as effective hedges and any movements in their fair value will be shown as an adjustment against equity. These swaps commenced in March 2011, February 2010 and May 2010. The first (for $50 million) has a five year effective life. The remaining two (for $25 million each) have a three year effective life. The reserve and the corresponding asset/liability are measured as the fair value of the interest rate swaps net of associated tax.

13. 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 held as 'liabilities measured at fair value through profit or loss'. 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 outstanding put options which at the option of the purchaser may have required the Company to buy $4.9 million worth of securities prior to the respective expiry dates if they were exercised (2010: $Nil). At balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of $148.9 million (2010: $160.4 million). The total income for the year of $12.5 million (2010: $18.2 million) plus the unrealised loss on the open options position of $0.9 million (2010: $1.2 million), both before tax, resulted in a net pre-tax 'profit' of $11.6 million (2010: $17.1 million).

As at balance date these contracts were predominantly exchange-traded options and were 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 option transactions of the Company and related matters. $87.5 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2010: $83.6 million). These shares are lodged with ASX Clear under the terms of ASX Clear Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

14. Deferred Tax Liabilities – Investment Portfolio

	2011 $'000	2010 $'000
Deferred tax liabilities on unrealised gains in the investment portfolio	17,696	14,202

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

	2011 $'000	2010 $'000
Opening balance at 1 July	14,202	11,162
Charged to Income Statement for tax on fair value movement of puttable instruments	1,104	930
Cumulative tax charge on gains taken to realisation reserve	(3,521)	(5,941)
(Credited)/charged to OCI for ordinary securities	5,911	8,051
Closing balance at 30 June	17,696	14,202

15. 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
1/07/2009	Balance		206,406		587,649
25/08/2009	Dividend Reinvestment Plan	(i)	1,223	4.02	4,916
30/09/2009	Convertible note conversion		4,039	3.90	15,752
19/02/2010	Dividend Reinvestment Plan	(i)	752	4.16	3,129
Various	Costs of issue		-		(10)
30/06/2010	Balance		212,420		611,436
24/08/2010	Dividend Reinvestment Plan	(i)	1,338	3.89	5,205
18/02/2011	Dividend Reinvestment Plan	(i)	832	4.05	3,368
Various	Costs of issue		-		(23)
30/06/2011	Balance		214,590		619,986

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

(ii) The Company introduced an on-market Buy-Back Program in December 2000, which remains active. During the 2011 financial year the Company bought back no shares (2010: Nil).

16. 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 less the fair value of the interest rate swaps, plus any net borrowings. The change in this capital is as noted in Notes 6(b), 15, 17, 18, 19 and 20.

17. Revaluation Reserve

	2011 $'000	2010 $'000
Opening balance at 1 July	4,045	(58,767)
Cumulative unrealised gains/(losses) on investment portfolio		
- equity instruments	15,921	61,775
- puttable instruments (transferred from retained earnings)	3,681	3,101
Cumulative provision for tax on unrealised gains	(3,494)	(2,064)
	20,153	4,045

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy Note 1(c)(ii). As no gains or losses have been realised on these investments, this reserve is not available for distribution.

18. 'Impairment' Revaluation Reserve

	2011 $'000	2010 $'000
Opening balance at 1 July	-	(2,273)
Income Statement charge	-	-
Transfer to realised capital gains reserve	-	2,273
	-	-

This reserve relates to the 'impairment' revaluation charge that the Company took in relation to securities sold before 7 December 2009.

19. Realised Capital Gains Reserve

	2011 $'000	2010 $'000
Opening balance at 1 July	49,360	86,600
Dividends paid	(8,497)	(8,256)
Transfer from 'impairment' revaluation charge reserve	-	(2,273)
Cumulative taxable realised gains for period (net of tax)	3,379	(26,711)
	44,242	49,360

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in accounting policy Note 1(c)(ii). As the balance relates to net realised gains it may be distributed as cash dividends at the discretion of Directors.

20. Retained Profits

	2011 $'000	2010 $'000
Opening balance at 1 July	61,699	64,746
Dividends paid	(46,866)	(45,936)
Statutory profit for the year	56,852	25,000
Transfer to realised capital gains reserve	-	20,060
Transfer to revaluation reserve (net of tax)	(2,577)	(2,171)
	69,108	61,699

This reserve relates to past profits and may be distributed as cash dividends at the discretion of Directors.

21. Financial Instruments

(a) Financial Risk Management

Accounting Standards identify 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 set out below with respect to cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue.

Cash and Cash Equivalents

All cash investments not held in a transactional account are invested in short term deposits with Australia's big 4 commercial banks or their wholly-owned subsidiaries, all rated 'AA' by S&P. The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest.

Receivables

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.

Trading and Investment Portfolios

Credit risk exposures of the Company arise in relation to converting and convertible notes and other interest-bearing securities that are not equity 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.

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 (normally) 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 operating cash flows depend upon the level of distributions received. Should these drop by a material amount, the Company would amend its outward 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 current financial liabilities are shown in Notes 6(b) and 11. The table below analyses the Company's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less Than 6 Months $'000	6-12 Months $'000	Greater Than 1 Year $'000	Total Contractual Cash Flows $'000	Carrying Amount (Assets)/Liabilities $'000
30 June 2011					
Non-derivatives					
Payables	2,165	-	-	2,165	2,165
Borrowings	100,000	-	-	100,000	100,000
	102,165	-	-	102,165	102,165
Derivatives					
Options written*	4,920	-	-	4,920	2,044
Interest rate swaps	118	118	206	442	493
	5,038	118	206	5,362	2,537
30 June 2010					
Non-derivatives					
Payables	2,563	-	-	2,563	2,563
Borrowings	50,000	-	-	50,000	50,000
	52,563	-	-	52,563	52,563
Derivatives					
Options written*	-	-	-	-	3,235
Interest rate swaps	66	66	243	375	324
	66	66	243	375	3,559

* In the case of call options written there are no contractual cash flows, as if the option is exercised the contract will be settled in the securities over which the option is written. The contractual cash flows for put options written are the cash sums the Company will pay to acquire securities over which the options have been written, and it is assumed for purpose of the above disclosure that all options will be exercised (i.e. maximum cash outflow).

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 will 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 other comprehensive income of $26.9 million and $53.8 million respectively, at a tax rate of 30 per cent (2010: $24.4 million and $48.9 million) and a reduction in profit after tax of $0.8 million and $1.5 million respectively, at a tax rate of 30 per cent (2010: $0.5 million and $1.0 million respectively). A market fall of 5 per cent and 10 per cent across the trading portfolio and options written portfolio would lead to a reduction in profit after tax of $0.7 million and $1.5 million respectively (2010: $0.3 million and $0.5 million). The revaluation reserve at 30 June 2011 was $20.2 million (2010: $4.0 million). It would require a fall in the value of the investment portfolio of 3.6 per cent after tax to fully deplete this (2010: 0.8 per cent).

The Company seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Investment Committee, normally 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:

	2011 %	2010 %
Energy	13.40	13.14
Materials	19.60	18.53
Industrials	5.66	5.96
Consumer discretionary	1.75	2.35
Consumer staples	7.97	7.82
Banks	26.79	23.24
Other financials (including property trusts)	10.03	9.77
Telecommunications	4.42	5.46
Other – healthcare, information technology, utilities	4.04	4.91
Cash	6.34	8.82

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

	2011 %
BHP Billiton	12.4
Westpac	8.7
Commonwealth Bank	8.0
National Australia Bank	6.0
ANZ Bank	5.8

	2010 %
BHP Billiton	13.1
Westpac	9.1
Commonwealth Bank	6.1
National Australia Bank	6.0
ANZ Bank	5.7
Woodside Petroleum	5.3

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

Interest Rate Risk

The Company is not currently materially exposed to interest rate risk as all its cash investments and borrowings are short term for a fixed interest rate but it has entered into interest rate hedging contracts with the Commonwealth Bank of Australia, under which the Company will pay a fixed interest rate on $100 million worth of short term borrowings, which commenced in February 2010, May 2010 and March 2011. This locks in a longer-term fixed rate for a substantial proportion of the Company's debt. Should interest rates move to the extent that the Board feels that the swaps are uneconomical, they will be unwound and the cost of unwinding them would be reflected through the Income Statement. Interest rate risk on any hybrid securities held by the Company is reflected in their market value. The hedges were fully effective for the year. The Company is also not directly exposed to currency risk as all its investments are quoted in Australian dollars. The writing of call options provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. Options are only written against securities that are held in the trading or investment portfolio.

