

Djerriwarrh Investments Limited  
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1 October 2009

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

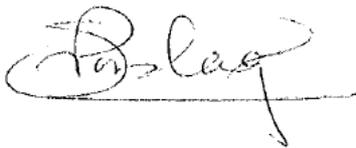
**Electronic Lodgement**

**Djerriwarrh Investments Limited  
2009 Annual General Meeting  
Chairman's Presentation**

Dear Sir or Madam

Djerriwarrh Investments Limited Chairman, Mr Bruce Teele, will deliver the following presentation to shareholders at the Company's Annual General Meeting to be held today.

Yours faithfully,

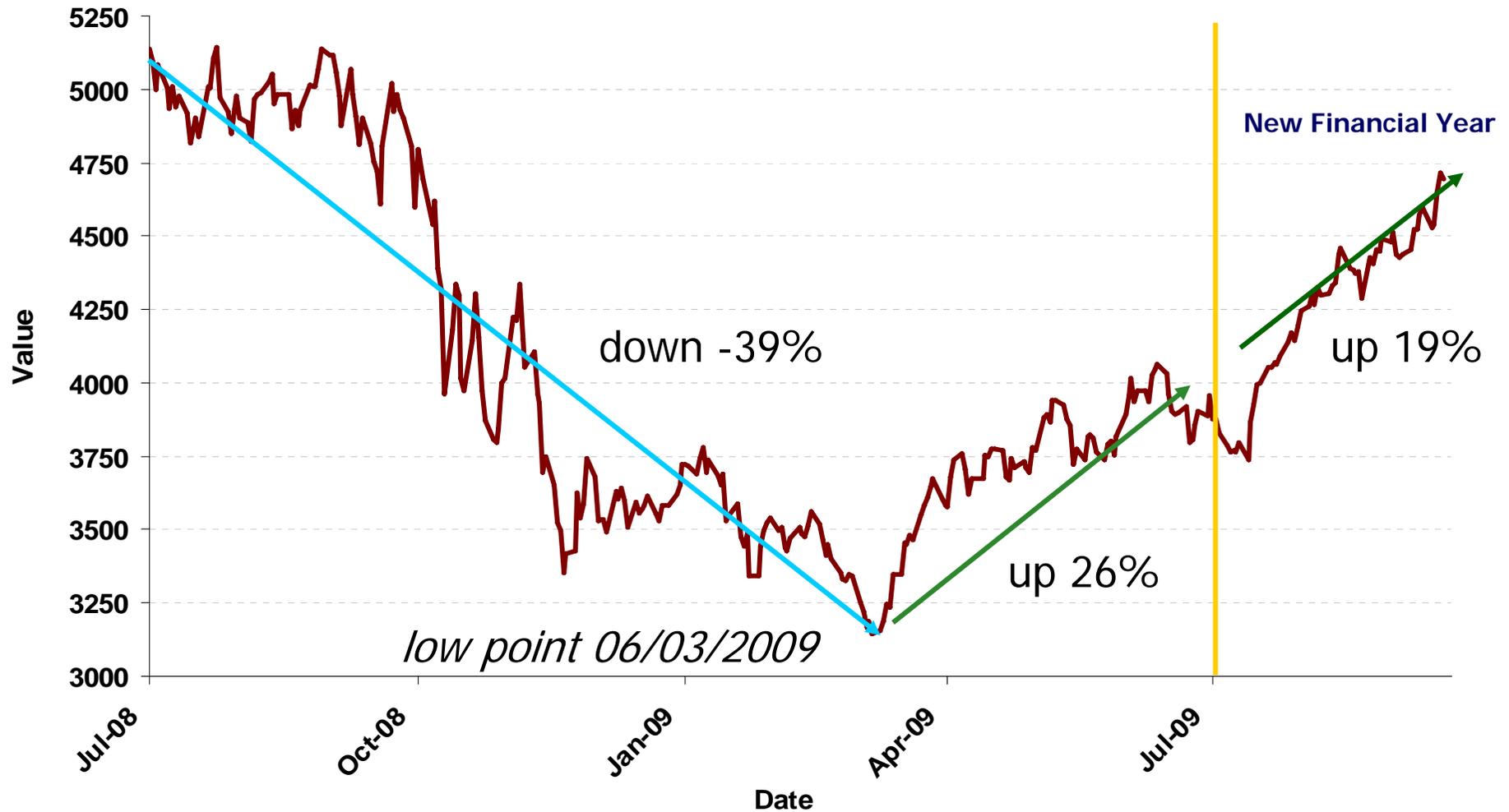


Simon Pordage  
Company Secretary

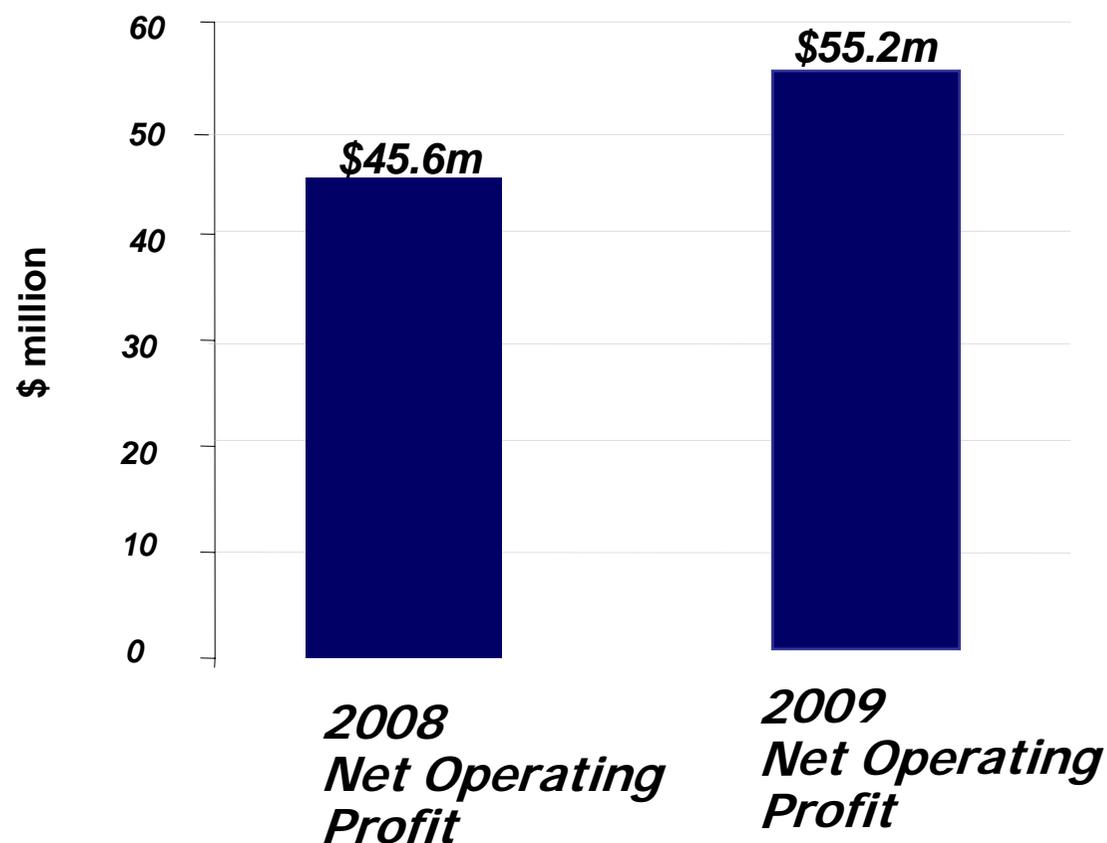
**Djerriwarrh Investments Limited**  
**Annual General Meeting**  
**1 October 2009**

