



**DJERRIWARRH  
INVESTMENTS  
LIMITED**  
ABN 38 006 862 693

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**APPENDIX 4D STATEMENT  
FOR THE HALF-YEAR ENDING 31 DECEMBER 2011**

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**CONTENTS**

- Results for announcement to the market
- Media Release
- Appendix 4D Accounts
- Independent Auditors' Review Report

*This half-year report is presented under listing rule 4.2A and should be read in conjunction with the Company's 2011 Annual Report.*

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## RESULTS FOR ANNOUNCEMENT TO THE MARKET

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The reporting period is the half-year ended 31 December 2011 with the previous corresponding period being the half-year ended 31 December 2010.

### Results for announcement to the market

- Reported profit for the half-year (including unrealised gains or losses on puttable instruments and non-equity investments in the investment portfolio and on open options positions) was \$23.1 million, 9.5% down from \$25.6 million in the previous corresponding period.
- Net Operating Result (before net gains on investments) was \$19.2 million, 18.2% down from \$23.4 million in the previous corresponding period. In the opinion of Directors, this is the better measure of the Company's performance in deriving on-going investment, trading and options income from the Company's portfolios.
- Revenue from operating activities (excluding capital gains) was \$22.6 million, 1.1% up from \$22.3 million in the previous corresponding period.
- The interim dividend of 10 cents per share fully franked, unchanged from the previous interim period, will be paid on 17 February 2012 to ordinary shareholders on the register on 2 February 2012.
- The final dividend for the 2011 financial year was 16 cents per share, fully franked, and it was paid to shareholders on 24 August 2011.
- The Company operates a Dividend Reinvestment Plan under which shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Shareholders should note that the Directors have determined that pricing of the new DRP shares will be based on a 2.5% discount to the average selling price of shares traded on the Australian Securities Exchange in the five days from the day the shares begin trading on an ex-dividend basis. The last date for the receipt of an election notice for participation in the plan is 5.00 pm (Melbourne time) on 2 February 2012.
- Net tangible assets per share before any provision for deferred tax on the unrealised losses on the long-term investment portfolio as at 31 December 2011 were \$3.15 (before allowing for the interim dividend), down from \$3.70 (also before allowing for the interim dividend) at the end of the previous corresponding period.

**MEDIA RELEASE - HALF YEAR RESULT TO 31 DECEMBER 2011**

**DJERRIWARRH LOOKS TO LIFT OPTION COVERAGE INTO ANY MARKET RECOVERY**

16 January 2012

For the six months to 31 December 2011 equity markets reflected the poor sentiment about the global economic outlook. Djerriwarrh Investments reported a Profit for the half year of \$23.1 million, which is down 9.5 percent from \$25.6 million over the corresponding period last year. Note these figures include the movement in the unrealised value of the Company's investments in Hastings Diversified Utilities Fund and Peet Notes, which is required under current accounting standards.

Djerriwarrh's interim dividend has been maintained at 10 cents per share fully franked.

The Net Operating Result, which measures the underlying income generated from the investment and trading portfolios was \$19.2 million compared with the corresponding figure of \$23.4 million last year, down 18.2 percent.

Option writing activity which is an important part of Djerriwarrh's investment activities increased its contribution over the corresponding period last year as the level of volatility in the market improved the returns from writing call options. However the Company was reluctant to sell too many call options at what it considers a low point in the market. As a result option coverage over the portfolio finished the half year at 25 percent.

During the market weakness, the Company has kept its trading portfolio low as a percentage of total investments (around 3 percent). Its contribution to the profit was affected by the market decline.

Djerriwarrh's portfolio return was negative 7.9 percent for the six months to 31 December 2011 ahead of the S&P/ASX 200 Accumulation Index which was negative 9.7 percent over this period. However, these figures do not reflect the benefit of the fully-franked nature of the Company's high dividend yield which over the longer term adds approximately another 1.5 percent per annum to investor returns when compared with the overall market (refer to the attached performance table).

