

Australian Equities,  
Enhanced Yield



## Appendix 4D Statement for the Half Year Ending 31 December 2023



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- Media Release
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This half-year report is presented under listing rule 4.2A and should be read in conjunction with the Company's 2023 Annual Report.

This announcement was authorised for release by the Board of Djerriwarrh Investments Limited.

Djerriwarrh Investments Limited ABN 38 006 862 69



## Results for Announcement to the Market

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The reporting period is for the half year ended 31 December 2023 with the prior corresponding period being the half year ended 31 December 2022.

The Half year financial report has been reviewed by the Company's auditors.

- > The portfolio return for the six months to 31 December 2023 including franking was 9.3%. The S&P/ASX 200 Accumulation Index return including franking over the corresponding period was 8.3%. The 12-month portfolio return to 31 December 2023 including franking was 17.6%, whereas the S&P/ASX 200 Accumulation Index return over the corresponding period including franking was 14.0%.
- > Profit for the half year (including unrealised gains or losses on open option positions) was \$12.8 million, 40.7% down from \$21.7 million in the previous corresponding period.
- > The Net Operating Result for the half year was \$21.9 million, 2.6% up from \$21.3 million in the previous corresponding period. This is the figure Directors have considered when setting the dividend. It excludes the impact of unrealised open option positions and is considered a better measure of the Company's income from its investment activities.
- > Revenue from operating activities was \$19.5 million, 5.6% up from \$18.5 million in the previous corresponding period. This includes dividends and distributions received from the Company's investments but excludes trading and option income and capital gains on investments.
- > The interim dividend has been set at 7.25 cents per share fully franked, the same as the corresponding period last year. It will be paid on 22 February 2024 to ordinary shareholders on the register on 31 January 2024. There is no conduit foreign income component of the dividend.
- > None of the interim dividend is sourced from taxable capital gains, on which the Company has paid or will pay tax. The amount of the pre-tax attributable gain on this portion of the dividend, known as an 'LIC capital gain', is therefore nil.
- > The final dividend for the 2023 financial year was 7.75 cents per share, fully franked, and it was paid to shareholders on 25 August 2023.
- > A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available; the price will be set at a **nil** discount to the Volume Weighted Average Price of the Company's shares traded on the ASX and Cboe automated trading systems over the five trading days after the shares trade ex-dividend. Notices of participation in the DRP and the DSSP need to be received by the share registry by 5 pm (AEST) on 1 February 2024. The shares trade ex-dividend on 30 January 2024. All shares issued under the DRP and DSSP will rank equally with existing shares.
- > Net tangible assets per share before any provision for deferred tax on the unrealised gains or losses on the long term investment portfolio as at 31 December 2023 were \$3.33 (before allowing for the interim dividend), up from \$3.03 (also before allowing for the interim dividend) at the end of the previous corresponding period.
- > The Company will be providing an update on these results via a webcast for shareholders on Monday 22 January 2024 at 3.30 p.m. (AEST). Details are on the website at [djerri.com.au](http://djerri.com.au).

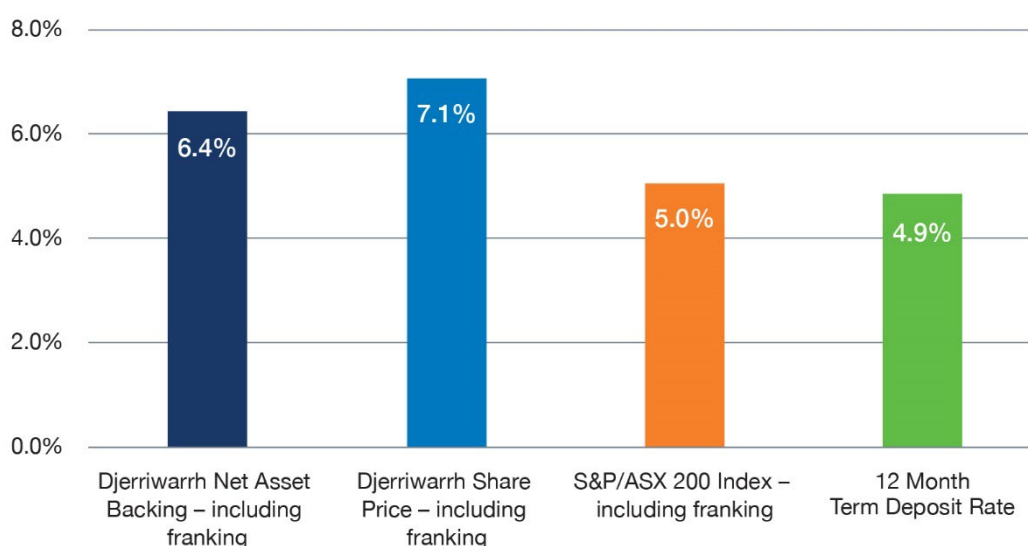
# Portfolio Outperforms - Enhanced Yield Delivered