**Presentation**

# S&P/ASX 200 Leaders Price Index



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



## Major Differences

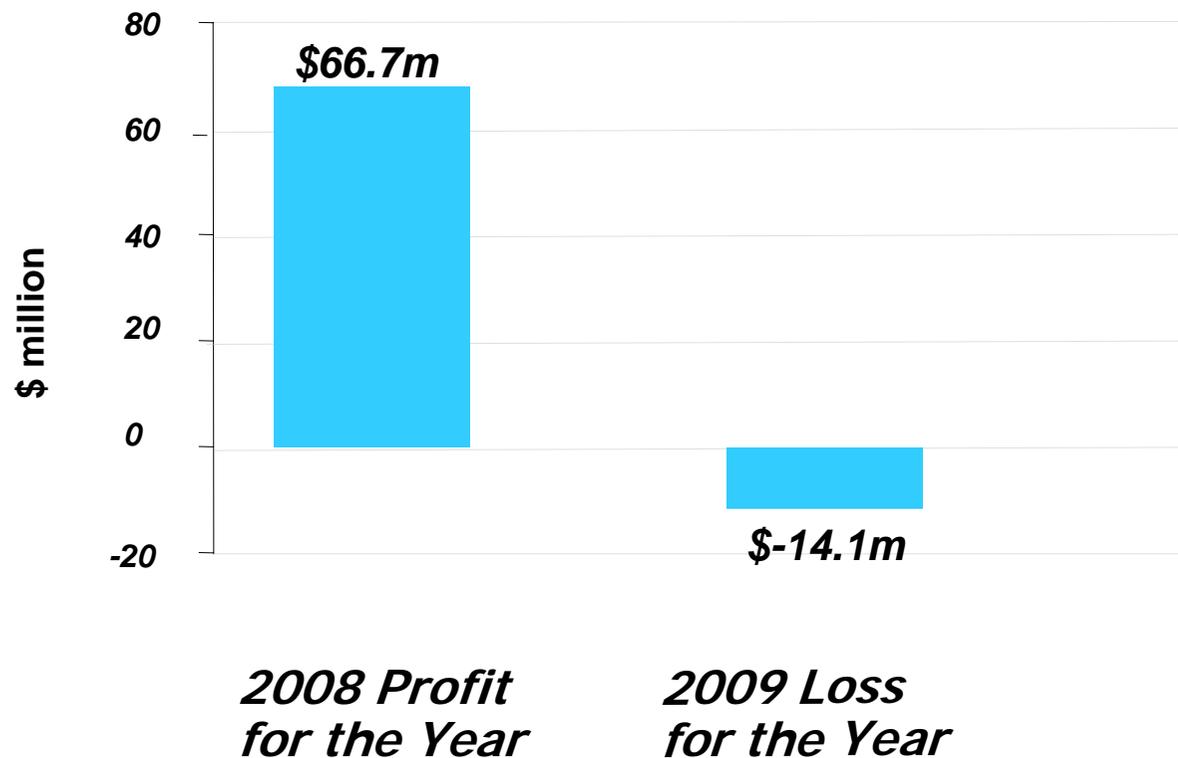
Trading income was positive \$1.5m whereas last year this negative was \$5.7m