Whilst Djerriwarrh was fully invested during the period, opportunities did arise to make some adjustments to the portfolio to add to holdings with strong fully franked dividend yields or which offer the potential for enhanced option income. Major acquisitions included Wesfarmers, Rio Tinto, BHP Billiton, National Australia Bank and ANZ. Major sales were in Fosters and Eastern Star Gas both because of takeover activity.

Market conditions are likely to remain volatile for some time as economic uncertainty continues to strongly influence the Australian market. To ensure the portfolio is well positioned to generate sustainable fully franked dividend income Djerriwarrh will maintain its focus on quality companies that are well positioned in their industries and that have the ability to produce reliable cash flows even during uncertain times.

In addition, Djerriwarrh will seek to capture the market's current volatility in its options activities by looking to increase call option coverage during periods of market strength. We will seek to do this without surrendering too much of the potential upside if there is a market recovery.

Please direct any enquiries to:

Ross Barker  
Managing Director  
(03) 9225 2101

Geoff Driver  
General Manager  
(03) 9225 2102

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## MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

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<b>Acquisitions (above \$2 million)</b>	<b>Cost (\$'000)</b>
Wesfarmers	3,447
Rio Tinto	3,331
BHP Billiton	2,836
National Australia Bank	2,284
ANZ Banking Group	2,079
<b>Disposals (above \$2 million)</b>	<b>Proceeds (\$'000)</b>
Foster's Group <sup>#</sup>	7,556
Eastern Star Gas <sup>*</sup>	2,736

<sup>#</sup> Takeover by SAB Miller

<sup>\*</sup> Complete disposal, under a takeover offer by Santos

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## TOP INVESTMENTS AS AT 31 DECEMBER 2011

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*Includes investments held in both the Investment and Trading Portfolios*

**Valued at closing prices at 30 December 2011**

	<b>Total Value \$ million</b>
1 * BHP Billiton	81.5
2 * Westpac Banking Corporation	65.6
3 * Commonwealth Bank of Australia	62.5
4 * National Australia Bank	48.1
5 * Australia & New Zealand Banking Group	47.1
6 Telstra Corporation	44.2
7 * Oil Search	31.1
8 * Woodside Petroleum	29.0
9 Hastings Diversified Utilities Fund	24.5
10 * AMP	22.9
11 * Santos	22.2
12 * Rio Tinto	21.1
13 * Woolworths	19.6
14 * Brambles	18.4
15 * Wesfarmers (a)	18.4
16 * QBE Insurance Group	18.3
17 * Transurban Group	17.6
18 * Origin Energy	15.6
19 * Coca-Cola Amatil	13.7
20 * Amcor	12.3
	<hr/> <b>633.7</b> <hr/>
<b>As % of Total Portfolio Value (excludes Cash)</b>	<b>86.2%</b>