## Half Year Report to 31 December 2023

Djerriwarrh seeks to provide shareholders with a total return comprising an enhanced level of fully franked income that is higher than is available from the S&P/ASX 200 together with long term capital growth, delivered at a low cost. The enhanced yield is achieved through a bias to investing in companies with higher dividend income, produced over the short and long term, as well as using option strategies to generate additional income.

The interim dividend has been maintained at 7.25 cents per share fully franked. Based on the interim dividend declared and final dividend paid, the dividend yield on the current net asset backing represents an enhanced yield of 1.4 percentage points higher than that available from the S&P/ASX 200 Index.

### Yield at 31 December 2023 (based on the interim dividend declared and final dividend paid)



The portfolio return for the six months to 31 December 2023 including franking was 9.3%. The S&P/ASX 200 Accumulation Index return including franking over the corresponding period was 8.3%. The 12-month portfolio return to 31 December 2023 including franking was 17.6%, whereas the S&P/ASX 200 Accumulation Index return over the corresponding period including franking was 14.0%.

Half Year Profit was \$12.8 million, down from \$21.7 million in the corresponding period last year. Key components of this result are:

- > income from investments was \$19.5 million, up from \$18.5 million in the corresponding period last year,
- > income from option activity was \$9.4 million, up from \$8.4 million in the corresponding period last year, and
- > impact of net unrealised losses (before tax) from open option positions produced a loss of \$13.0 million whereas last half year this figure was positive \$0.4 million. These unrealised losses can arise when prices on the underlying stocks increase in value, but often reduce as options approach expiry.

Net Operating Result for the six months to 31 December 2023 (which excludes the impact of open option positions and is therefore a better measure of the Company's income from its investment activities) was \$21.9 million, up from \$21.3 million in the corresponding period last year.



## Profit and Interim Dividend

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The level of dividend declared each period is determined by taking into consideration the Net Operating Result (which is made up of the dividends received from the companies that Djerriwarrh invests in, as well as the income generated from option strategies) and a prudent distribution of realised capital gains when available. The Company believes the Net Operating Result, which excludes the valuation impact of open option positions, is a better measure of Djerriwarrh's income from its investment activities.

The Net Operating Result per share for the six months to 31 December 2023 was 8.4 cents per share, in line with the corresponding period last year.

Dividend income was up during the period because of increased holdings across several companies such as Telstra Group, Macquarie Group and Woodside Energy Group and in particular the major banks. The Commonwealth Bank of Australia and Westpac Banking Corporation also increased their dividends through the half year. Djerriwarrh also received a special dividend because of Newmont Corporation's takeover of Newcrest Mining during the half year. These contributions help offset the decline in the dividend received from BHP over the period, which was expected.

There was an improvement in the amount of option income generated for the half year, \$9.4 million versus \$8.4 million in the corresponding period last year.

There were no realised capital gains distributed during the half year.

An interim dividend of 7.25 cents per share fully franked has been declared, the same as the corresponding period last year.

Based on the interim dividend declared and final dividend paid, the dividend yield on the current net asset backing is 4.5%, and 6.4% grossed up for franking credits (assuming a shareholder can take full advantage of the franking credits). Based on the net asset backing and including franking this represents an enhanced yield of 1.4 percentage points higher than that available from the S&P/ASX 200 Index.

## Portfolio Performance

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Djerriwarrh's total portfolio return for the six months to 31 December 2023 including franking was 9.3%. The S&P/ASX 200 Accumulation Index return including franking was 8.3%.

The more significant contributors (including dividends and option income) to Djerriwarrh's portfolio performance over the six-month period were National Australia Bank, BHP, Commonwealth Bank of Australia, Wesfarmers and JB Hi-Fi.

For the year to 31 December 2023, the total portfolio return including franking was 17.6 % whereas the S&P/ASX 200 Accumulation Index including franking over the corresponding period was 14.0% (see attached performance table page 9).

Djerriwarrh's relative performance over this period was driven by the strong increase in the share prices of holdings such as JB Hi-Fi, James Hardie Industries, CAR Group, Reece Limited and ARB Corporation. In addition, the underweight position in mid-sized resource companies, particularly in the lithium sector, also had a positive impact on relative performance over the 12-month period.