Options written income increased \$3.5m over last year

Dividend income increased \$0.7m over last year

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

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



## Major Items after tax

Unrealised impairment charge of \$49.7m

Realised losses on sales of \$27.0m

Mark to Market Options of \$7.4m

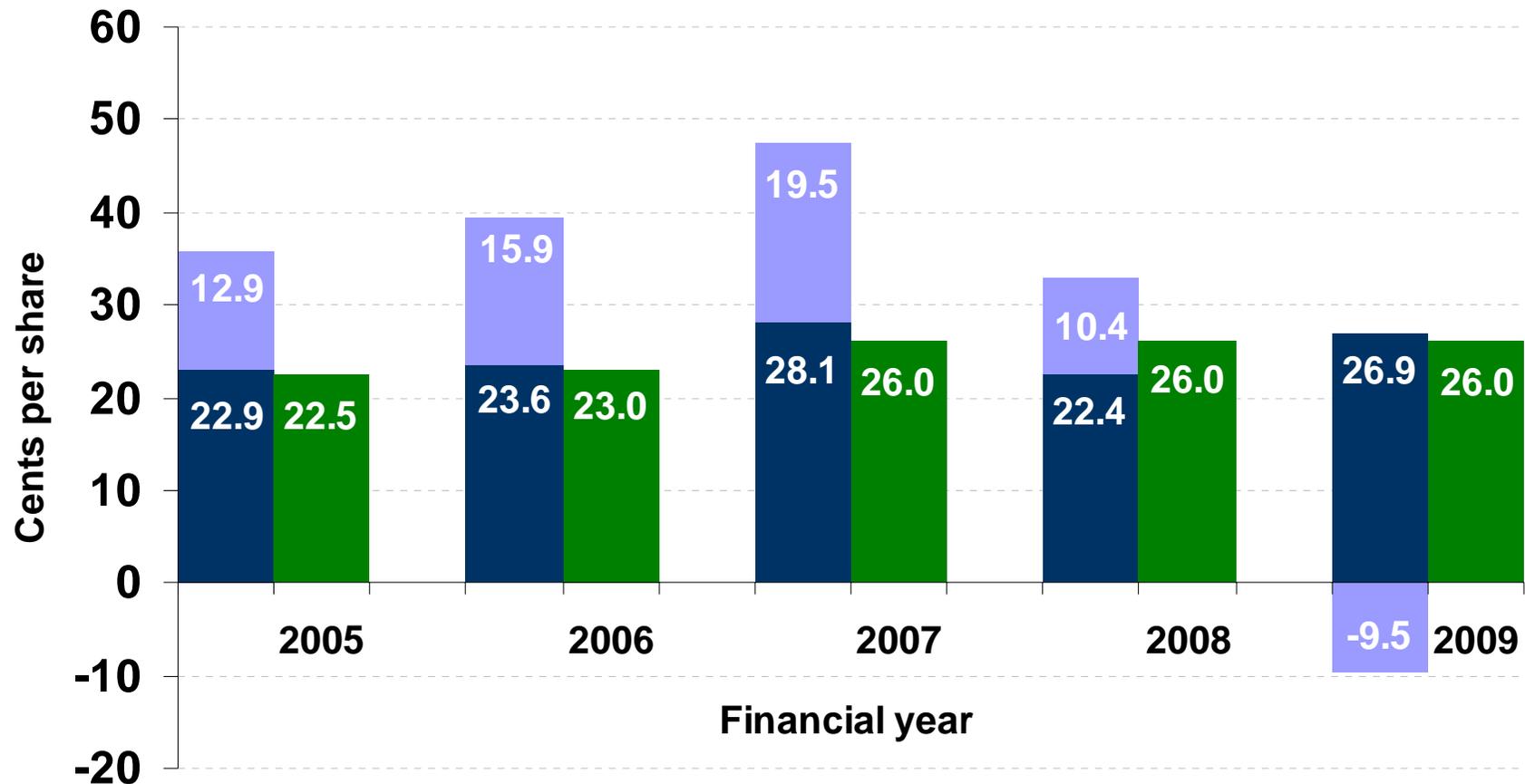
## AIFRS Impairment Charge

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

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

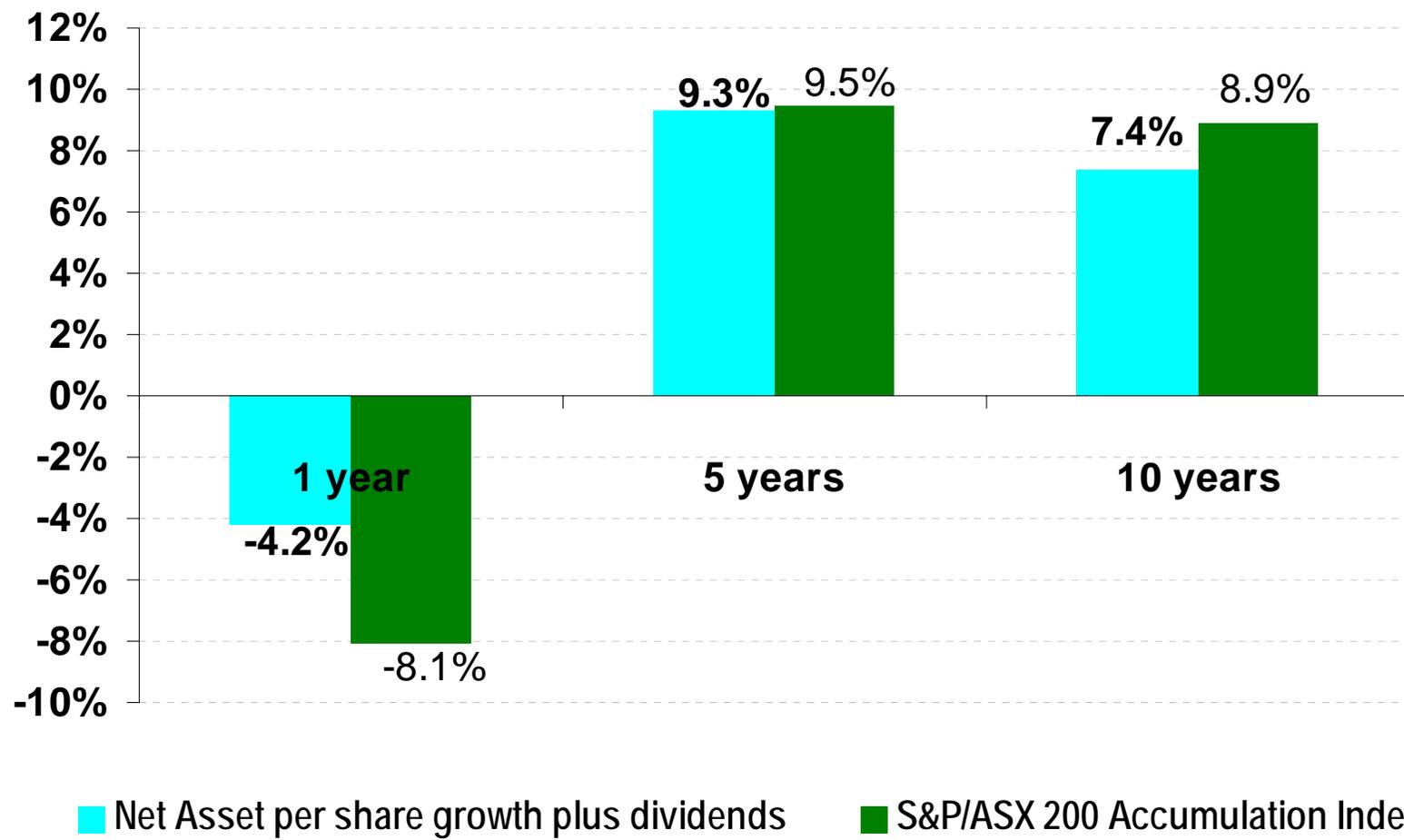
- The unrealised impairment charge of \$49.7 million helped turn the \$55.2 million Operating Profit to an accounting loss of \$14.1 million
- It had no effect on net asset backing per share
- If the balance date had been last Friday, 25 September the impairment charge on these stocks would have been \$35.5 million
- These accounting rules are likely to change again this year.

## Earnings Per Share and Dividends Per Share



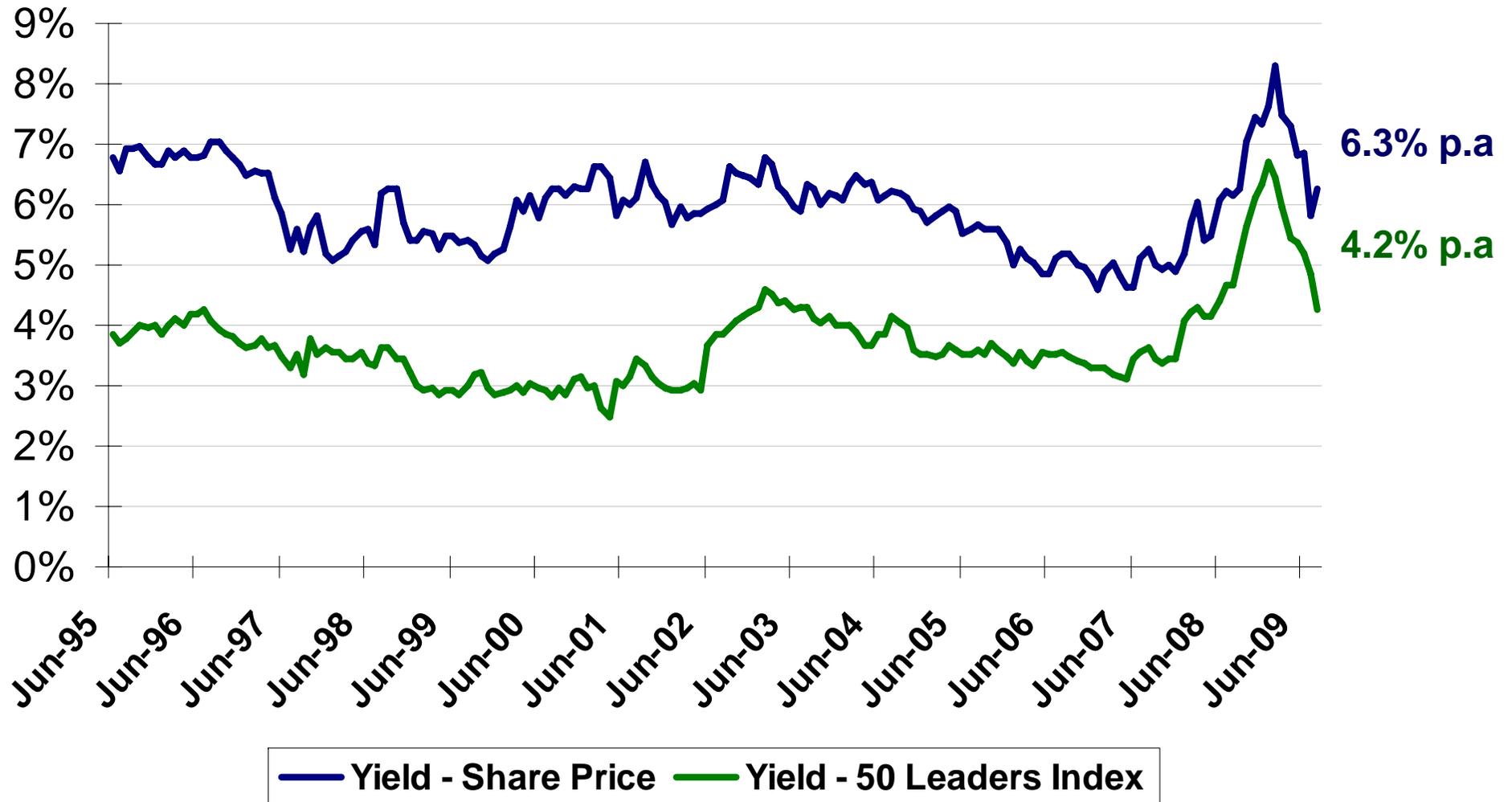
- Dividends per share
- Realised gains/losses per share
- Net operating profit per share