Under Accounting Standards, movements in the market value of the trading portfolio are reflected directly through the Income Statement. However, the trading portfolio is only a minor proportion of the Company's investments. As at 30 June 2011, it was 2.7 per cent of the total invested including cash (2010: 1.3 per cent). This reduces the risk to the Company's earnings of a short term fall in the value of securities held in the trading portfolio.

(b) Fair Value Measurements

The Company has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liabilities that are not based on observable market data (unobservable inputs) (level 3).

30 June 2011	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value through other comprehensive income				
Investment portfolio (equity)	768,996	85	-	769,081
Financial assets at fair value through profit or loss				
Trading portfolio	23,317	-	-	23,317
Investment portfolio (puttables and convertible notes classified as debt)	21,493	-	-	21,493
Financial liabilities at fair value through profit or loss				
Options written	-	(2,044)	-	(2,044)
Derivatives used for hedging	-	(493)	-	(493)
Total	813,806	(2,452)	-	811,354

30 June 2010	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets at fair value through other comprehensive income				
Investment portfolio (equity)	698,140	-	-	698,140
Financial assets at fair value through profit or loss				
Trading portfolio	10,497	-	-	10,497
Investment portfolio (puttables)	14,853	-	-	14,853
Financial liabilities at fair value through profit or loss				
Options written	-	(3,235)	-	(3,235)
Derivatives used for hedging	-	(324)	-	(324)
Total	723,490	(3,559)	-	719,931

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in level 1.

The fair value of financial instruments that are not traded in an active market (e.g. over the counter derivatives) is determined using valuation techniques. The Company uses a variety of valuation methods and makes assumptions that are based on-market conditions existing at the end of each reporting period. These instruments are included in level 2 and comprise call and put options written by the Company and the Company's investment in Hexima Ltd, currently unlisted. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3 (currently none).

(c) Numerical Disclosures – Investment Portfolio

The following disclosures result from the Company's early adoption of AASB 9, and apply only to investments held by the Company on 7 December 2009 and subsequent to this date. The fair value of each investment held at fair value through other comprehensive income (investment portfolio) is disclosed in Note 29.

Dividend income for the period on those investments held at period end was $36.5 million (2010: $30.5 million), and dividend income for those investments sold during the period was $15.0 million (2010: $1.8 million).

Certain securities within the investment portfolio were disposed of during the period, whether during the normal course of the Company's activities as a listed investment company or as the result of take-overs or acquisitions. The fair value of the investments sold during this period was $76.1 million (2010: $59.0 million). The cumulative gain on these disposals was $3.4 million for the period after tax (2010: $6.7 million loss), which has been transferred from the revaluation reserve to the realisation reserve (refer to Statement of Changes in Equity). No puttable instruments or convertible notes classified as debt have been sold in the portfolio.

The Company has two classes of investments in the investment portfolio – (i) assets defined under AASB 9 as 'equity investments', the fair value of which is valued through other comprehensive income and at 30 June 2011 was $769.1 million (30 June 2010 $698.1 million) and (ii) puttable instruments and convertible notes that cannot be classified as equity instruments under AASB 9 and are consequently accounted for at fair value through profit or loss. The fair value of these at 30 June 2011 was $21.5 million (30 June 2010: $14.9 million).

22. Dividends

	2011 $'000	2010 $'000
(a) Dividends Paid During the Year		
Final dividend for the year ended 30 June 2010 of 16 cents fully franked at 30 per cent paid on 24 August 2010 (2010: 16 cents fully franked at 30 per cent paid on 25 August 2009)	33,987	33,025
Interim dividend for the year ended 30 June 2011 of 10 cents per share fully franked at 30 per cent paid on 18 February 2011 (2010: 10 cents fully franked at 30 per cent paid on 19 February 2010)	21,376	21,167
	55,363	54,192

(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	35,082	30,111
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year	(14,715)	(14,566)
Net available	20,367	15,545
These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	47,523	36,272

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 Declared After Balance Date

Since the end of the year Directors have declared a final dividend of 16 cents per share fully franked at 30 per cent. The aggregate amount of the final dividend for the year to 30 June 2011 to be paid on 24 August 2011, but not recognised as a liability at the end of the financial year	34,334	

(d) Listed Investment Company Capital Gain Account

Balance of the listed investment company (LIC) capital gain account	14,334	18,633
This would equate to an attributable amount of:	20,477	26,619

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.

23. Earnings Per Share

	2011	2010
Basic Earnings Per Share	Number	Number
Weighted average number of ordinary shares used as the denominator	213,857,271	210,732,310
	$'000	$'000
Profit for the year	56,852	25,000
	Cents	Cents
Basic earnings per share	26.58	11.86
Basic Net Operating Profit Per Share	$'000	$'000
Net operating profit	54,938	43,699
	Cents	Cents
Basic net operating profit per share	25.69	20.74

24. Directors and Executives

The remuneration for the Directors was as follows:

	Short Term Benefits $	Post-Employment Benefits $	Total $
2011			
Directors	**579,750**	**95,250**	**675,000**
2010			
Directors	496,657	88,220	584,877

Shareholdings

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:

2011	Opening Balance	Net Changes	Closing Balance
BB Teele	1,706,033	114,028	1,820,061
RE Barker	363,705	-	363,705
PC Barnett	40,000	-	40,000
TA Campbell	414,313	19,263	433,576
AF Guy	205,904	(9,468)	196,436
GJ Kraehe	35,910	-	35,910
J Paterson	209,069	8,627	217,696
AJM Williams	6,900	461	7,361
GN Driver	18,000	-	18,000
RM Freeman	41,065	-	41,065

2010			
BB Teele	1,642,778	63,255	1,706,033
RE Barker	363,705	-	363,705
PC Barnett	40,000	-	40,000
TA Campbell	401,272	13,041	414,313
AF Guy	193,375	12,529	205,904
GJ Kraehe	35,910	-	35,910
J Paterson	201,215	7,854	209,069
AJM Williams	N/A	6,900	6,900
GN Driver	18,000	-	18,000
RM Freeman	39,493	1,572	41,065

25. 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 a Director or former Director, employee and shareholder of Goldman Sachs JBWere Company Holdings Pty Ltd, Goldman Sachs JBWere Pty Ltd, Goldman Sachs JBWere Services Pty Ltd and Goldman Sachs JBWere Capital Markets Limited.

	2011 $'000	2010 $'000
(a) The Company buys and sells securities through Goldman Sachs amongst other brokers - brokerage expenses paid or payable	164	521
The Company has paid administrative fees to its associated entity, AICS, in which it has a 25 per cent shareholding		
(b) Administration expenses paid during the year	2,000	1,898

26. Remuneration of Auditors

	2011 $	2010 $
During the year the auditor earned the following remuneration:		
PricewaterhouseCoopers		
Audit or review of financial reports	100,320	104,720
Non-audit services		
Taxation compliance services	61,003	54,339
Total non-audit services	61,003	54,339
Total remuneration	161,323	159,059

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.

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

	2011 $'000	2010 $'000
Profit for the year	56,852	25,000
- Fair value movement in puttable instruments	(2,577)	(2,171)
- Dividends received via off-market buy-back not included as income	10,550	-
- Net increase in trading portfolio	(12,820)	(10,497)
- Net capital losses before tax	-	11,050
- Net profit from Associate	(101)	(194)
- Decrease in options written portfolio	(1,191)	(9,443)
- Dividends received as securities under DRP investments	(7,800)	(8,256)
- Increase in current receivables	(2,691)	(231)
- Less decrease in receivables for investment portfolio	(90)	(133)
- Increase in deferred tax liabilities	4,296	14,056
- Less increase in deferred tax liability on investment portfolio	(3,494)	(3,040)
- Increase (decrease) in current payables	(398)	(6,156)
- Less decrease in payables for investment portfolio	569	6,363
- Increase (decrease) in provision for tax payable	(1,256)	508
- Add taxes paid on capital gains	6,866	-
- Less capital gains tax through OCI	(3,521)	(5,941)
Net cash flows from operating activities	43,194	10,915

28. Contingencies

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

29. Securities at Fair Value through Other Comprehensive Income at 30 June 2011

Listed below are those securities held in the investment portfolio that are valued at fair value through other comprehensive income. They do not include securities in the trading portfolio, the options written portfolio, puttable instruments or, in the case of the comparatives, securities sold prior to 7 December 2009.