## Option Activity

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In terms of our overall option strategy, our goal remains to write single stock options against companies held in the portfolio to generate additional income. This assists Djerriwarrh in meeting its enhanced yield objective. We also limit our overall call option coverage of the portfolio in order to achieve long term capital growth.





Option income increased 11.8% to \$9.4 million during the half year. This followed on from a strong result in the prior corresponding period and was achieved despite the low level of equity market volatility that prevailed for much of the period. Call options contributed \$9.0 million to the option income result, with put options contributing \$0.4 million.

The financial year began with call option coverage of 32%, towards the bottom end of our normal range of 30% to 40%. We then increased the portfolio's call option coverage taking it to 37% by the end of August as the S&P/ASX 200 Index rose. The subsequent fall in the overall market from the start of September to the end of October enabled us to capture a significant amount of call option income. In the majority of cases we chose not to re-write call options at this point given the value we saw in the market, with many share prices having returned to very attractive levels. As a result, call option coverage at the end of October fell to 28.5%. Around this time, we took the opportunity to write put options in a number of our portfolio holdings given our view on quality and value, including companies such as CSL and Telstra.

The portfolio's positioning at the end of October, particularly the lower-than-average call option coverage and the put option positions, proved highly beneficial as the market ran strongly into the end of calendar year 2023. As a result, the portfolio benefited from the 12% rise in the S&P/ASX 200 Index over November and December, while also allowing us to capture a significant amount of option income.

We used the market's strong performance to subsequently increase call option coverage to 39% by the end of December. We therefore enter the second half of financial year 2024 with a good amount of option premium in the book. Given the strong run in the market we have chosen not to replace any of our put positions, meaning there is no put option exposure in the portfolio at 31 December 2023.

## Portfolio Adjustments

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During the period a portion of our holdings in a number of companies was sold as a result of call option exercises because of share price strength. This included James Hardie Industries, CAR Group, BHP, Commonwealth Bank of Australia and National Australia Bank. Most of these sales occurred towards the end of the period during the market's strong run into the end of calendar year 2023. In the vast majority of these sales we chose not to buy back the stock.

We were also active sellers of our small remaining holdings in IAG and AMP during the period.

The capital realised from these sales was used to invest in what we consider to be quality companies trading at attractive prices. Our largest purchase for the period was Telstra Group. We think Telstra Group has the right strategy in place to deliver sustainable earnings and dividend growth. Value in the share price during the period encouraged us to add to our position.

We also added to our holdings in Woodside Energy Group, Macquarie Group, Transurban, ASX and CSL at attractive prices.

We added two new holdings during the period – Newmont Corporation and Mineral Resources.

Our position in Newmont resulted from its takeover of Newcrest Mining in October 2023. We purchased Newcrest prior to the transaction being finalised, which enabled us to benefit from the large special dividend that was paid to Newcrest shareholders as part of the takeover. Newmont is a well-diversified gold and copper mining company that owns high-quality assets in attractive jurisdictions. We think Newmont offers a good mix of income and growth along with some extra diversification for our portfolio given its gold exposure.



Mineral Resources is a diversified mining company. Its largest commodity exposure is lithium, but it also has operations in iron ore, energy and mining services. We like the long term outlook for lithium and rate the management team highly. We took the opportunity to buy into this company in October 2023 at prices well below its share price highs in January 2023.

We see this activity as a continuation of our strategy to maintain a diversified portfolio of quality companies that can deliver Djerriwarrh the appropriate balance between income and growth.

## Outlook

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Despite a year characterised by concerns around inflation, interest rates and geopolitical conflicts, the market had an incredibly strong finish to the calendar year, closing 2023 around all-time high levels for the S&P/ASX 200 Index. We think this leaves the market looking fully valued, especially against long-term averages for the market's price to earnings ratio and dividend yield.

In this context we enter calendar year 2024 with call option coverage at 39%, which is towards the top end of our typical 30% to 40% call option coverage range. Alongside this we have no put option positions, and we have lower net debt compared to six months ago.

In terms of our Option Income, the options book is in good shape. The high level of call option coverage means we have a significant amount of option income already in the books for the second half of the financial year 2024. The market's strong recent performance means a large but manageable amount of our call option exposure has moved 'in the money', with the exposure well spread across stocks and maturity dates.

In terms of our Dividend Income, current market expectations for the S&P/ASX 200 Index are for overall dividend levels to be flat to slightly down for financial year 2024. This is largely due to lower dividends from major resource companies such as BHP, Rio Tinto and Woodside Energy Group following abnormally high dividend payments in the prior year. Somewhat offsetting this were solid dividend levels from the banks, infrastructure and real estate companies in November and December 2023.