## Annualised Portfolio Returns\* – Year Ended 31 August 2009

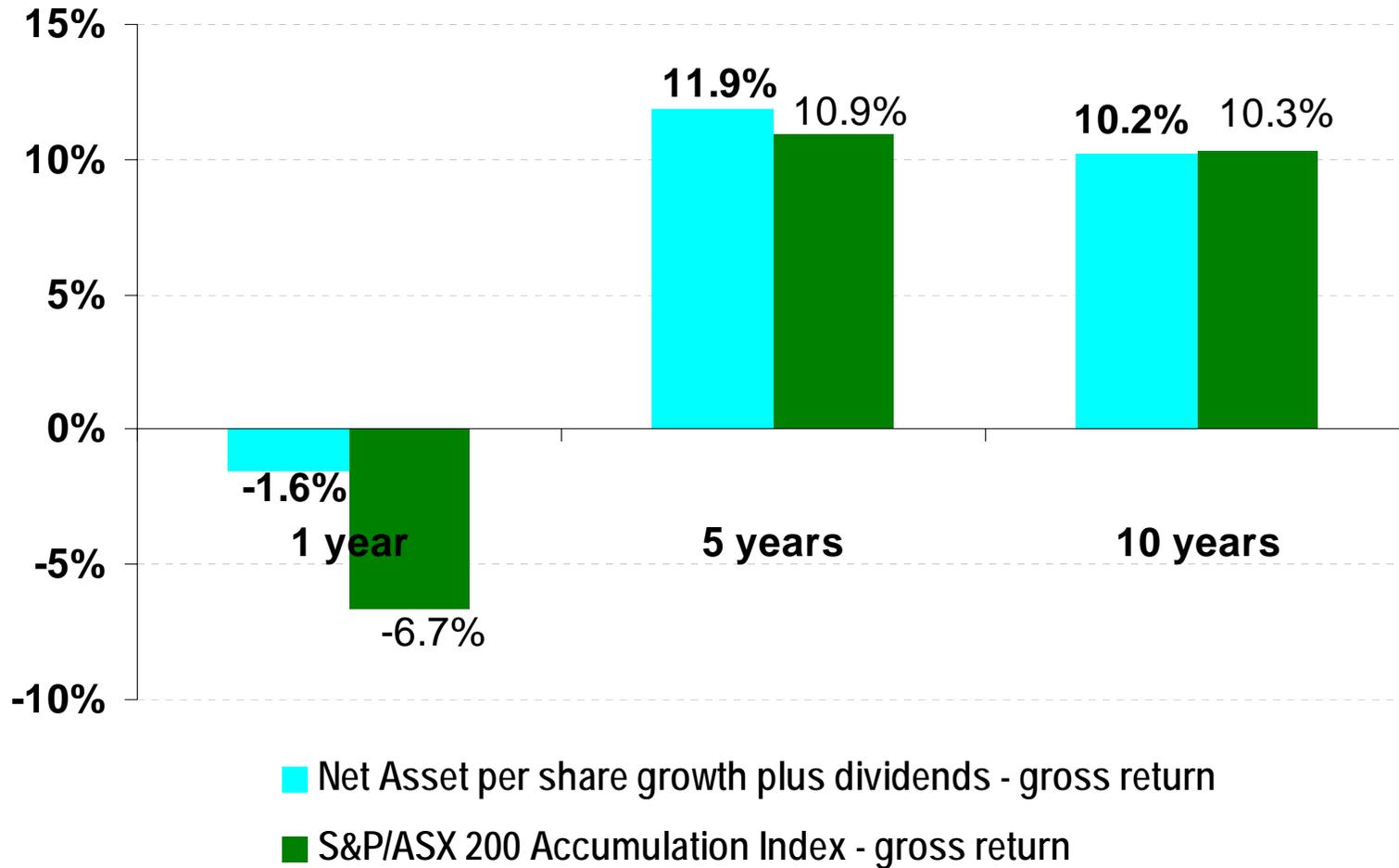


\* After tax and expenses. Ignores benefits of franking and LIC tax credits

## Djerriwarrh Yield v Market Yield



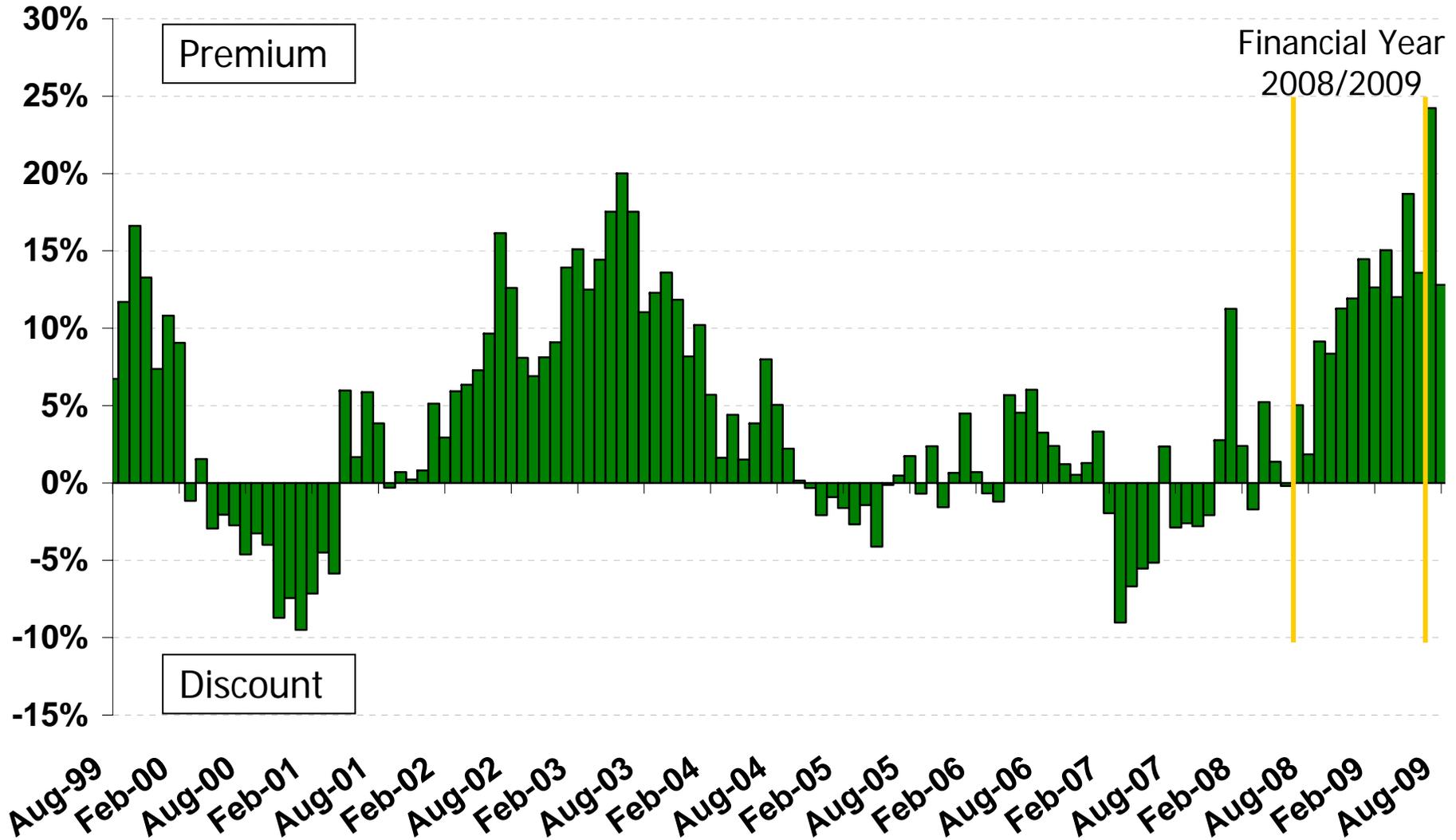
# Annualised Portfolio Returns\* – Year Ended 31 August 2009. Adjusting for the Benefits of Distributed Franking Credits



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

Based on Company estimates