Individual holdings in the portfolio may change 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.

	2011 $'000	2010 $'000
AGL Energy	8,816	7,744
Alumina	7,845	5,975
AMCIL	7,049	6,360
Amcor	12,273	12,151
AMP	26,981	18,477
ANZ Banking Group	45,924	33,591
APN News & Media	2,524	3,810
Australian Infrastructure Fund	8,927	7,904
AXA Asia Pacific	-	14,024
BHP Billiton	100,889	94,690
BlueScope Steel	123	214
Boral	5,071	4,584
Brambles	18,671	15,758
Carbon Energy	-	340
Coca-Cola Amatil	13,556	11,805
Commonwealth Bank	64,432	44,252
Computershare	7,201	8,613
CSR	908	1,578
Eastern Star Gas	1,924	1,650
Foster's Group	7,312	8,758
Hexima	85	62
Incitec Pivot	4,707	1,828
Insurance Australia Group	7,318	7,339
Metcash	4,358	4,400
Mirrabooka Investments	8,587	7,809
National Australia Bank	46,471	40,945
Oil Search	30,160	25,007
OneSteel	2,124	3,422
Orica	9,786	2,218
Origin Energy	18,144	13,933
Panaust	2,749	1,805
Peet	2,485	3,579
Perpetual	3,454	2,869
Premier Investments	5,093	5,110
QBE Insurance Group	22,214	20,323
Rio Tinto	25,197	20,441
Santos	22,865	21,278
Seven West Media (formerly WA Newspapers)	7,436	14,715
Telstra Corporation	37,177	41,809
Toll Holdings	3,937	4,448
Transurban Group	16,467	16,061
Treasury Wine Estates	1,757	-
Trust Company	2,035	-
Wesfarmers	11,859	8,526
Wesfarmers PPS	4,210	3,759
Westfield Retail	218	-
Westpac Banking Corporation	68,871	65,685
Woodside Petroleum	37,785	38,559
Woolworths	21,104	19,935
Total	769,081	698,140

Directors' Declaration

In the Directors' opinion:

(1) the financial statements and notes set out on pages 26 to 50 are in accordance with the Corporations Act 2001 including:

    (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

    (b) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and

(2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1 to the financial statements confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer regarding the financial statements in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011. The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer and to the best of their knowledge, the financial records of the Company have been properly maintained, that the financial statements comply with accounting standards and that they give a true and fair view.

John Paterson
Deputy Chairman

Melbourne
18 July 2011

PRICEWATERHOUSECOOPERS

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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 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards.*

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. 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.

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

PRICEWATERHOUSECOOPERS

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

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 2011 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 2011. 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 2011, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

David Coogan
Partner

Melbourne
18 July 2011

Other Information

Information About Shareholders

At 13 July 2011 there were 18,923 holdings of ordinary shares. These holdings were distributed in the following categories:

Size of Holding			Shareholdings (at 13 July 2011)
1	to	1,000	2,255
1,001	to	5,000	6,899
5,001	to	10,000	4,445
10,001	to	100,000	5,160
100,000	and over		164
Total			18,923

20 largest shareholdings	10.21%
Average shareholding	11,340

There were 388 shareholdings of less than a marketable parcel of $500 (132 shares).

Voting Rights of Ordinary Shares

The Constitution provides for votes to be cast:

(i) on a show of hands, one vote for each shareholder; and

(ii) on a poll, one vote for each fully paid ordinary share.

Major Shareholders

The 20 largest holdings of ordinary shares as at 13 July 2011 are listed below:

Shares	Holding	% Total
Australian Foundation Investment Company Limited	8,596,503	4.01
RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	1,832,066	0.85
Bruce Teele	1,820,061	0.85
Miss Margaret Frances Erskine	1,100,000	0.51
Tregony Pty Ltd	1,000,000	0.47
Gumala Investments Pty Ltd <General Gumala Foundation A/C>	897,408	0.42
Mr Frederick Joseph Johnson	832,244	0.39
Martindale Pty Ltd	582,000	0.27
Mr David John Brownell + Mrs Joanna Margaret Brownell <The Brownell Super Fund A/C>	500,000	0.23
Resthaven Incorporated	495,493	0.23
Mr Eric Howard Wheatley + Mrs Sylvia Daisy Wheatley	480,000	0.22
Anglican Church Property Trust Diocese of Canberra and Goulburn	470,000	0.22
Australian Executor Trustees Limited <No 1 Account>	466,464	0.22
Baker Custodian Corporation	450,000	0.21
Terrence Campbell	433,576	0.20
P N B W Pty Ltd <F & JA Arrowsmith Family A/C>	420,156	0.20
Mr Russell James Fynmore <Russell Fynmore Family A/C>	400,000	0.19
Mr Ian Tweedie + Mr Ian Fraser + Mr John Hannaford <Joe White Bequest A/C>	396,360	0.18
Mr Mark Adrian Bendall	371,500	0.17
Ross Barker	363,705	0.17

Substantial Shareholders

The Company has not been notified of any substantial shareholders.

Transactions in Securities

During the year ended 30 June 2011, the Company recorded 1,933 transactions in securities (including options). $715,097 (including GST) in brokerage was paid or accrued for the year.

Holdings of Securities
As at 30 June 2011

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 and is available on the Company's website www.djerri.com.au).

Individual holdings in the portfolios may change significantly during the course of the year. In addition, holdings may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

Unless otherwise stated, the securities in this list are fully paid ordinary shares, trust units, stapled securities or convertible notes.

Ordinary Shares and Trust Units		Number of Shares Held 2010 '000	Number of Shares Held 2011 '000	Market Value 2011 $'000
AGK*	AGL Energy	527	602	8,800
AIX	Australian Infrastructure Fund	4,649	4,649	8,927
AMC*	Amcor	1,905	1,705	12,170
AMH	AMCIL	10,257	10,599	7,049
AMP*	AMP	3,546	5,518	26,980
ANZ*	Australia and New Zealand Banking Group	1,554	2,137	47,009
APN	APN News & Media	1,919	1,919	2,524
AWC*	Alumina	3,918	3,718	7,821
BHP*	BHP Billiton	2,515	2,303	100,545
BLD*	Boral	951	1,153	5,068
BSL	BlueScope Steel	102	102	123
BXB*	Brambles	2,936	2,586	18,321
CBA*	Commonwealth Bank of Australia	910	1,247	65,056
CCL*	Coca-Cola Amatil	987	1,187	13,529
CPU*	Computershare	812	812	7,200
CSR	CSR	939	313	908
ESG	Eastern Star Gas	2,000	3,180	1,924
FGL*	Foster's Group	1,550	1,420	7,223
HDF	Hastings Diversified Utilities Fund	11,696	11,958	18,893
#	Hexima	280	280	85
IAG*	Insurance Australia Group	2,152	2,152	7,307
IPL*	Incitec Pivot	670	1,220	4,606
MIR	Mirrabooka Investments	4,607	4,616	8,587
MTS	Metcash	1,050	1,050	4,358
NAB*	National Australia Bank	1,759	1,924	49,100
ORG*	Origin Energy	933	1,149	18,099
ORI*	Orica	88	363	9,714

Ordinary Shares and Trust Units		Number of Shares Held 2010 ’000	Number of Shares Held 2011 ’000	Market Value 2011 $’000
OSH*	Oil Search	5,217	4,987	33,150
OST	OneSteel	1,148	1,148	2,124
PMV	Premier Investments	838	838	5,093
PNA	PanAust	3,646	729	2,749
PPC	Peet	1,696	1,696	2,485
PPCG	Peet 9.5 per cent convertible notes	0	26	2,600
PPT	Perpetual	102	139	3,454
QBE*	QBE Insurance Group	1,117	1,352	23,318
RIO*	Rio Tinto	307	304	24,979
STO*	Santos	1,689	1,810	24,492
SWM	Seven West Media (formerly WA Newspapers)	2,250	3,122	12,643
TCL*	Transurban Group	3,989	3,149	16,415
TLS	Telstra Corporation	13,264	13,264	38,334
TOL*	Toll Holdings	862	857	4,155
TRU	Trust Company	0	370	2,035
TWE	Treasury Wine Estates	0	517	1,757
WBC*	Westpac Banking Corporation	3,094	3,194	71,038
WDC	Westfield Group	340	340	2,944
WES*	Wesfarmers	298	372	11,803
WESN	Wesfarmers Partially Protected Shares	131	131	4,210
WOW*	Woolworths	738	761	21,071
WPL*	Woodside Petroleum	922	948	38,853
WRT	Westfield Retail	0	80	218
Total				811,847

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

Unlisted stock.