(a) Includes \$3.9m WESN partially protected securities

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

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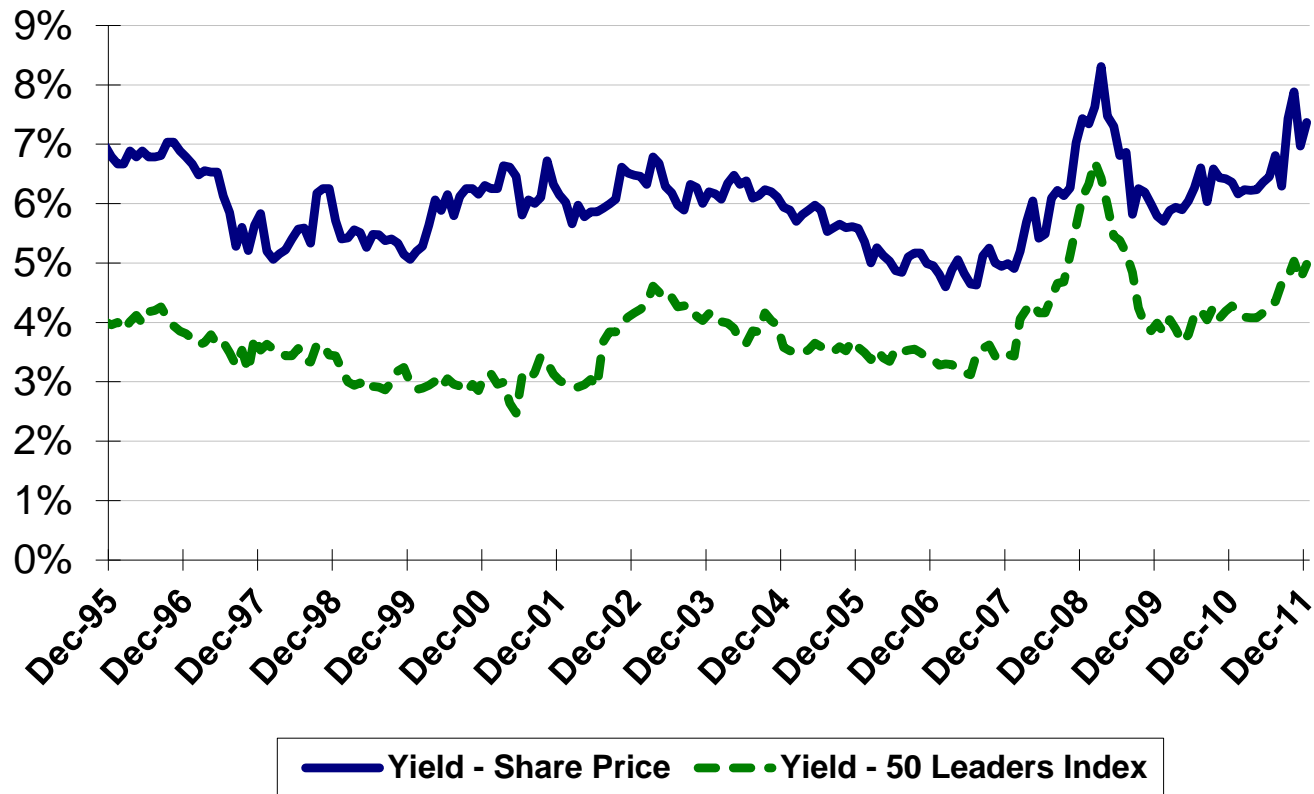
## PORTFOLIO PERFORMANCE TO 31 DECEMBER 2011

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PERFORMANCE MEASURES	ANNUALISED RETURNS				
	6 MONTH	1 YEAR	3 YEARS	5 YEARS	10 YEARS
<i>NET ASSET BACKING</i>	<b>-7.9%</b>	<b>-8.2%</b>	<b>7.7%</b>	<b>-1.3%</b>	<b>5.8%</b>
<b>S&amp;P/ASX 200 ACCUMULATION INDEX</b>	-9.7%	-10.5%	7.6%	-2.3%	6.2%
<i>NET ASSET BACKING GROSS ACCUMULATION*</i>	N/A	-5.1%	10.8%	1.5%	8.5%
<b>S&amp;P/ASX 200 GROSS ACCUMULATION INDEX*</b>	N/A	-9.1%	9.0%	-0.9%	7.6%

\*Incorporates the benefit of franking credits for those who can fully utilise them

## Djerriwarrh Share Price Yield vs. 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 currently only 83% franked) since the Company was listed.



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**HALF-YEAR REPORT  
31 DECEMBER 2011**

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## COMPANY PARTICULARS

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### Djerriwarrh Investments Limited (DJW)

ABN 38 006 862 693

DJW is a Listed Investment Company. As such it is an investor in equities and similar securities on the stock market primarily in Australia.