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



## Options Written and Trading Portfolio Profit

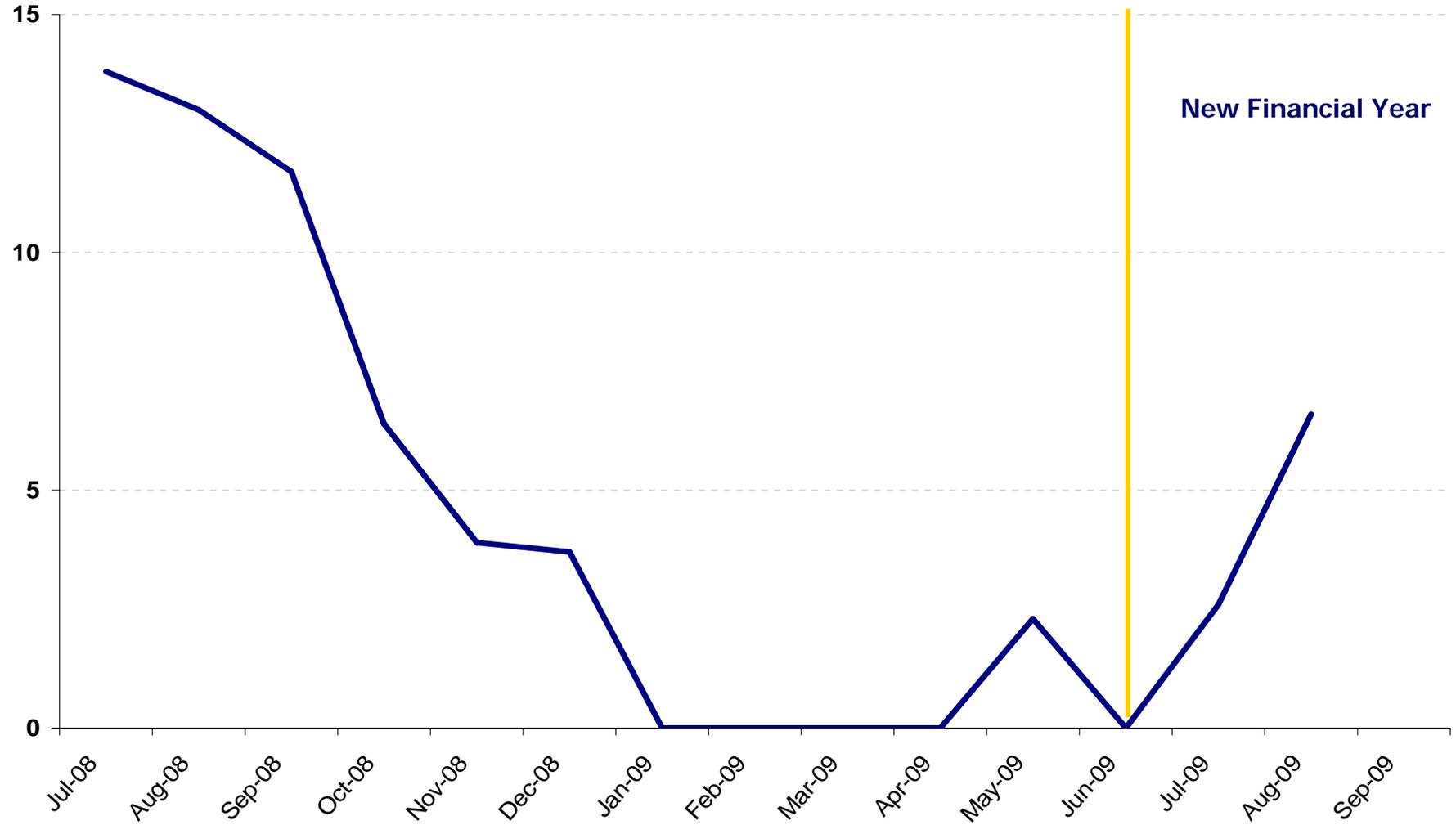
	<b>Trading Profit</b>	<b>Option Written Profit</b>	<b>Operating Profit Before Tax</b>	<b>Change in S&amp;P/ASX 200 Acc. Index (per year)</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>	
June 05	12.7	3.3	38.6	26.4%
June 06	9.6	7.9	42.1	23.9%
June 07	13.8	7.9	60.3	28.7%
June 08	-5.7	19.8	49.0	-13.4%
June 09	1.5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