The upcoming February profit reporting season will give us better clarity as to the outlook for our dividend income for the second half of this financial year. In terms of our key portfolio holdings, we remain confident about the strength of balance sheets and the sustainability of dividend payout ratios, but the impact of higher interest rates on households will likely be a large influence again on how companies present their outlook statements and set their dividend levels. In the context of our dividend income some of the key companies for us during reporting season will include BHP, Commonwealth Bank of Australia, Wesfarmers, Telstra Group, JB HiFi and Woodside Energy Group.

Despite the short term uncertainties about the direction of economies and financial markets, we believe by owning a diversified portfolio of quality companies Djerriwarrh is well placed to produce an enhanced yield as well as capital growth over the long term.

Please direct any enquiries to:

<b>Mark Freeman</b>	<b>Geoff Driver</b>
Managing Director	General Manager
(03) 9225 2101	(03) 9225 2102

22 January 2024



## Major Transactions in the Investment Portfolio (over \$5 million)

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<b>Acquisitions</b>	<b>Cost (\$'000)</b>
Telstra Group	20,151
Woodside Energy Group	9,066
Newcrest Mining/Newmont Corporation*	5,984
Mineral Resources	5,144

<b>Disposals</b>	<b>Proceeds (\$'000)</b>
James Hardie Industries (largely because of the exercise of call options)	16,840
CAR Group^	16,049
BHP^	7,352
Commonwealth Bank of Australia^	6,405
National Australia Bank^	5,738

\* Newcrest was a new stock and converted to Newmont Corporation due to takeover.

^ because of the exercise of call options

### New Companies Added to the Portfolio

Newmont Corporation  
Mineral Resources

## Top 20 Investments at 31 December 2023

Includes investments held in both the investment and trading portfolios.

### Value at Closing Prices at 29 December 2023

		Total Value \$ Million	% of the Portfolio
1	BHP*	66.5	7.1%
2	Westpac Banking Corporation*	57.0	6.1%
3	CSL*	56.8	6.0%
4	Commonwealth Bank of Australia*	56.6	6.0%
5	Macquarie Group*	54.9	5.9%
6	National Australia Bank*	54.5	5.8%
7	Transurban Group*	49.3	5.3%
8	Wesfarmers*	41.7	4.4%
9	Telstra Group*	38.1	4.1%
10	JB Hi-Fi*	30.3	3.2%
11	Woolworths Group*	27.4	2.9%
12	Woodside Energy Group*	26.2	2.8%
13	ASX*	25.8	2.7%
14	EQT Holdings	25.6	2.7%
15	Coles Group*	21.4	2.3%
16	Region Group*	20.3	2.2%
17	ARB Corporation*	19.2	2.0%
18	Mirvac Group*	18.6	2.0%
19	Goodman Group*	18.5	2.0%
20	Mainfreight*	17.5	1.9%
<b>Total</b>		<b>726.0</b>	

As percentage of total portfolio value (excludes cash) **77.4%**

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



## Portfolio Performance to 31 December 2023

Performance Measures to 31 December 2023	6 Months	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
<b>Portfolio Return – Net Asset Backing Return Including Dividends Reinvested</b>	8.2%	15.3%	7.8%	7.3%	4.7%
S&P/ASX 200 Accumulation Index	7.6%	12.4%	9.2%	10.3%	7.9%
<b>Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*</b>	9.3%	17.6%	9.7%	9.5%	7.3%
S&P/ASX 200 Gross Accumulation Index*	8.3%	14.0%	10.8%	11.8%	9.5%

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

Past performance is not indicative of future performance.



# **DJERRIWARRH INVESTMENTS LIMITED**

ABN 38 006 862 693

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## **HALF-YEAR REPORT 31 DECEMBER 2023**

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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:** Graham B. Goldsmith AO, Chairman  
Bruce R. Brook  
Kathryn J. Fagg AO  
Geoffrey I. Roberts  
Alice J. M. Williams  
Karen J. Wood  
Mark Freeman, Managing Director

**Company Secretaries:** Matthew J. Rowe  
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: Level 21, 101 Collins Street, Melbourne, Victoria 3000  
Telephone: (03) 9650 9911  
Facsimile: (03) 9650 9100  
Email: [invest@djerri.com.au](mailto:invest@djerri.com.au)  
Internet address: [djerri.com.au](http://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 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 Dividend Substitution Share Plan (DSSP)) 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 2023 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:

G.B. Goldsmith AO (appointed Director April 2013, appointed Chairman October 2022)  
B.R. Brook (appointed August 2021)  
K.J. Fagg AO (appointed May 2014)  
G.I. Roberts (appointed July 2022)  
A.J.M. Williams (appointed May 2010)  
K.J. Wood (appointed July 2016)  
R.M. Freeman (appointed January 2018)

### Company operations and results

#### Overview

Djerriwarrh seeks to provide an enhanced level of fully franked income that is higher than what is available from the S&P/ASX 200. The enhanced dividend yield is achieved through a bias to investing in higher dividend yielding companies, as well as using option strategies to generate additional income and realised capital gains. The use of options will typically reshape the profile of returns producing more immediate income at the expense of potential capital growth.

#### Performance Indicators and Outcomes

The profit of the Company for the half-year to 31 December 2023, which includes the unrealised gains or losses on open option positions in the options written portfolio, was \$12.8 million, down 40.7% from \$21.7 million in the previous corresponding period due to the movement in the open options position.

Djerriwarrh's net operating result for the half-year was \$21.9 million, up from \$21.3 million or 2.6% 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. In the opinion of Directors, this is a better measure of the Company's income from investment activities as it excludes the impact of open option positions.

The portfolio return for the 6 months (measured by change in the net asset backing per share plus dividends reinvested) was 8.2% compared to the return of the S&P/ASX 200 Accumulation Index for the same period which was 7.6%. Djerriwarrh's return is after management expenses and taxation whilst the index returns do not include these charges.

The Board has declared a fully franked interim dividend of 7.25 cents per share, the same as the previous corresponding period.

### **Auditor's independence declaration**

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 14.

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

The Company is of a kind referred to in the ASIC Corporations' (Rounding in Financial/Directors' Reports) Instrument 2016/191, 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 Instrument.

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

A handwritten signature in black ink, appearing to read 'G. B. Goldsmith', with a stylized flourish at the end.

G. B. Goldsmith AO  
Chairman  
Melbourne

22 January 2024





### Auditor's Independence Declaration

As lead auditor for the review of Djerriwarrh Investments Limited for the half-year ended 31 December 2023, 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.

A handwritten signature in blue ink, appearing to read 'Kate L Logan'.

Kate L Logan  
Partner  
PricewaterhouseCoopers

Melbourne  
22 January 2024

PricewaterhouseCoopers, ABN 52 780 433 757  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999, [www.pwc.com.au](http://www.pwc.com.au)

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# INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Half-year 2023 \$'000	Half-year 2022 \$'000
Dividends and distributions		19,440	18,398
Revenue from deposits and bank bills		46	53
<b>Total revenue</b>		<b>19,486</b>	<b>18,451</b>
Net gains/(losses) on trading portfolio		11	92
Income from options written portfolio		9,393	8,401
<b>Income from operating activities</b>	<b>3</b>	<b>28,890</b>	<b>26,944</b>
Finance costs		(2,833)	(1,622)
Administration expenses		(1,935)	(1,917)
Share of net profit from Associate	<b>12</b>	117	394
<b>Operating result before income tax expense</b>		<b>24,239</b>	<b>23,799</b>
Income tax expense*		(2,334)	(2,453)
<b>Net operating result for the half-year</b>		<b>21,905</b>	<b>21,346</b>
Net unrealised gains/(losses) on open options positions		(12,955)	443
Deferred tax on open options positions*		3,886	(133)
		(9,069)	310
<b>Profit for the half-year</b>		<b>12,836</b>	<b>21,656</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	<b>9</b>	4.90	8.54
		<b>\$'000</b>	<b>\$'000</b>
* Total Tax (Expense)/Credit		1,552	(2,586)

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

# STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Half-Year to 31 December 2023			Half-Year to 31 December 2022		
	Revenue	Capital	Total	Revenue	Capital	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Profit for the half-year</b>	<b>21,905</b>	<b>(9,069)</b>	<b>12,836</b>	<b>21,346</b>	<b>310</b>	<b>21,656</b>
<b>Other Comprehensive Income</b>						
<i>Items that will not be recycled through the Income Statement</i>						
Gains/(losses) for the period on equity securities in the investment portfolio	-	55,577	<b>55,577</b>	-	22,446	<b>22,446</b>
Tax on above	-	(17,350)	<b>(17,350)</b>	-	(7,071)	<b>(7,071)</b>
<b>Total other comprehensive income <sup>1</sup></b>	<b>-</b>	<b>38,227</b>	<b>38,227</b>	<b>-</b>	<b>15,375</b>	<b>15,375</b>
<b>Total comprehensive income <sup>2</sup></b>	<b>21,905</b>	<b>29,158</b>	<b>51,063</b>	<b>21,346</b>	<b>15,685</b>	<b>37,031</b>

<sup>1</sup> Net capital gains/(losses) not accounted 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.