**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 J. M. Williams

### Company

**Secretaries:** Simon M. Pordage  
Andrew J. B. Porter

**Auditor:** PricewaterhouseCoopers, Chartered Accountants

**Country of incorporation:** Australia

**Registered office:** Level 21  
101 Collins Street  
Melbourne, Victoria 3000

**Contact Details:** Mail Address: GPO Box 2114, Melbourne, Victoria 3001  
Telephone: (03) 9650 9911  
Facsimile: (03) 9650 9100  
Email: [invest@djerricom.au](mailto:invest@djerricom.au)  
Internet address: [www.djerricom.au](http://www.djerricom.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 Limited

Mail Address: GPO Box 2975, Melbourne, Victoria 3001  
Yarra Falls, 452 Johnston Street, Abbotsford, Victoria  
3067

DJW Shareholder  
enquiry line: 1300 653 915  
+613 9415 4190 (from overseas)

Facsimile: (03) 9473 2500  
Internet: [www.investorcentre.com/contact](http://www.investorcentre.com/contact)

For all enquiries relating to shareholdings, dividends (including participation in the Dividend Reinvestment Plan) and related matters, please contact the share registrar as above.

### Securities Exchange

**Code:** DJW Ordinary shares

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## **DIRECTORS' REPORT**

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This report in relation to the half-year to 31 December 2011 is presented by the Directors of Djerriwarrh Investments Limited ('the Company') in accordance with a resolution of Directors.

### **Directors**

The following persons were directors of the Company during the half-year and up to the date of this report:

B.B. Teele (appointed November 1989)  
R.E. Barker (appointed May 1988)  
P.C. Barnett (appointed October 2007)  
T.A. Campbell AO (appointed November 1989)  
A.F. Guy (appointed December 1989)  
G.J. Kraehe AO (appointed July 2002)  
J. Paterson (appointed July 2002)  
A.J.M. Williams (appointed May 2011)

### **Company operations and results**

#### **Overview**

The Company offers its shareholders a medium for generating income from a diversified portfolio of equity and similar securities, predominantly in entities listed on the Australian Securities Exchange. There have been no changes in the nature of the Company's activities during the period. Its major objective is to provide attractive returns to its shareholders through dividends and capital growth. A high proportion of profits are paid out as dividends, which to date, have all been fully franked.

#### **Performance Indicators and Outcomes**

The reported profit of the Company for the six months to 31 December 2011, which includes the unrealised gains or losses on open option positions in the options written portfolio and on puttable instruments and non-equity investments in the investment portfolio, was \$23.1 million, down from \$25.6 million at the previous corresponding period.

Djerriwarrh's Net Operating Result after tax was \$19.2 million, down from \$23.4 million or 18.2% over the corresponding period last year. This operating result is made up primarily of dividends received from the investment portfolio, option income and revenue from the trading portfolio, and is reflective of the Company's investment activities.

The portfolio return for the 6 months (measured by change in net asset backing per share plus dividends reinvested) was -7.9% compared to the return of the S&P/ASX 200 Accumulation Index for the same period which was -9.7%.

The Board has declared a fully franked interim dividend of 10 cents per share.

### **Auditors' independence declaration**

A copy of the auditors' independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 12.

### **Rounding of amounts to nearest thousand dollars**

The company is of a kind referred to in Class Order 98/100 issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Unless specifically stated otherwise, amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

A handwritten signature in black ink, appearing to read 'John Paterson', with a long horizontal flourish extending to the right.

J. Paterson  
Deputy Chairman  
Melbourne

16 January 2012



## Auditor's Independence Declaration

As lead auditor for the review of Djerriwarrh Investments Limited for the half year ended 31 December 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the *review*.

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

A handwritten signature in blue ink, appearing to read 'D Coogan', with a long horizontal flourish extending to the right.