^ excludes unrealised gains

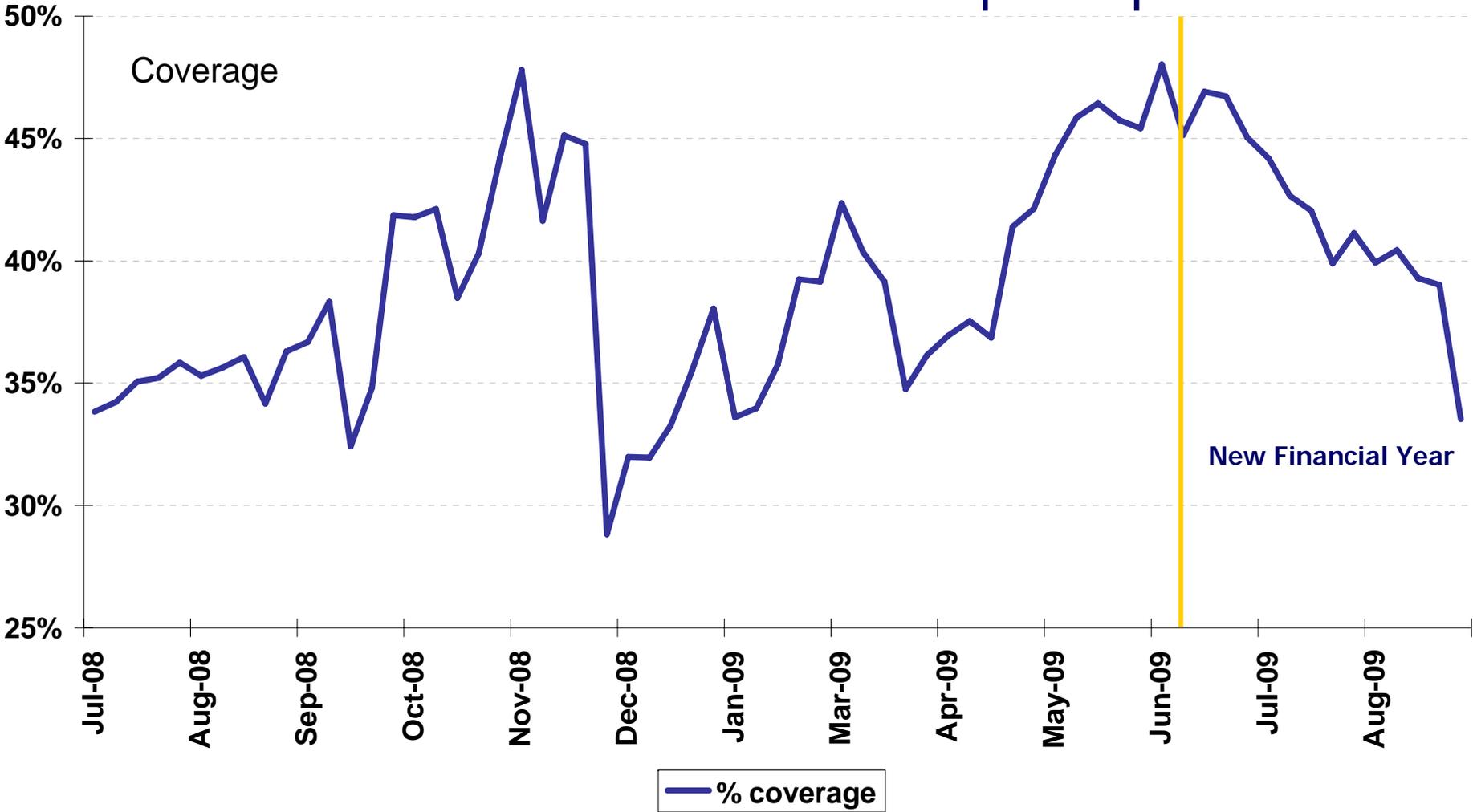
\* under old accounting standards, profit before tax