Major Transactions in the Investment Portfolio

Acquisitions (Above $5 Million)	Cost $'000
Commonwealth Bank of Australia	16,447
BHP Billiton	15,034
Australia and New Zealand Banking Group	12,717
AMP*	10,489
Rio Tinto	10,352
Orica	6,957

Disposals (Above $5 Million)	Proceeds $'000
BHP Billiton#	22,329
AXA Asia Pacific*	16,485
Rio Tinto^	9,061

* Takeover of AXA Asia Pacific by AMP.

Participation in buy-back.

^ As a result of the exercise of call options.

Sub-Underwriting

During the year the Company did not participate as a sub-underwriter in any issues of securities.

Issues of Securities

Issue	Type	Price	Remarks
18 February 2011	DRP	$4.05	2.5 per cent discount
24 August 2010	DRP	$3.89	5 per cent discount
19 February 2010	DRP	$4.16	5 per cent discount
25 August 2009	DRP	$4.02	5 per cent discount
20 February 2009	DRP	$3.07	5 per cent discount
15 August 2008	DRP	$4.10	
16 February 2008	DRP	$5.05	
9 August 2007	DRP	$5.11	
12 March 2007	DRP	$4.78	
11 October 2006	Rights issue	$4.00	1 for 5 rights issue
10 August 2006	DRP	$4.62	
8 March 2006	DRP	$4.29	
26 August 2005	DRP	$3.95	
16 March 2005	DRP	$3.68	
26 August 2004	DRP	$3.43	
9 July 2004	Convertible note issue	$3.90	Issue of $3.90 convertible notes maturing 30 September 2009
5 March 2004	DRP	$3.48	
22 December 2003	SAP	$3.22	
22 August 2003	DRP	$3.50	
7 March 2003	DRP	$3.27	
19 December 2002	SAP	$3.14	
19 August 2002	DRP	$3.57	
7 March 2002	DRP	$3.73	
4 October 2001	SAP	$3.51	
29 June 2001	DRP	$3.53	
8 March 2001	DRP	$3.15	
16 August 2000	DRP	$3.27	
27 April 2000	SAP	$3.28	
7 March 2000	DRP	$3.47	
11 August 1999	DRP	$3.54	
28 April 1999	SAP	$3.36	
15 March 1999	DRP	$3.47	
11 September 1998	DRP	$3.27	
27 March 1998	DRP	$3.60	
30 October 1997	Rights issue	$4.00	1 for 5 rights issue of convertible notes
11 September 1997	DRP	$3.35	
27 March 1997	DRP	$2.76	
13 September 1996	DRP	$2.58	
29 March 1996	DRP	$2.73	
27 September 1995	DRP	$2.47	
22 June 1995	New issue	$2.60	
24 March 1995	DRP	$2.34	
23 September 1994	DRP	$2.34	
21 June 1994	New issue	$2.57	
31 March 1994	DRP	$2.56	
24 September 1993	DRP	$2.30	
26 March 1993	DRP	$2.13	
25 September 1992	DRP	$2.17	
1 January 1992	New issue	$2.29	
18 June 1990	New issue	$2.00	
9 April 1990	New issue	$2.00	
22 December 1989	Initial allotment	$2.00	

Key Statistics

	2011	2010	2009	2008	2007
Net profit after tax ($ Million)[(a)]	**56.9**	25.0	30.7	66.7	90.7
Net operating profit after tax ($ Million)	**54.9**	43.7	55.2	45.6	53.6
Investments at market value ($ Million)[(b)]	**811.8**	720.3	717.5	962.9	1,119.9
Net operating profit per share (Cents)	**25.7**	20.7	26.9	22.4	28.1
Dividends per share (Cents)[(c)]	**26.0**	26.0	26.0	26.0	26.0
Net asset backing (Cents)[(d)]	**359**	349	334	428	524
Number of shareholders (30 June)	**18,933**	19,102	18,745	18,591	18,235

Notes

(a) 2009 profit restated following changes to accounting standards including the adoption of AASB 9. 2008 and prior years' figures are as reported under previous accounting standards.

(b) Excludes cash.

(c) All dividends were fully franked. For 2011 and 2010, the dividends carried an attributable 'LIC gain' of 8.6 cents. For 2009, this attributable gain was 5.7 cents per share for 2008, it was 14.3 cents per share; and for 2007 it was 3 cents per share.

(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 the Directors do not intend to dispose of the portfolio.

Company Particulars

Djerriwarrh Investments Limited ('DJW')
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, Deputy Chairman
Alice JM Williams

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

Mailing 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 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

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

Australian Securities Exchange Code

DJW	Ordinary shares

Annual General Meeting

Time	10.00am
Date	Wednesday 5 October 2011
Venue	Hilton on the Park
Location	192 Wellington Parade East Melbourne

Sydney Shareholder Meeting

Time	2.30pm
Date	Monday 10 October 2011
Venue	Four Seasons Hotel
Location	199 George Street Sydney

Adelaide Shareholder Meeting

Time	2.30pm
Date	Thursday 13 October 2011
Venue	Adelaide Festival Centre
Location	King William Road Adelaide

Brisbane Shareholder Meeting

Time	2.30pm
Date	Monday 24 October 2011
Venue	Hilton Hotel
Location	190 Elizabeth Street Brisbane

Djerriwarrh

AUSTRALIAN EQUITIES, ENHANCED YIELD

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

Annual Review **2011**

Djerriwarrh

AUSTRALIAN EQUITIES, ENHANCED YIELD

Contents

Djerriwarrh
AUSTRALIAN EQUITIES, ENHANCED YIELD

The Statutory Annual Report for 2011 is available on Djerriwarrh's website www.djerri.com.au or by contacting the Company on (03) 9650 9911.

About the Company

Djerriwarrh Investments is a listed investment company investing in Australian equities with a focus on stocks where there is an active options market. The Company uses exchange traded options to enhance income return to investors.

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

In this regard the primary goals of Djerriwarrh are:

– to pay an enhanced level of dividends; and
– to provide attractive total returns including capital growth over the medium to long term.

Summary of Results

Reported Profit

Reported profit for the 12 months to 30 June 2011 was $56.9 million up from $25.0 million over the corresponding period last year. Note last year's figure included realised losses ($20.1 million) on investment securities sold which are no longer required to be included in profit under current accounting standards.

Net Operating Profit

Net operating profit for the 12 month period was $54.9 million, 25.7 per cent higher than the corresponding figure of $43.7 million last year.

Earnings Per Share

Earnings per share based on net operating profit were 25.7 cents compared with 20.7 cents last year.

A Fully Franked Final Dividend

A fully franked final dividend of 16 cents per share was declared. This final dividend is unchanged from last year and brings total fully franked dividends for the year to 26 cents per share.

Part of the final dividend is sourced from pre-tax listed investment company capital gains of 8.6 cents per share (last year 8.6 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 was maintained for the final dividend with a 2.5 per cent discount.

Total Portfolio Return

Total portfolio return after management fees and tax on income and realised gains over the year to 30 June 2011 (change in net asset backing per share plus dividends reinvested) was an increase of 10.9 per cent whereas the S&P/ASX 200 Accumulation Index increased 11.7 per cent over the same period. However, these figures do not reflect the benefit of the fully franked nature of the Company's high dividend yield when compared with the market index.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the 12 month period was 3.3 per cent as the premium of the share price to net asset backing declined substantially over the period.

Management Expense Ratio

Management expense ratio was 0.38 per cent.

Net Asset Backing at 30 June 2011

Net asset backing at 30 June 2011 was $3.59 (before providing for the 16 cent final dividend). At 30 June 2010 the net asset backing was $3.49.

Review of Operations

Profit Performance and Dividends

Djerriwarrh Investments has lifted reported profit to $56.9 million for the 12 months to 30 June 2011. Last year's reported profit was $25.0 million, however this included some realised losses on investment securities sold which are no longer required to be included in profit under current accounting standards.

Net operating profit, which measures the income generated from the investment, trading and options portfolios, also increased strongly. For the 12 month period this figure was $54.9 million, 25.7 per cent higher than the corresponding figure of $43.7 million last year.