David Coogan  
Partner  
PricewaterhouseCoopers

Melbourne  
16 January 2012

# INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Note	Half-year 2011 \$'000	Half-year 2010 \$'000
Dividends and distributions		21,450	21,368
Revenue from deposits and bank bills		1,119	962
<b>Total revenue</b>		<b>22,569</b>	<b>22,330</b>
Net gains/(losses) on trading portfolio		(2,248)	1,168
Income from options written portfolio		5,137	4,190
Other income		26	-
<b>Income from operating activities</b>	<b>3</b>	<b>25,484</b>	<b>27,688</b>
Finance costs		(3,541)	(1,987)
Administration expenses		(1,728)	(1,718)
Share of net profit from Associate		93	109
<b>Operating result before income tax expense</b>		<b>20,308</b>	<b>24,092</b>
Income tax expense*		(1,156)	(692)
<b>Net operating result for the half-year</b>		<b>19,152</b>	<b>23,400</b>
Net gains/(losses) on open options positions		362	(1,914)
Deferred tax on net gains/(losses) on open options positions*		(108)	574
Net gains/(losses) on puttable instruments and non-equity investments		5,308	4,996
Tax (expense)/credit on net gains/(losses) on puttable instruments and non-equity investments *		(1,592)	(1,499)
		3,970	2,157
<b>Profit for the half-year</b>		<b>23,122</b>	<b>25,557</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	<b>9</b>	10.72	11.98
		<b>Half-year 2011 \$'000</b>	<b>Half-year 2010 \$'000</b>
* Total Tax Expense/(Credit)		2,856	1,617

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

# STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Half-Year to 31 December 2011			Half-Year to 31 December 2010		
	Revenue \$'000	Capital \$'000	Total \$000	Revenue \$'000	Capital \$'000	Total \$'000
<b>Net Profit</b>	<b>19,152</b>	<b>3,970</b>	<b>23,122</b>	<b>23,400</b>	<b>2,157</b>	<b>25,557</b>
<b>Other Comprehensive Income</b>						
Unrealised gains/(losses) for the period on securities in the portfolio at 31 December	-	(83,909)	<b>(83,909)</b>	-	54,813	<b>54,813</b>
Deferred tax credit/(expense) on above	-	24,684	<b>24,684</b>	-	(16,925)	<b>(16,925)</b>
Plus realised gains/(losses) for the period	-	(2,568)	<b>(2,568)</b>	-	(953)	<b>(953)</b>
Tax credit/(expense) on above	-	755	<b>755</b>	-	289	<b>289</b>
Net movement in fair value of swap contracts	-	(2,117)	<b>(2,117)</b>	-	473	<b>473</b>
<b>Total other comprehensive income</b> <sup>1,3</sup>	-	<b>(63,155)</b>	<b>(63,155)</b>	-	<b>37,697</b>	<b>37,697</b>
<b>Total comprehensive income</b> <sup>2</sup>	<b>19,152</b>	<b>(59,185)</b>	<b>(40,033)</b>	<b>23,400</b>	<b>39,854</b>	<b>63,254</b>

<sup>1</sup> Net capital gains/(losses) not recorded through the Income Statement.

<sup>2</sup> This is the company's Net Return for the half-year, which includes the Net Operating result plus the net realised and unrealised gains or losses on the Company's investment portfolio and net gains/(losses) on open options positions.

<sup>3</sup> Total tax movement in Other Comprehensive Income : 2011 - \$25.4m; 2010 - \$(16.6)m.