# Trading Portfolio still low

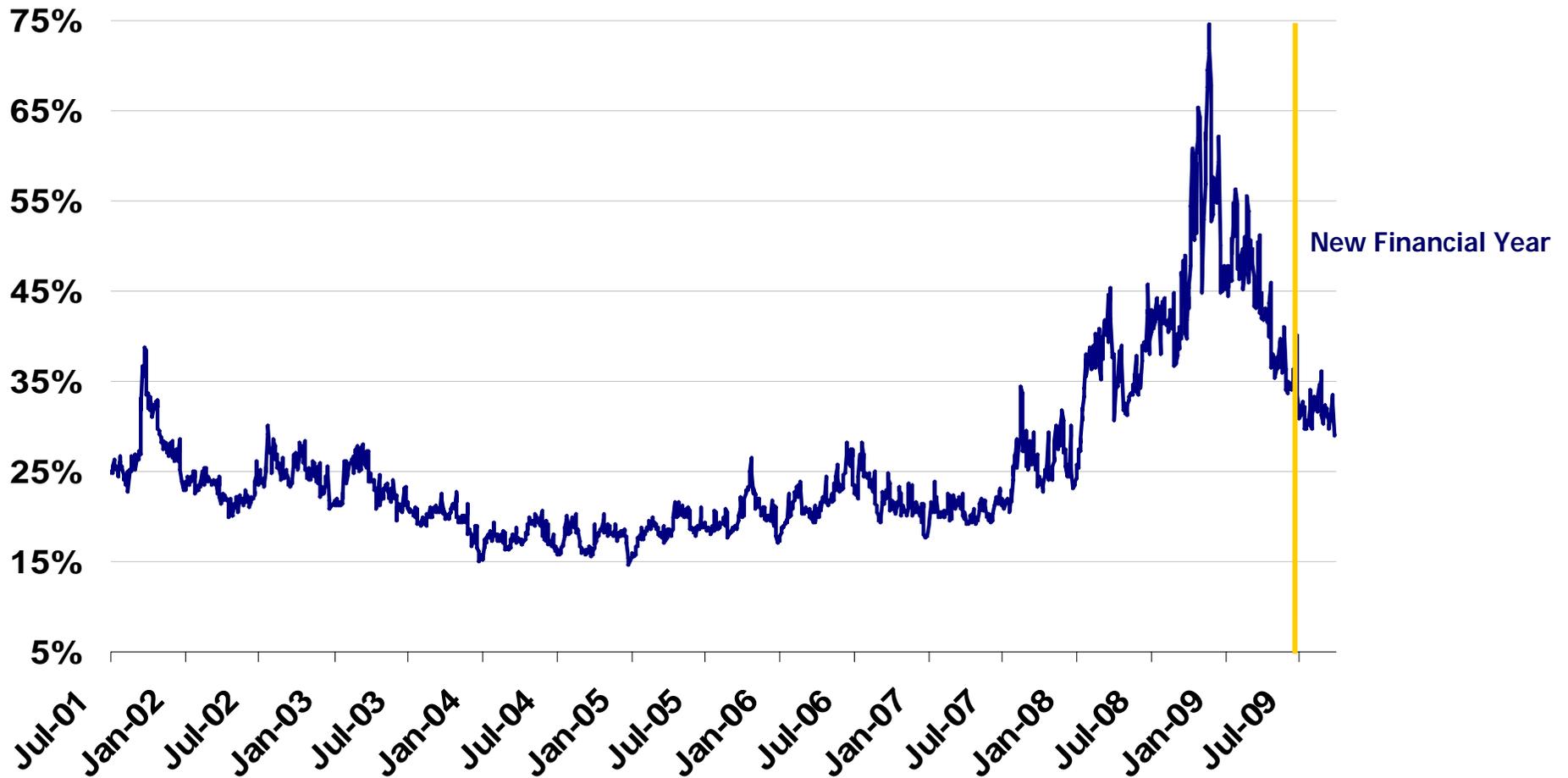
\$ million



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

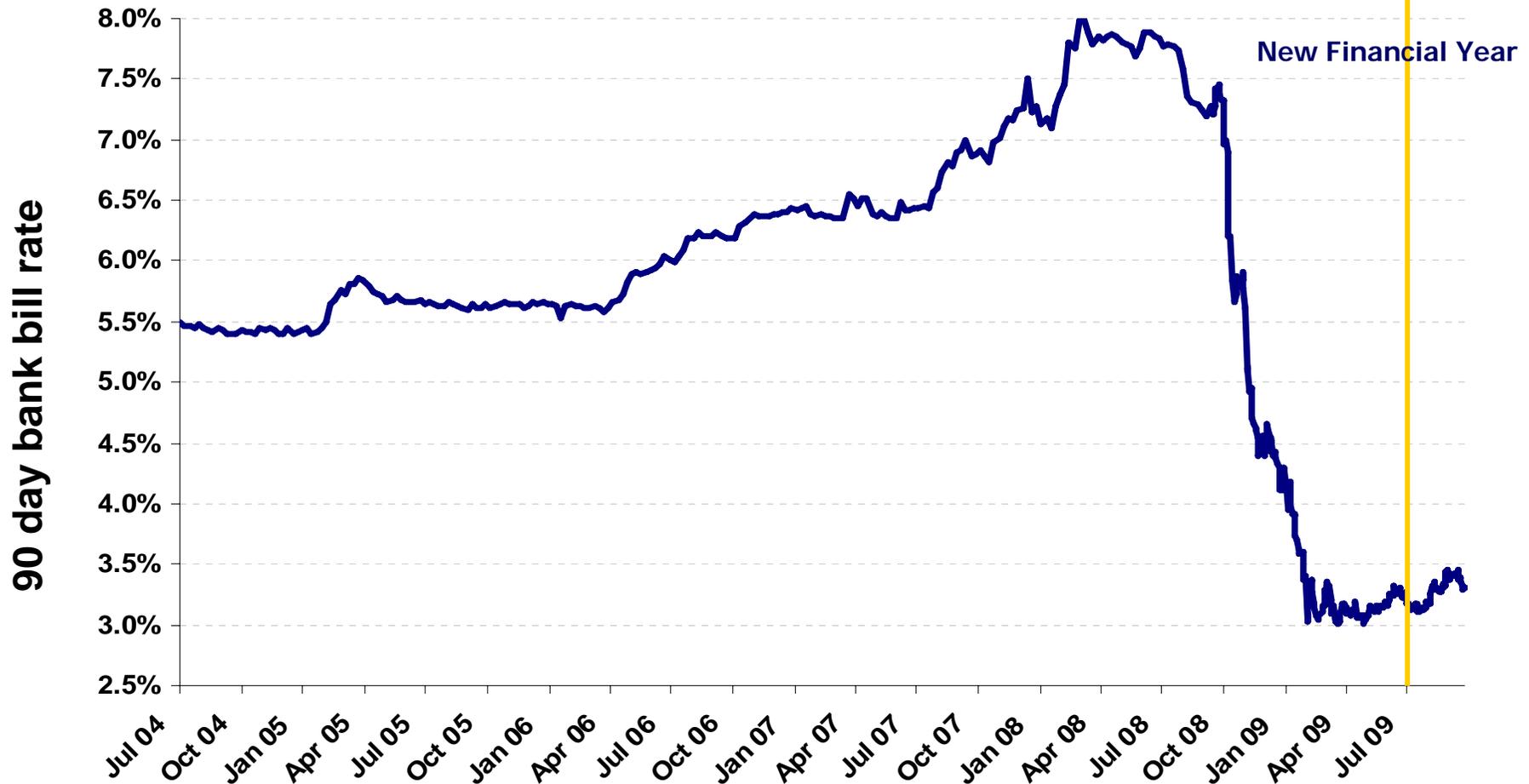


Volatility has fallen dramatically from its peak at the height of the financial crisis – it remains relatively high but is trending downwards as markets recover



Source GSJBW

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



## Profits and Dividends

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

## Major Purchases in Investment Portfolio from 1 July 2009 to 25 September 2009

\$ Million

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

## Major Sales from the Investment Portfolio from 1 July 2009 to 25 September 2009

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

## Top 20 Ordinary Securities – 25 September 2009<sup>1</sup>

		<b>\$ Million</b>
1	* <b>BHP Billiton</b>	<b>92.6</b>
2	* <b>Westpac Banking Corporation</b>	<b>91.6</b>
3	* <b>National Australia Bank</b>	<b>56.2</b>
4	* <b>Commonwealth Bank of Australia</b>	<b>50.8</b>
5	* <b>Telstra Corporation</b>	<b>43.0</b>
6	* <b>Woodside Petroleum</b>	<b>42.3</b>
7	* <b>Australia and New Zealand Banking Group</b>	<b>40.8</b>
8	* <b>Oil Search</b>	<b>28.4</b>
9	* <b>QBE Insurance Group</b>	<b>25.3</b>
10	* <b>Santos</b>	<b>24.0</b>

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

<sup>1</sup> Option Adjusted

## Top 20 Ordinary Securities – 25 September 2009<sup>1</sup> con't.

		<b>\$ Million</b>
11	* Rio Tinto	22.5
12	* Brambles	21.8
13	* AMP	21.5
14	* Woolworths	20.7
15	* West Australian Newspapers Holdings	17.2
16	* Amcor	15.5
17	* Wesfarmers (a)	14.9
18	* Origin Energy	13.7
19	* AXA Asia Pacific Holdings	13.3
20	* Computershare	13.0

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**669.3**

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**As % of Total Portfolio Value  
(excludes Cash )**