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

## BALANCE SHEET AS AT 31 DECEMBER 2023

		31 Dec 2023 \$'000	30 June 2023 \$'000
	Note		
<b>Current assets</b>			
Cash		836	789
Receivables		2,604	6,093
Trading portfolio		267	256
<b>Total current assets</b>		<b>3,707</b>	<b>7,138</b>
<b>Non-current assets</b>			
Investment portfolio		954,112	913,798
Deferred tax assets – investment portfolio	5	-	368
Deferred tax assets - other	5	3,703	1,113
Shares in associate		1,616	1,534
<b>Total non-current assets</b>		<b>959,431</b>	<b>916,813</b>
<b>Total assets</b>		<b>963,138</b>	<b>923,951</b>
<b>Current liabilities</b>			
Payables		338	768
Tax payable		1,089	414
Borrowings – bank debt		71,500	93,500
Options sold	4	16,249	3,864
<b>Total current liabilities</b>		<b>89,176</b>	<b>98,546</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities - investment portfolio	5	15,456	-
<b>Total non-current liabilities</b>		<b>15,456</b>	<b>-</b>
<b>Total liabilities</b>		<b>104,632</b>	<b>98,546</b>
<b>Net Assets</b>		<b>858,506</b>	<b>825,405</b>
<b>Shareholders' equity</b>			
Share Capital	6	758,675	756,573
Revaluation Reserve		81,384	47,673
Realised Capital Gains Reserve	7	(65,085)	(69,601)
Retained Profits		83,532	90,760
<b>Total shareholders' equity</b>		<b>858,506</b>	<b>825,405</b>

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

## STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

Half-Year to 31 December 2023	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the half-year		756,573	47,673	(69,601)	90,760	825,405
Dividends paid	8	-	-	-	(20,064)	(20,064)
Shares issued under Dividend Reinvestment Plan	6	2,112	-	-	-	2,112
Share Issue Costs	6	(10)	-	-	-	(10)
<b>Total transactions with shareholders</b>		<b>2,102</b>	<b>-</b>	<b>-</b>	<b>(20,064)</b>	<b>(17,962)</b>
Profit for the half-year		-	-	-	12,836	12,836
<b>Other Comprehensive Income</b>						
Net gains for the period on equity securities in the investment portfolio		-	38,227	-	-	38,227
<b>Other Comprehensive Income for the half-year</b>		<b>-</b>	<b>38,227</b>	<b>-</b>	<b>-</b>	<b>38,227</b>
Transfer to Realised Capital Gains Reserve of net cumulative gains on investments sold		-	(4,516)	4,516	-	-
<b>Total equity at the end of the half-year</b>		<b>758,675</b>	<b>81,384</b>	<b>(65,085)</b>	<b>83,532</b>	<b>858,506</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 2023

Half-Year to 31 December 2022	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the half-year		689,325	9,167	(71,008)	86,880	714,364
Dividends paid	8	-	-	-	(16,456)	(16,456)
Shares issued under Dividend Reinvestment Plan		1,839	-	-	-	1,839
Shares issued under Share Purchase Plan		63,508	-	-	-	63,508
Share Issue Costs		(123)	-	-	-	(123)
<b>Total transactions with shareholders</b>		<b>65,224</b>	<b>-</b>	<b>-</b>	<b>(16,456)</b>	<b>48,768</b>
Profit for the half-year		-	-	-	21,656	21,656
<b>Other Comprehensive Income</b>						
Net gains for the period on equity securities in the investment portfolio		-	15,375	-	-	15,375
<b>Other Comprehensive Income for the half-year</b>			<b>15,375</b>	<b>-</b>	<b>-</b>	<b>15,375</b>
Transfer to Realised Capital Gains Reserve of net cumulative gains on investments sold		-	(5,066)	5,066	-	-
<b>Total equity at the end of the half-year</b>		<b>754,549</b>	<b>19,476</b>	<b>(65,942)</b>	<b>92,080</b>	<b>800,163</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 2023