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

## BALANCE SHEET AS AT 31 DECEMBER 2011

		31 Dec 2011 \$'000	30 June 2011 \$'000
	Note		
<b>Current assets</b>			
Cash		44,921	54,913
Receivables		2,381	9,150
Trading portfolio	4	21,081	23,317
<b>Total current assets</b>		<u>68,383</u>	<u>87,380</u>
<b>Non-current assets</b>			
Investment portfolio		714,671	790,574
Shares in associate		630	566
Deferred tax assets		3,224	412
Deferred tax assets - investment portfolio	6	3,378	-
<b>Total non-current assets</b>		<u>721,903</u>	<u>791,552</u>
<b>Total assets</b>		<u>790,286</u>	<u>878,932</u>
<b>Current liabilities</b>			
Payables		2,026	2,165
Tax payable		543	3,538
Borrowings – bank debt		100,000	100,000
Interest-rate hedging contracts		2,610	493
Options written portfolio	5	1,074	2,044
<b>Total current liabilities</b>		<u>106,253</u>	<u>108,240</u>
<b>Non-current liabilities</b>			
Deferred tax liabilities - investment portfolio	6	-	17,696
<b>Total non-current liabilities</b>		<u>-</u>	<u>17,696</u>
<b>Total liabilities</b>		<u>106,253</u>	<u>125,936</u>
<b>Net Assets</b>		<u>684,033</u>	<u>752,996</u>
<b>Shareholders' equity</b>			
Share Capital	7	625,390	619,986
Revaluation Reserve		(27,765)	20,153
Realised Capital Gains Reserve		21,963	44,242
Interest-rate Hedging Reserve		(2,610)	(493)
Retained Profits		67,055	69,108
<b>Total shareholders' equity</b>		<u>684,033</u>	<u>752,996</u>

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

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

Half-Year to 31 December 2011	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Interest- Rate Hedging \$'000	Retained Profits \$'000	Total \$'000
<b>Total equity at the beginning of the half-year</b>		619,986	20,153	44,242	(493)	69,108	752,996
Dividends paid	8	-	-	(12,875)	-	(21,459)	(34,334)
Shares issued - Dividend Reinvestment Plan	7	5,417	-	-	-	-	5,417
Share issue transaction costs		(13)	-	-	-	-	(13)
<b>Total transactions with share-holders</b>		<b>5,404</b>	<b>-</b>	<b>(12,875)</b>	<b>-</b>	<b>(21,459)</b>	<b>(28,930)</b>
Profit for the half-year		-	3,716	-	-	19,406	23,122
<b>Other Comprehensive Income</b>							
Net unrealised losses for the period for investments held at 31 December		-	(59,225)	-	-	-	(59,225)
Net losses for the period on investments sold		-	(1,813)	-	-	-	(1,813)
Transfer to Realised Capital Gains Reserve of net cumulative losses on investments sold		-	9,404	(9,404)	-	-	-
Net movement in fair value of swap contracts		-	-	-	(2,117)	-	(2,117)
Other Comprehensive Income for the half-year		-	(51,634)	(9,404)	(2,117)	-	(63,155)
<b>Total equity at the end of the half-year</b>		<b>625,390</b>	<b>(27,765)</b>	<b>21,963</b>	<b>(2,610)</b>	<b>67,055</b>	<b>684,033</b>

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



**STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2011 (2010  
COMPARATIVES)**

<b>Half-Year to 31 December 2010</b>	<b>Note</b>	<b>Share Capital \$000</b>	<b>Revaluation Reserve \$000</b>	<b>Realised Capital Gains \$000</b>	<b>Interest- Rate Hedging \$000</b>	<b>Retained Profits \$'000</b>	<b>Total \$'000</b>
<b>Total equity at the beginning of the half-year</b>		<b>611,436</b>	<b>4,045</b>	<b>49,360</b>	<b>(324)</b>	<b>61,699</b>	<b>726,216</b>
Dividends paid	8	-	-	(8,497)	-	(25,490)	<b>(33,987)</b>
Shares issued - Dividend Reinvestment Plan		5,192	-	-	-	-	<b>5,192</b>
<b>Total transactions with share-holders</b>		<b>5,192</b>	<b>-</b>	<b>(8,497)</b>	<b>-</b>	<b>(25,490)</b>	<b>(28,795)</b>
Profit for the half-year		-	3,497	-	-	22,060	<b>25,557</b>
<b><i>Other Comprehensive Income</i></b>							
Net unrealised gains for the period for investments held at 31 December		-	37,888	-	-	-	<b>37,888</b>
Net losses for the period on investments sold		-	(664)	-	-	-	<b>(664)</b>
Transfer to Realised Capital Gains Reserve of net cumulative losses on investments sold		-	1,958	(1,958)	-	-	-
Net movement in fair value of swap contracts		-	-	-	473	-	<b>473</b>
Other Comprehensive Income for the half-year		-	39,182	(1,958)	473	-	<b>37,697</b>
<b>Total equity at the end of the half-year</b>		<b>616,628</b>	<b>46,724</b>	<b>38,905</b>	<b>149</b>	<b>58,269</b>	<b>760,675</b>