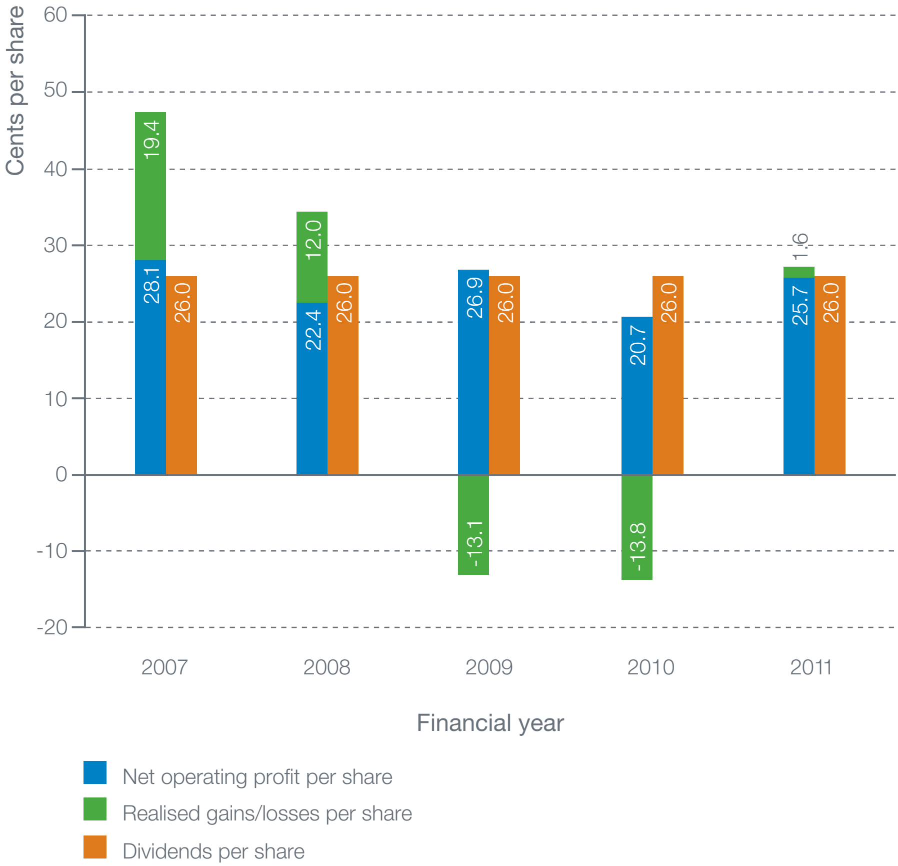
This increase was driven primarily by two factors. Djerriwarrh participated in the off market share buy-backs by BHP Billiton and Woolworths to benefit from substantial fully franked income that was on offer. There was also a recovery during the year in dividends paid by companies in which Djerriwarrh invests, particularly the major banks.

The increase in franked income has helped cover the Company's dividend which in recent years had been partially sourced from reserves. Djerriwarrh's final dividend has been maintained at 16 cents per share fully franked. The total dividend for the year of 26 cents per share provides a fully franked yield in excess of 6 per cent. For investors who can take advantage of franking credits this provides a very attractive 'grossed up' yield, particularly in an equity market that has produced little capital growth over recent years.

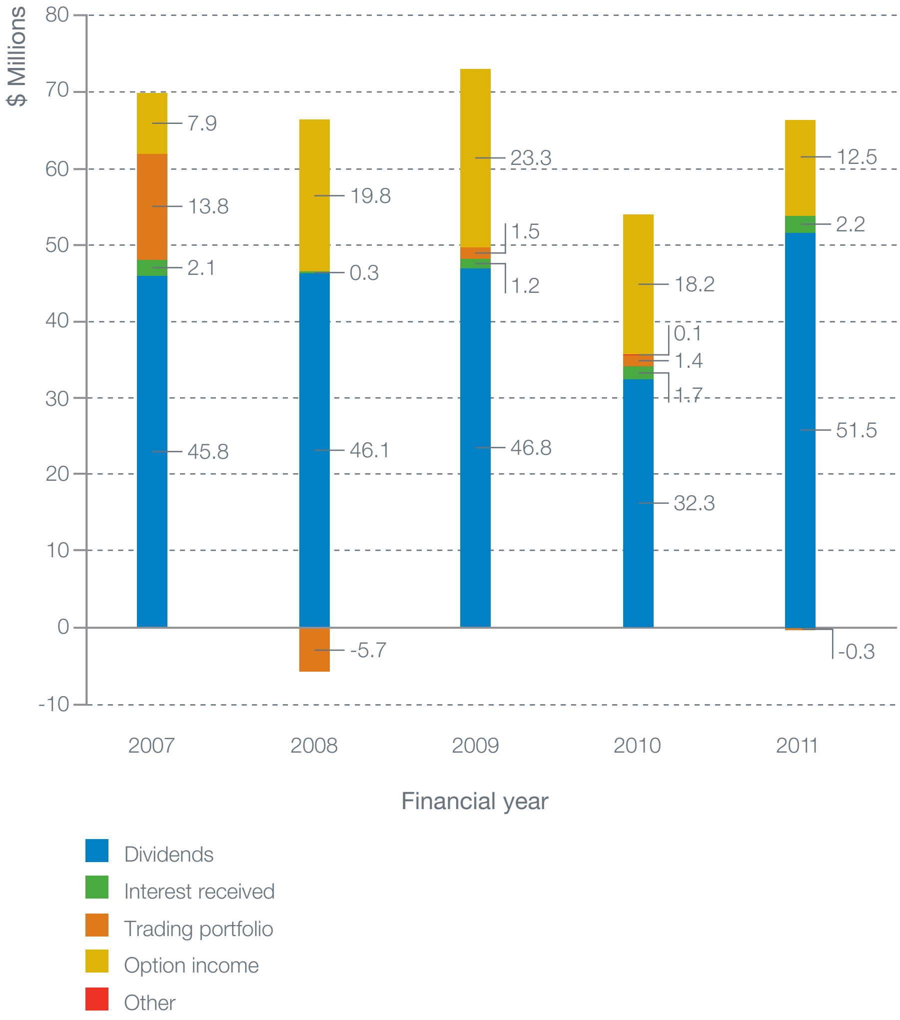
Shareholders should also note part of the final dividend is sourced from pre-tax listed investment company capital gains of 8.6 cents per share (last year 8.6 cents per share). Certain shareholders may be able to claim some of this amount as a tax deduction.

The chart on page 6 highlights the composition of Djerriwarrh's income over the last five years. The large increase in dividends received this year, particularly through the BHP Billiton buy-back which contributed $11.6 million of income, is evident from this chart. Djerriwarrh does not normally like to sell shares in its attractive long term holdings but in this circumstance it was the only way of accessing a significant amount of fully franked dividend from the company which is important for Djerriwarrh's shareholders. Option income was down slightly as volatility levels were low during the year and option coverage was at the lower end of the range. The contribution from the trading portfolio (excluding dividends received) was negative $0.3 million compared with a positive $1.4 million last year as the market fell quickly toward the end of the financial year. The trading portfolio is currently relatively small at $23.3 million.

Earnings Per Share and Dividends Per Share



Contribution to Income

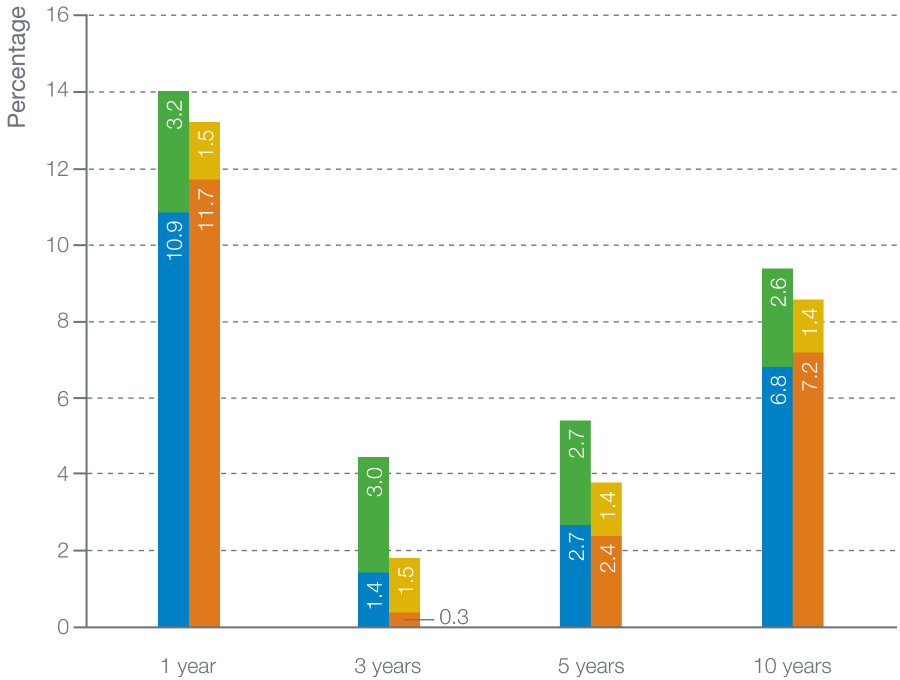


The Portfolio

Djerriwarrh's portfolio return of 10.9 per cent for the 12 months to 30 June 2011 was slightly behind the return of 11.7 per cent for the S&P/ASX 200 Accumulation Index as Djerriwarrh is not an investor in the more speculative parts of the resources market which rose strongly over the year. These figures also do not reflect the benefit of the fully franked nature of the Company's high dividend yield.