	Half-year 2023 \$'000 INFLOWS/ (OUTFLOWS)	Half-year 2022 \$'000 INFLOWS/ (OUTFLOWS)
<b>Cash flows from operating activities</b>		
Sales from trading portfolio	-	2,430
Purchases for trading portfolio	-	(1,979)
Interest received	46	53
Proceeds from selling options	9,269	8,748
Payment for closing out options	(444)	(567)
Dividends and distributions received	22,520	19,219
	<u>31,391</u>	<u>27,904</u>
Administration expenses	(1,985)	(1,952)
Finance costs paid	(2,817)	(1,622)
Taxes paid	(1,862)	(3,302)
<b>Net cash inflow/(outflow) from operating activities</b>	<u><b>24,727</b></u>	<u><b>21,028</b></u>
<b>Cash flows from investing activities</b>		
Sales from investment portfolio	91,053	70,324
Purchases for investment portfolio	(75,772)	(95,000)
<b>Net cash inflow/(outflow) from investing activities</b>	<u><b>15,281</b></u>	<u><b>(24,676)</b></u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowing	55,500	59,500
Repayment of borrowings	(77,500)	(104,500)
Share Issue	-	63,508
Share Issue costs	(10)	(123)
Dividends paid	(17,951)	(14,618)
<b>Net cash inflow/(outflow) from financing activities</b>	<u><b>(39,961)</b></u>	<u><b>3,767</b></u>
Net increase/(decrease) in cash held	47	119
Cash at the beginning of the half-year	789	1,454
<b>Cash at the end of the half-year</b>	<u><b>836</b></u>	<u><b>1,573</b></u>

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 2023

## 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 half-year 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 2023 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.”

## 2. Financial reporting by segments

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

### (a) 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 result after tax to be a key measure of the Company’s performance. This amount excludes the impact of unrealised gains/losses on open options and reconciles to the Company’s profit before tax as follows:

	Half-year 2023 \$'000	Half-year 2022 \$'000
<b>Net Operating Result after income tax expense</b>	<b>21,905</b>	<b>21,346</b>
Net gains/(losses) (after tax) on open options positions	(9,069)	310
<b>Profit for the half-year after tax</b>	<b>12,836</b>	<b>21,656</b>
Add : Total Tax Expense/(Credit)	(1,552)	2,586
<b>Profit for the half-year before tax</b>	<b>11,284</b>	<b>24,242</b>

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 or losses in the Company’s long-term investment portfolio. The relevant amounts as at 31 December 2023 and 31 December 2022 were as follows:

	2023	2022
Net tangible asset backing per share	\$	\$
Before Tax	3.33	3.03
After Tax	3.27	3.07

### (b) Other segment information

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

The Company is domiciled in Australia and the Company's income is derived predominantly from Australian entities or entities that have a listing on the Australian Securities Exchange. The Company has a diversified portfolio of investments, with no investment comprising more than 10% of the Company's income, excluding income from the trading and options written portfolios (2022 : One : BHP 20.1%).

3. Income from operating activities	Half-year 2023 \$'000	Half-year 2022 \$'000
Income from operating activities is comprised of the following:		
Dividends & distributions		
• securities held in investment portfolio	19,436	18,387
• securities held in trading portfolio	4	11
	<u>19,440</u>	<u>18,398</u>
Interest income		
• deposits and income from bank bills	46	53
	<u>46</u>	<u>53</u>
Net gains/(losses) and write downs		
• realised gains from trading portfolio sales	-	12
• realised gains on options written portfolio	9,393	8,401
• unrealised gains/(losses) in trading portfolio	11	80
	<u>9,404</u>	<u>8,493</u>
<b>Income from operating activities</b>	<b><u>28,890</u></b>	<b><u>26,944</u></b>

### 4. Current liabilities – options sold

As at balance date there were call options outstanding which potentially required the Company, if they were all exercised, to deliver securities to the value of \$366.0 million (30 June 2023: \$320.4 million). As at balance date there were no put options outstanding which potentially required the Company to purchase securities (30 June 2023: \$12.1 million potential purchases). The total income for the half-year on the options written portfolio of \$9.4 million (Half-Year to 31 December 2022: \$8.4 million) plus the unrealised loss on the open options position of \$13.0 million (Half-Year to 31 December 2022 : \$0.4 million gain) was a pre-tax net loss of \$3.6 million (Half-Year to 31 December 2022: gain of \$8.8 million).

## 5. Deferred tax assets and liabilities

In accordance with AASB 112 *Income Taxes*, a deferred tax liability has been recognised for Capital Gains Tax on the unrealised gains in the investment portfolio at current tax rates (30%) totalling \$15.5 million (30 June 2023 : \$0.4 million asset).