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

## CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

	Half-year 2011 \$'000 INFLOWS/ (OUTFLOWS)	Half-year 2010 \$'000 INFLOWS/ (OUTFLOWS)
<b>Cash flows from operating activities</b>		
Sales from trading portfolio	9,859	6,875
Purchases for trading portfolio	(3,335)	(10,165)
Interest received	1,239	1,413
Proceeds from entering into options in options written portfolio	5,544	12,526
Payment to close out options in options written portfolio	(1,016)	(6,118)
Dividends and distributions received	17,519	15,136
	29,810	19,667
Other receipts	26	-
Administration expenses	(1,730)	(1,709)
Finance costs paid	(3,543)	(2,020)
Taxes paid	(4,267)	(5,535)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>20,296</b>	<b>10,403</b>
<b>Cash flows from investing activities</b>		
Sales from investment portfolio	16,610	15,756
Purchases for investment portfolio	(17,967)	(38,319)
<b>Net cash inflow/(outflow) from investing activities</b>	<b>(1,357)</b>	<b>(22,563)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	500	-
Repayment of borrowings	(500)	-
Share Issue Costs	(13)	(13)
Dividends paid	(28,918)	(28,783)
<b>Net cash inflow/(outflow) from financing activities</b>	<b>(28,931)</b>	<b>(28,796)</b>
Net increase/(decrease) in cash held	(9,992)	(40,956)
Cash at the beginning of the half-year	54,913	69,706
<b>Cash at the end of the half-year</b>	<b>44,921</b>	<b>28,750</b>

This cash flow statement should be read in conjunction with the accompanying notes.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

## 1. Basis of preparation of half-year financial report

This general purpose half-year financial report has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report should be read in conjunction with the 2011 Annual Report and public announcements made by the Company during the half-year, in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

In the interests of transparency in its reporting, the Company uses the phrase “market value” in place of the AASB terminology “fair value for actively traded securities as quoted on the ASX.”

## 2. Financial reporting by segments

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

## 3. Income from operating activities

	Half-year 2011 \$'000	Half-year 2010 \$'000
Income from operating activities is comprised of the following:		
Dividends & distributions		
• securities held in investment portfolio	20,398	20,966
• securities held in trading portfolio	928	402
	<u>21,326</u>	<u>21,368</u>
Interest income		
• securities held in investment portfolio	124	-
• deposits and income from bank bills	1,119	962
	<u>1,243</u>	<u>962</u>
Net gains/(losses) and write downs		
• realised gains/(losses) from trading portfolio sales	(443)	446
• realised gains on options written portfolio	5,137	4,190
• unrealised gains/(losses) in trading portfolio	(1,805)	722
	<u>2,889</u>	<u>5,358</u>
Other income	26	-
<b>Income from operating activities</b>	<u><b>25,484</b></u>	<u><b>27,688</b></u>

#### 4. Current assets – trading portfolio

The Company enters into option contracts in the trading portfolio for the purpose of enhancing returns, offsetting risk or providing opportunities to acquire or sell securities at advantageous prices.

As at balance date there were call options outstanding which potentially required the Company, if they were exercised, to deliver securities to the value of \$14.5 million (30 June 2011 : \$Nil).