The chart on page 8 highlights the relative performance of the portfolio versus the relevant market index. In writing call options over part of the portfolio Djerriwarrh sometimes gives up capital gains in the pursuit of a higher fully franked income. This is why it is important to consider the benefits of franking credits from Djerriwarrh's enhanced dividend yield when considering the investment performance. These franking benefits are represented by the additional sections on the columns for the respective performance of the index and Djerriwarrh's portfolio.

Portfolio Performance – Per Annum Return to 30 June 2011



- Djerriwarrh net asset per share growth plus dividends
- Franking credit grossed up return from dividends in Djerriwarrh's net asset per share growth
- S&P/ASX 200 Accumulation Index
- Franking credit grossed up return from dividends in the S&P/ASX 200 Accumulation Index

Notes:

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. It should be noted that Index returns for the market do not include the negative impact of management expenses and tax on their performance.

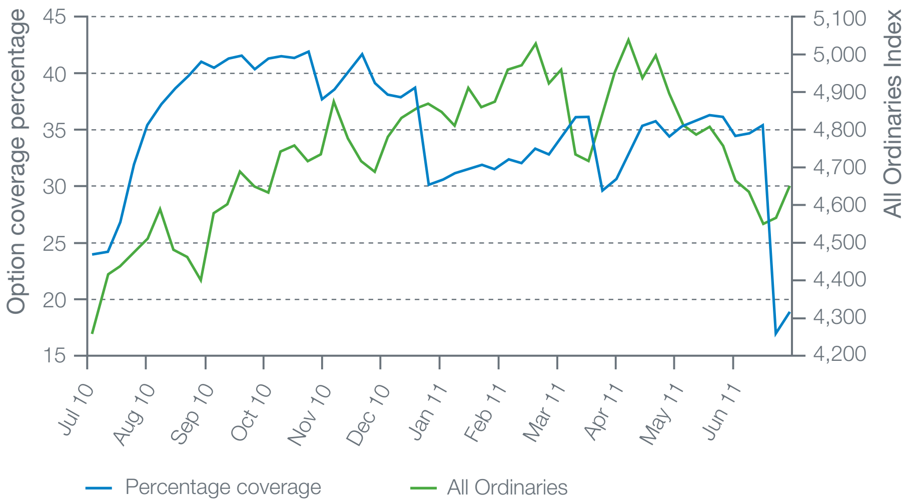
The franking credit gross up reflects the benefit of franking credits for those investors who can fully utilise them.

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 83 per cent franked) since the Company was listed. It should be noted these yields do not take into account the franking benefits available to investors.

Market Implied Volatility of Call Options

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



Volatility which is an important factor in Djerriwarrh's investment activities has fallen dramatically since the global financial crisis and has continued to track at relatively modest levels since then as the market index has traded in a consistent value range.

In this environment, the Company has sought to maintain high option coverage although this has been against a background of a subdued equity market in the second half of the year which meant Djerriwarrh was cautious about writing options against holdings at low exercise prices. However Djerriwarrh has been buying high yielding shares such as the ANZ and Commonwealth Bank and at the same time selling call options against them. Some modest put option exposure was also added at attractive exercise prices on selected holdings. Djerriwarrh's level of option coverage fell to low levels as many call options expired at the end of the financial year and the Company was able to retain most of the premium from these option contracts.

Major acquisitions included AMP as a result of its takeover of AXA Asia Pacific, Rio Tinto and Orica. The Company also looked to replenish its holding in BHP Billiton after participation in the buy-back.

There were few sales over the period as many options expired without being exercised, although some call options in Rio Tinto were exercised in first half of the financial year. Also, as noted, AXA Asia Pacific was taken over.

Outlook

Concerns about government debt levels in some European countries, weaker than expected growth in the United States and the potential earnings impact of the divergent economic conditions across different sectors of the Australian market negatively dominated investor sentiment toward the end of the financial year. The current political environment in Australia with the complexities of a minority government also adds to investor uncertainty. As a result most of the gains that investors experienced earlier in the year, other than return from dividends, reduced by year end.

Djerriwarrh will be seeking to increase its option coverage as opportunities arise. However given current market conditions, we are conscious of the risk to capital growth in the portfolio of doing so during market low points. We will therefore be patient in our approach.

Top Investments

As at 30 June 2011

Includes investments held in both the investment and trading portfolios.

Valued at Closing Prices at 30 June 2011

Investments		Total Value $ Million
1	BHP Billiton*	100.5
2	Westpac Banking Corporation*	71.0
3	Commonwealth Bank of Australia*	65.1
4	National Australia Bank*	49.1
5	Australia and New Zealand Banking Group*	47.0
6	Woodside Petroleum*	38.9
7	Telstra Corporation	38.3
8	Oil Search*	33.1
9	AMP*	27.0
10	Rio Tinto*	25.0
11	Santos*	24.5
12	QBE Insurance Group*	23.3
13	Woolworths*	21.1
14	Hastings Diversified Utilities Fund	18.9
15	Brambles*	18.3
16	Origin Energy*	18.1
17	Transurban Group*	16.4
18	Wesfarmers*(a)	16.0
19	Coca-Cola Amatil*	13.5
20	Seven West Media	12.6
Total		**677.8**

As a percentage of total portfolio value (excludes cash)	83.5%

* Indicates that options were outstanding against all or part of the holding.
(a) Includes $4.2 million WESN partially protected securities.

Income Statement

For the Year Ended 30 June 2011

	2011 $'000	2010 $'000
Dividends and distributions	51,447	32,330
Revenue from deposits and bank bills	2,153	1,687
Other revenue	-	93
Total revenue	53,600	34,110
Net gains/(losses) on trading portfolio	(291)	1,449
Income from options written portfolio	12,535	18,232
Income from operating activities	65,844	53,791
Finance costs	(4,902)	(3,734)
Administration expenses	(3,222)	(2,898)
Operating profit before income tax	57,720	47,159
Income tax	(2,782)	(3,460)
Net operating profit	54,938	43,699
Net capital gains/(losses) on investments		
Net losses on ordinary securities sold from the investment portfolio	-	(11,050)
Net losses on open options positions	(947)	(1,157)
Net gains on 'puttable instruments'	3,681	3,101
Tax (expense)/credit on above	(820)	(9,593)
	1,914	(18,699)
Profit/(loss) for the year	56,852	25,000

	Cents	Cents
Net operating profit per share	25.69	20.74
Profit/(loss) for the year per share	26.58	11.86

Balance Sheet

As at 30 June 2011

	2011 $'000	2010 $'000
Current assets		
Cash	54,913	69,706
Receivables	9,150	6,459
Trading portfolio	23,217	10,497
Total current assets	87,380	86,662
Non-current assets		
Investment portfolio	790,574	712,993
Shares in associate	566	465
Deferred tax assets	412	1,214
Total non-current assets	791,552	714,672
Total assets	878,932	801,334
Current liabilities		
Payables	2,165	2,563
Tax payable	3,538	4,794
Borrowings – cash advance facilities	100,000	50,000
Interest rate hedging contracts	493	324
Options written portfolio	2,044	3,235
Total current liabilities	108,240	60,916
Non-current liabilities		
Deferred tax liabilities – investment portfolio	17,696	14,202
Total non-current liabilities	17,696	14,202
Total liabilities	125,936	75,118
Net assets	752,996	726,216
Shareholders' equity		
Share capital	619,986	611,436
Revaluation reserve	20,153	4,045
Realised capital gains reserve	44,242	49,360
Retained profits	69,108	61,699
Interest rate hedging reserve	(493)	(324)
Total shareholders' equity	752,996	726,216