In addition, deferred tax assets of \$0.4 million (out of a net total of \$3.7 million) have been recognised in respect of realised capital losses. It is expected that these losses will be offset against future gains.

## 6. 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
01/07/2023	Opening Balance		261,464		756,573
25/08/2023	Dividend Reinvestment Plan	(i)	736	2.87	2,112
25/08/2023	Dividend Substitution Share Plan	(ii)	70	2.87	n/a
Various	Share Issue Costs		-		(10)
31/12/2023	Balance		262,270		758,675

- (i) The Company has a Dividend Reinvestment Plan ("DRP") under which shareholders can elect to have all or part of their dividend payment reinvested in new ordinary shares.
- (ii) The Company has a Dividend Substitution Share Plan ("DSSP") under which some shareholders elected to forego all or part of their dividend payment and receive shares instead. Pricing of the new DSSP shares was done on the same basis as the DRP.



## 7. Realised Capital Gains Reserve

	Half-year 2023 \$'000			Half-year 2022 \$'000		
	Taxable realised gains (net of tax)	Difference between tax and accounting costs	Total	Taxable realised gains (net of tax)	Difference between tax and accounting costs	Total
Opening balance at 1 July	(4,715)	(64,886)	<b>(69,601)</b>	(10,321)	(60,687)	<b>(71,008)</b>
Dividends paid	-	-	-	-	-	-
Cumulative taxable realised (losses)/gains for period	5,342	700	<b>6,042</b>	6,650	411	<b>7,061</b>
Tax on above	(1,526)	-	<b>(1,526)</b>	(1,995)	-	<b>(1,995)</b>
	<b>(899)</b>	<b>(64,186)</b>	<b>(65,085)</b>	<b>(5,666)</b>	<b>(60,276)</b>	<b>(65,942)</b>

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio. The difference between tax and accounting costs is a result of realised gains or losses being accounted for on an average cost basis, whilst taxable gains or losses are made based on the specific cost of the actual stock sold – i.e. on a parcel selection basis. These differences also include non-taxable realised gains or losses, e.g. losses under off-market buy-backs.

Since inception, the Company has paid out approximately \$170 million of fully-franked dividends from the realised capital gains reserve. No dividends have been paid from the realised capital gains reserve during the current year or the previous year.

8. Dividends	Half-year 2023 \$'000	Half-year 2022 \$'000
Dividends (fully franked) paid during the period	20,064 (7.75 cents per share)	16,456 (7.0 cents per share)

<b>Dividends not recognised at period end</b>	<b>2023 \$'000</b>
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Since the end of the half-year the Directors have declared an interim dividend of 7.25 cents per share fully franked. The aggregate amount of the proposed interim dividend expected to be paid on 22 February 2024, but not recognised as a liability at the end of the half-year is

19,015

<b>9. Earnings per Share</b>	<b>Half-year 2023</b>	<b>Half-year 2022</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator	262,024,887	253,530,859
<b>Basic earnings per share</b>	<b>\$'000</b>	<b>\$'000</b>
Net profit for half-year	12,836	21,656
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	4.90	8.54
<b>Net operating result per share</b>	<b>\$'000</b>	<b>\$'000</b>
Net operating result for half-year	21,905	21,346
	<b>Cents</b>	<b>Cents</b>
Net operating result per share	8.36	8.42

As at 31 December 2023, 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 2023 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.

The profit of AICS is to a large extent determined by the level of vesting of incentives to executives and staff. This will have significant variability from year to year but incentives will generally be higher the better the level of returns to shareholders when compared to the S&P/ASX 200 Index.

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## DIRECTORS' DECLARATION

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In the Directors' opinion:

- (a) the financial statements and notes set out on pages 15 to 25 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 2023 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.



G. B. Goldsmith AO  
Chairman  
Melbourne

22 January 2024



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

### **Report on the half-year financial report**

#### **Conclusion**

We have reviewed the half-year financial report of Djerriwarrh Investments Limited (the Company) which comprises the balance sheet as at 31 December 2023, the statement of comprehensive income, statement of changes in equity, cash flow statement and income statement for the half-year ended on that date, material accounting policy information and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Company's financial position as at 31 December 2023 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Basis for conclusion**

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### **Responsibilities of the directors 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 and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

PricewaterhouseCoopers, ABN 52 780 433 757  
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001  
T: 61 3 8603 1000, F: 61 3 8603 1999

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### **Auditor's responsibilities for the review of the half-year financial report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year 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 2023 and of 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*.

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.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Kate L Logan*

Kate L Logan  
Partner

Melbourne  
22 January 2024