**83.1%**

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

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

<sup>1</sup> Option Adjusted

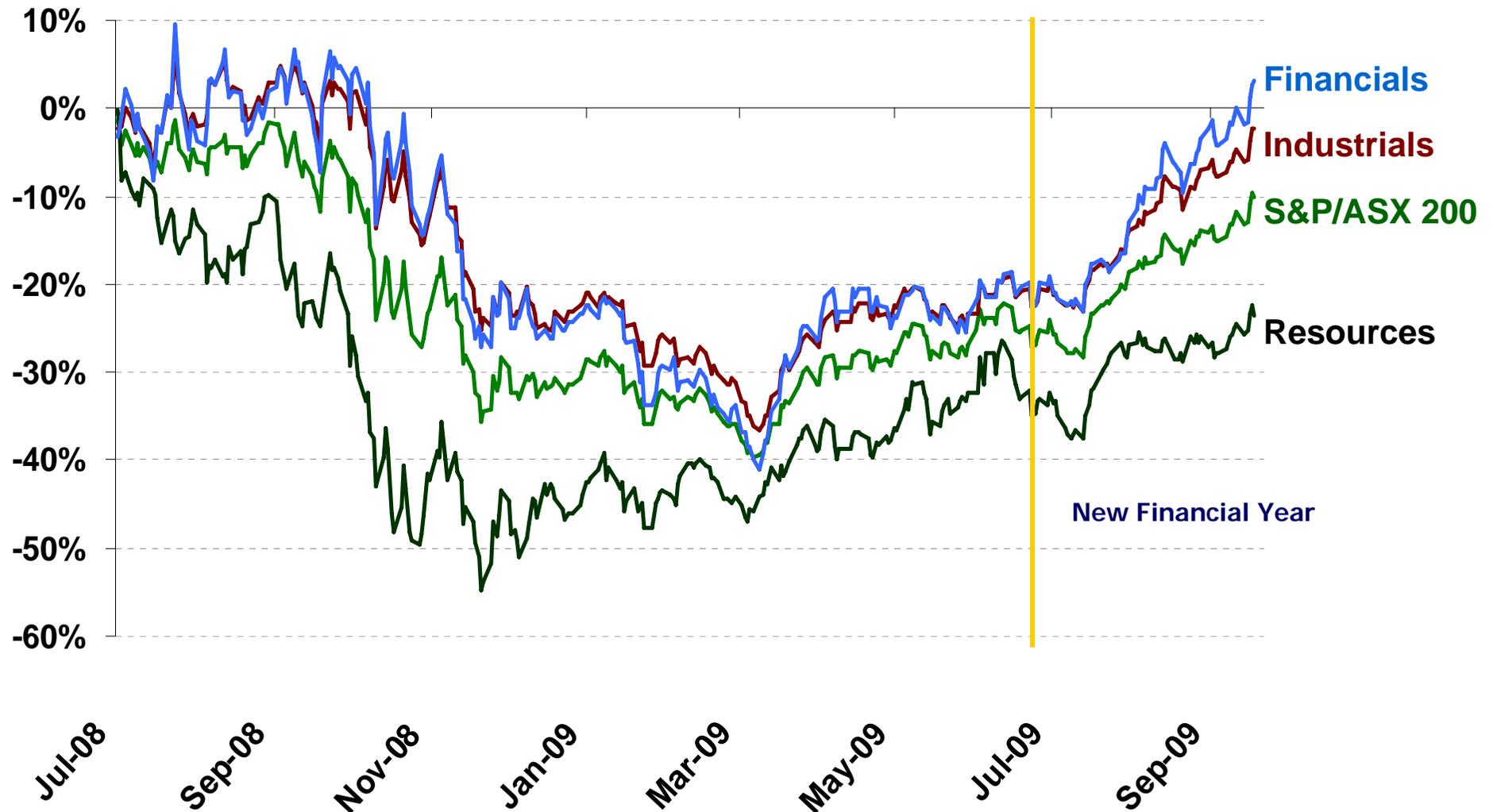
# Djerriwarrh's Investment Structure – 25 September 2009

- Long Term Investment portfolio:
  - A\$827.0 million
  - Approximately 50 securities
  
- Trading portfolio:
  - A\$7.0 million or 0.8%
  - Short term positions
  
- Borrowings of \$72.0 million:
  - \$32.0 million Convertible Notes maturing 30 Sept. 2009 (6.5% p.a.)
  - \$40.0 million bank debt
  
- Cash of \$45.0 million

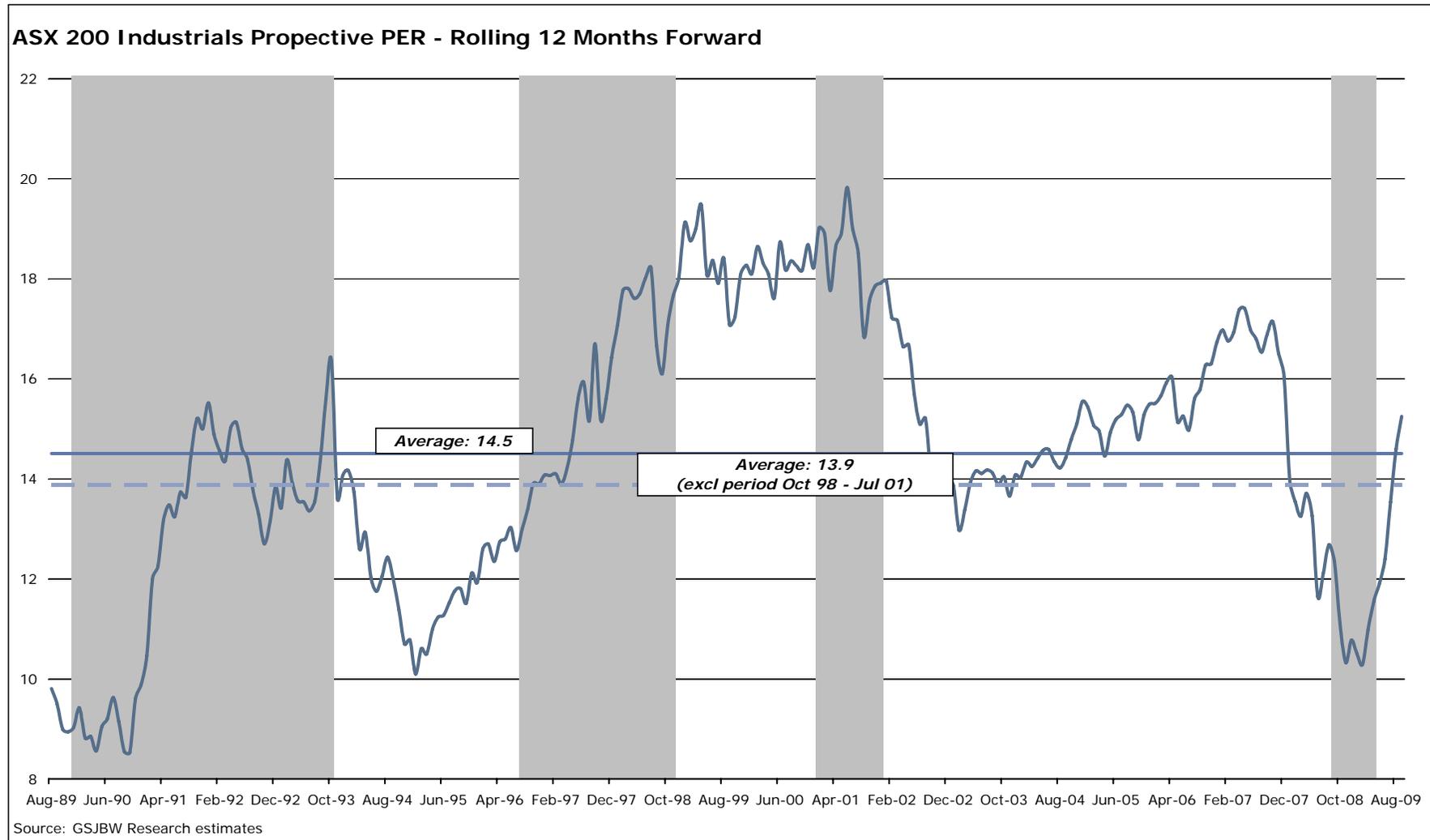
## Convertible Notes

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

# Comparative Price Index Returns Since 1 July 2008



# Valuation levels now back through long term average



## Outlook

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

# Djerriwarrh Investments Limited Annual General Meeting