Statement of Changes in Equity

For the Year Ended 30 June 2011

	2011 $'000	2010 $'000
Total equity at the beginning of the year	726,216	677,676
Dividends paid	(55,363)	(54,192)
Shares issued		
- Dividend Reinvestment Plan	8,573	8,045
- Exercise of convertible notes	-	15,752
On-market share buy-backs		-
Cost of share issue	(23)	(10)
Total transactions with shareholders	(46,813)	(30,405)
Revaluation of investment portfolio	15,921	61,775
Provision for tax on unrealised gains/losses	(2,390)	(1,134)
Net revaluation of investment portfolio	13,531	60,641
Realised gains not taken through Income Statement	6,900	266
Tax expense on realised gains not taken through Income Statement	(3,521)	(6,917)
Net realised gains/(losses) not taken through Income Statement	3,379	(6,651)
Net movement in fair value for interest rate swaps	(169)	(45)
Total other comprehensive income	16,741	53,945
Profit for the year	56,852	25,000
Total equity at the end of the financial year	752,996	726,216

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

Holdings of Securities

As at 30 June 2011

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 and is available on the Company's website www.djerri.com.au).

Individual holdings in the portfolios may change significantly during the course of the year. In addition, holdings may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

Unless otherwise stated, the securities in this list are fully paid ordinary shares, trust units, stapled securities or convertible notes.

Ordinary Shares and Trust Units		Number Shares Held 2010 '000	Number Shares Held 2011 '000	Market Value 2011 $'000
AGK*	AGL Energy	527	602	8,800
AIX	Australian Infrastructure Fund	4,649	4,649	8,927
AMC*	Amcor	1,905	1,705	12,170
AMH	AMCIL	10,257	10,599	7,049
AMP*	AMP	3,546	5,518	26,980
ANZ*	Australia and New Zealand Banking Group	1,554	2,137	47,009
APN	APN News & Media	1,919	1,919	2,524
AWC*	Alumina	3,918	3,718	7,821
BHP*	BHP Billiton	2,515	2,303	100,545
BLD*	Boral	951	1,153	5,068
BSL	BlueScope Steel	102	102	123
BXB*	Brambles	2,936	2,586	18,321
CBA*	Commonwealth Bank of Australia	910	1,247	65,056
CCL*	Coca-Cola Amatil	987	1,187	13,529
CPU*	Computershare	812	812	7,200
CSR	CSR	939	313	908

Ordinary Shares and Trust Units		Number Shares Held 2010 '000	Number Shares Held 2011 '000	Market Value 2011 $'000
ESG	Eastern Star Gas	2,000	3,180	1,924
FGL*	Foster's Group	1,550	1,420	7,223
HDF	Hastings Diversified Utilities Fund	11,696	11,958	18,893
#	Hexima	280	280	85
IAG*	Insurance Australia Group	2,152	2,152	7,307
IPL*	Incitec Pivot	670	1,220	4,606
MIR	Mirrabooka Investments	4,607	4,616	8,587
MTS	Metcash	1,050	1,050	4,358
NAB*	National Australia Bank	1,759	1,924	49,100
ORG*	Origin Energy	933	1,149	18,099
ORI*	Orica	88	363	9,714
OSH*	Oil Search	5,217	4,987	33,150
OST	OneSteel	1,148	1,148	2,124
PMV	Premier Investments	838	838	5,093
PNA	PanAust	3,646	729	2,749
PPC	Peet	1,696	1,696	2,485
PPCG	Peet 9.5 per cent convertible notes	0	26	2,600
PPT	Perpetual	102	139	3,454
QBE*	QBE Insurance Group	1,117	1,352	23,318
RIO*	Rio Tinto	307	304	24,979
STO*	Santos	1,689	1,810	24,492
SWM	Seven West Media (formerly WA Newspapers)	2,250	3,122	12,643
TCL*	Transurban Group	3,989	3,149	16,415
TLS	Telstra Corporation	13,264	13,264	38,334
TOL*	Toll Holdings	862	857	4,155
TRU	Trust Company	0	370	2,035

Holdings of Securities continued

As at 30 June 2011

Ordinary Shares and Trust Units		Number Shares Held 2010 '000	Number Shares Held 2011 '000	Market Value 2011 $'000
TWE	Treasury Wine Estates	0	517	1,757
WBC*	Westpac Banking Corporation	3,094	3,194	71,038
WDC	Westfield Group	340	340	2,944
WES*	Wesfarmers	298	372	11,803
WESN	Wesfarmers Partially Protected Shares	131	131	4,210
WOW*	Woolworths	738	761	21,071
WPL*	Woodside Petroleum	922	948	38,853
WRT	Westfield Retail	0	80	218
Total				811,847

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

Unlisted stock.

Major Transactions in the Investment Portfolio

Acquisitions (Above $5 Million)	Cost $'000
Commonwealth Bank of Australia	16,447
BHP Billiton	15,034
Australia and New Zealand Banking Group	12,717
AMP*	10,489
Rio Tinto	10,352
Orica	6,957

Disposals (Above $5 Million)	Proceeds $'000
BHP Billiton#	22,329
AXA Asia Pacific*	16,485
Rio Tinto^	9,061

* Takeover of AXA Asia Pacific by AMP.
\# Participation in buy-back.
^ As a result of the exercise of call options.

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, Deputy Chairman
Alice JM Williams

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

Australian Securities Exchange Code
DJW Ordinary shares

Shareholder Meetings

Annual General Meeting

Time	10.00am
Date	Wednesday 5 October 2011
Venue	Hilton on the Park
Location	192 Wellington Parade East Melbourne

Sydney Shareholder Meeting

Time	2.30pm
Date	Monday 10 October 2011
Venue	Four Seasons Hotel
Location	199 George Street Sydney

Adelaide Shareholder Meeting

Time	2.30pm
Date	Thursday 13 October 2011
Venue	Adelaide Festival Centre
Location	King William Road Adelaide

Brisbane Shareholder Meeting

Time	2.30pm
Date	Monday 24 October 2011
Venue	Hilton Hotel
Location	190 Elizabeth Street Brisbane

Djerriwarrh
AUSTRALIAN EQUITIES, ENHANCED YIELD

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Djerriwarrh
AUSTRALIAN EQUITIES, ENHANCED YIELD
ABN 38 006 862 693

NOTICE OF ANNUAL GENERAL MEETING 2011

The Annual General Meeting of Djerriwarrh Investments Limited **(the Company)** will be held at Hilton on the Park, 192 Wellington Parade, East Melbourne, Victoria at **10.00am (AEDT)** on **Wednesday 5 October 2011**.

The Company has determined that, for the purpose of voting at the meeting, shares will be taken to be held by those persons recorded on the Company's register at **7.00pm (AEDT)** on **Monday 3 October 2011**.

BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS AND REPORTS
To consider the Directors' Report, Financial Statements and Independent Audit Report for the financial year ended 30 June 2011.

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

2. ADOPTION OF REMUNERATION REPORT
To consider and, if thought fit, to pass the following resolution (as an ordinary resolution):

“That the Remuneration Report for the financial year ended 30 June 2011 be adopted.”

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

"That Mr Graham Kraehe AO, a Director retiring from office in accordance with Rule 46 of the Constitution, being eligible is re-elected as a Director of the Company."

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

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

6. CHANGE TO CONSTITUTION
To consider and, if thought fit, to pass the following resolution (as a special resolution):

“That rule 45(c) of the Company’s Constitution be amended to read as follows:

The number of Directors (not including alternate Directors) in office must be no more than 9.
All Directors are to be natural persons.”

By Order of the Board

Simon Pordage
Company Secretary
23 August 2011

EXPLANATORY NOTES

The Explanatory Notes below provide additional information regarding the items of business proposed for the Annual General 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 Statements and Independent Audit Report for the financial year ended 30 June 2011. No resolution will be required to be passed on this matter.

Shareholders who have not elected to receive a hard copy of the Company's 2011 Annual Report can view or download it from the Company's website at: **www.djerri.com.au/Company-Reports.aspx**

2. ADOPTION OF REMUNERATION REPORT

During this item there will be an opportunity for shareholders at the meeting to comment on and ask questions about the Remuneration Report which commences on page 12 of the Company's 2011 Annual Report. The vote on the proposed resolution is advisory only and will not bind the Directors or the Company.