#### 5. Current liabilities – options written portfolio

As at balance date the Company had outstanding put options which at the option of the purchaser may have required the Company to buy \$3.9 million worth of securities prior to the respective expiry dates if they were exercised (30 June 2011 : \$4.9 million). As at balance date there were also call options outstanding which potentially required the Company, if they were exercised, to deliver securities to the value of \$168.5 million (30 June 2011: \$148.9 million). The total income for the half-year of \$5.1 million (Half-Year to 31 December 2010: \$4.2 million) plus the unrealised gain on the open options position of \$0.4 million (Half-Year to 31 December 2010 : \$1.9 million loss) was a pre-tax net gain of \$5.5 million (Half-Year to 31 December 2010: \$2.3 million).

#### 6. Deferred tax assets – investment portfolio

In accordance with AASB 112 *Income Taxes*, deferred tax assets have been recognised for Capital Gains Tax losses on the unrealised losses in the investment portfolio at current tax rates (30%) totalling \$3.4 million (30 June 2011 : \$17.7 million liability). As the Directors do not intend to dispose of the portfolio, this tax asset may not be crystallised at this amount.

#### 7. Shareholders' equity – share capital

Movements in Share Capital of the Company during the half-year were as follows:

Date	Details	Notes	Number of shares '000	Issue price \$	Paid-up Capital \$'000
01/07/2011	Opening Balance		214,590		619,986
24/08/2011	Dividend Reinvestment Plan	i	1,561	3.47	5,417
Various	Share Issue Costs		-		(13)
31/12/2011	Balance		<u>216,151</u>		<u>625,390</u>

- i The Company has a Dividend Reinvestment Plan under which shareholders elected to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares was based at a 2.5% discount to the average selling price of shares traded on the Australian Securities Exchange in the five days from the day the shares begin trading on an ex-dividend basis.

<b>8. Dividends</b>	<b>Half-year 2011 \$'000</b>	<b>Half-year 2010 \$'000</b>
Dividends paid during the period	34,334 (16 cents per share)	33,987 (16 cents per share)

#### **Dividends not recognised at period end**

Since the end of the half-year the Directors have declared an interim dividend of 10 cents per share fully franked. The aggregate amount of the proposed interim dividend expected to be paid on 17 February 2012, but not recognised as a liability at the end of the half-year is

	21,615	
<b>9. Earnings per Share</b>	<b>Half-year 2011</b>	<b>Half-year 2010</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator	215,684,274	213,358,203
<b>Basic earnings per share</b>	<b>\$'000</b>	<b>\$'000</b>
Net profit for half-year	23,122	25,557
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	10.72	11.98
<b>Net operating result per share</b>	<b>\$'000</b>	<b>\$'000</b>
Net operating result for half-year	19,152	23,400
	<b>Cents</b>	<b>Cents</b>
Net operating result per share	8.88	10.97

As at 31 December 2011, there were no dilutive instruments on issue, and therefore the diluted earnings per share and net operating result per share figure is the same as basic earnings and net operating result per share.

#### **10. Events subsequent to balance date**

Since 31 December 2011 to the date of this report there has been no event of which the Directors are aware which has had a material effect on the Company or its financial position.

#### **11. Contingencies**

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

#### **12. Associated Entity**

The Company owns 25% of Australian Investment Company Services Ltd ("AICS").

AICS provides administration services to the Company and to other Listed Investment Companies in Australia.

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## DIRECTORS' DECLARATION

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In the Directors' opinion:

- (a) the financial statements and notes set out on pages 13 to 21 are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Company's financial position as at 31 December 2011 and of its performance, as represented by the results of the operations, changes in equity and cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



J. Paterson  
Deputy Chairman  
Melbourne

16 January 2012



## **Independent auditor's review report to the members of Djerriwarrh Investments Limited**

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of Djerriwarrh Investments Limited, which comprises the balance sheet as at 31 December 2011, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Djerriwarrh Investments Limited (the company).

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Djerriwarrh Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

#### *Independence*

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

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**PricewaterhouseCoopers, ABN 52 780 433 757**

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*Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Djerriwarrh Investments Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

*PricewaterhouseCoopers*  
PricewaterhouseCoopers

*David Coogan*  
David Coogan  
Partner  
Assurance

Melbourne  
16 January 2012