ITEMS 3-5. RE-ELECTION OF DIRECTORS

Relevant details of each Director standing for re-election are set out below. Further information regarding the Company's Corporate Governance arrangements and the Board's role can be found on the Company's website at: **www.djerri.com.au/Corporate-Governance.aspx**

Mr Peter Barnett
FCPA. Independent non-executive Director.

Mr Barnett is a company Director who was appointed to the Board in October 2007 and was elected by shareholders in 2008. 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.

Mr Graham 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 and was last re-elected by shareholders in 2008. 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.

Mr John Paterson
BCom (Hons) (Melb) CPA F Fin. Deputy Chairman and Independent non-executive Director. Member of the Audit Committee, the Investment Committee and the Nomination Committee. Chairman of the Company's associated entity, Australian Investment Company Services Limited.

Mr Paterson is a company Director who was appointed to the Board in July 2002 and appointed Deputy Chairman in September 2009. He was last re-elected by shareholders in 2008. He is also a Director of Australian Foundation Investment Company Limited. He was formerly a Director of Goldman Sachs JBWere and is a former member of the Board of Guardians of Australia's Future Fund.

6. AMENDMENT TO CONSTITUTION

Rule 45(c) of the Constitution currently requires that “The number of Directors (not including alternate Directors) must be the number, not being less than 3 nor more than 8, which the Directors may determine but the Directors may not reduce the number below the number of Directors in office at the time of the reduction. All Directors are to be natural persons.”

The Board has reviewed the new rules relating to the setting of “Board Limits” contained in the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2011, effective 1 July 2011 and the Board’s own composition and succession planning needs.

Pursuant to this review, the Board believes that it is now appropriate to amend rule 45(c) of the Constitution to increase the maximum permitted size of the Board from 8 to 9 Directors, to allow for succession planning by the Board or to appoint an additional Director should the Board deem appropriate and to recognise that the ability to set a Board Limit is now a matter for the Company’s shareholders to decide upon. This item requires a special resolution of shareholders.

VOTING EXCLUSIONS ON ITEM 2

Pursuant to the new section 250R (4) of the Corporations Act 2001, the Company is required to disregard any votes cast on item 2 (in any capacity) by or on behalf of either a member of the key management personnel, details of whose remuneration are included in the remuneration report; or a closely related party of such a member (together “prohibited persons”). However, the Company will not disregard a vote if:

- the prohibited person does so as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution; and
- the vote is not cast on behalf of a prohibited person.

SHAREHOLDER INFORMATION

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

The Board recommends that shareholders vote in favour of each item of business.
The Chairman of the meeting intends to vote undirected proxies in favour of items 3, 4, 5 and 6.

Proxies

1. A shareholder entitled to attend and vote at this meeting is entitled to appoint not more than two proxies (who need not be members of the Company) to attend, vote and speak in the shareholder's place and to join in any demand for a poll.

2. Where a shareholder appoints more than one representative, proxy or attorney, those appointees are entitled to vote on a poll but not on a show of hands.

3. A shareholder who appoints two proxies may specify a proportion or number of the shareholder's votes each proxy is appointed to exercise. Where no such specification is made, each proxy may exercise half of the votes (any fractions of votes resulting from this are disregarded).

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

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

6. Proxy forms and any authorities (or certified copies of those authorities) under which they are signed may be delivered in person, by mail or by fax to the Company‘s Share Registry (see details below) no later than 48 hours before the meeting, being **10.00am (AEDT)** on **Monday 3 October 2011.** More details are on the proxy form.

7. A proxy need not vote in that capacity on a show of hands on any resolution nor (unless the proxy is the Chairman of the meeting) on a poll. However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of this Notice, including the voting exclusions noted above).

8. If a proxy does not attend the meeting or does not vote on a poll on a resolution, then the Chairman of the meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the meeting or the poll on that resolution, as applicable. If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of this Notice, including the voting exclusions noted above).

Direction to Chairman for Remuneration Report: *If the Chairman of the meeting is appointed, or taken to be appointed, as a proxy, the shareholder can direct the Chairman of the meeting to vote for or against, or to abstain from voting on, the resolution on item 2 (Adoption of Remuneration Report) by marking the appropriate box opposite item 2 in the proxy form. However, if the Chairman of the meeting is a proxy and the relevant shareholder does not mark any of the boxes opposite item 2, the relevant shareholder will be directing the Chairman to vote in favour of the resolution on that item.*

Corporate Representatives
A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the meeting. Unless it has previously been given to the Company, the representative should bring evidence of their appointment to the meeting, together with any authority under which it is signed. The appointment must comply with section 250D of the Corporations Act 2001.

Attorneys
A shareholder may appoint an attorney to vote on their behalf. To be effective for the meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the deadline for the receipt of proxy forms (see above), being no later than 48 hours before the meeting.

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

Computershare Investor Services Pty Limited

Street address: Yarra Falls 452 Johnston Street Abbotsford VIC 3067	Postal address: 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)

Djerriwarrh
AUSTRALIAN EQUITIES, ENHANCED YIELD
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 subscribers only (Custodians)
www.intermediaryonline.com

For all enquiries call:

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

Proxy Form

Appoint your proxy online or view the 2011 Annual Report, 24 hours a day, 7 days a week:
www.investorvote.com.au

- ☑ **Appoint your proxy to vote**
- ☑ **Access the 2011 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 proxy form to be effective it must be received by 10.00am (AEDT) on Monday 3 October 2011

How to direct your proxy to vote

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote 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 shares you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.
Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of shares for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of shares for each in Step 1 overleaf.

A proxy need not be a shareholder of the Company.

Lodgement of proxy form

This proxy form (and any authority under which it is signed or a certified copy of it) must be received at an address given above by 10.00am (AEDT) on Monday 3 October 2011, 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 must sign.
Joint Holding: Where the holding is in more than one name, all of the shareholders should sign.
Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

Attending the meeting

If a representative of a corporate shareholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at **www.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 →

133366_014EQD

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 their 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 in relation to the meeting generally or in relation to a poll on a given resolution, or if no individual or body corporate is named, the Chairman of the meeting, as my/our proxy to act generally at the meeting or in relation to a poll on the given resolution (as applicable) on my/our behalf, including to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit), at the Annual General Meeting of **Djerriwarrh Investments Limited** to be held at **Hilton on the Park, 192 Wellington Parade, East Melbourne, Victoria at 10.00am (AEDT) on Wednesday 5 October 2011** and at any adjournment of that meeting.

Chairman to vote undirected proxies in favour: I/We acknowledge that the Chairman of the meeting intends to vote undirected proxies in favour of items 3, 4, 5 and 6.

Direction to Chairman for Remuneration Report: Where I/we have appointed the Chairman of the meeting as my/our proxy (or the Chairman of the meeting becomes my/our proxy by default) in relation to item 2 (Adoption of Remuneration Report) but I/we have not marked any of the boxes opposite that item below, I/we nevertheless hereby direct the Chairman of the meeting to vote in favour of the resolution on that item.

Chairman authorised to exercise proxies on remuneration related matters: If I/we have appointed the Chairman of the meeting as my/our proxy (or the Chairman of the meeting becomes my/our proxy by default), I/we expressly authorise the Chairman of the meeting to exercise my/our proxy in respect of item 2 even though the Chairman is, and that item is connected directly or indirectly with the remuneration of, a member of key management personnel of Djerriwarrh Investments Limited.

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 Remuneration Report	☐	☐	☐
3	Re-election of Director - Mr Peter Barnett	☐	☐	☐
4	Re-election of Director - Mr Graham Kraehe AO	☐	☐	☐
5	Re-election of Director - Mr John Paterson	☐	☐	☐
6	Change to Constitution	☐	☐	☐

Board recommendations and undirected proxies: The Board recommends shareholders vote in favour of each item of business. The Chairman of the meeting intends to vote undirected proxies in favour of items 3, 4, 5 and 6.

PLEASE NOTE: If you have appointed the Chairman of the meeting as your proxy (or the Chairman of the meeting becomes your proxy by default), you can direct the Chairman of the meeting to vote for or against, or to abstain from voting on, the resolution on item 2 (Adoption of Remuneration Report) by marking the appropriate box opposite item 2. However, note that under STEP 1, if the Chairman of the meeting is your proxy and you do not mark any of the boxes opposite item 2, you are directing the Chairman to vote in favour of the resolution on that item.

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 ___ / ___ / ___