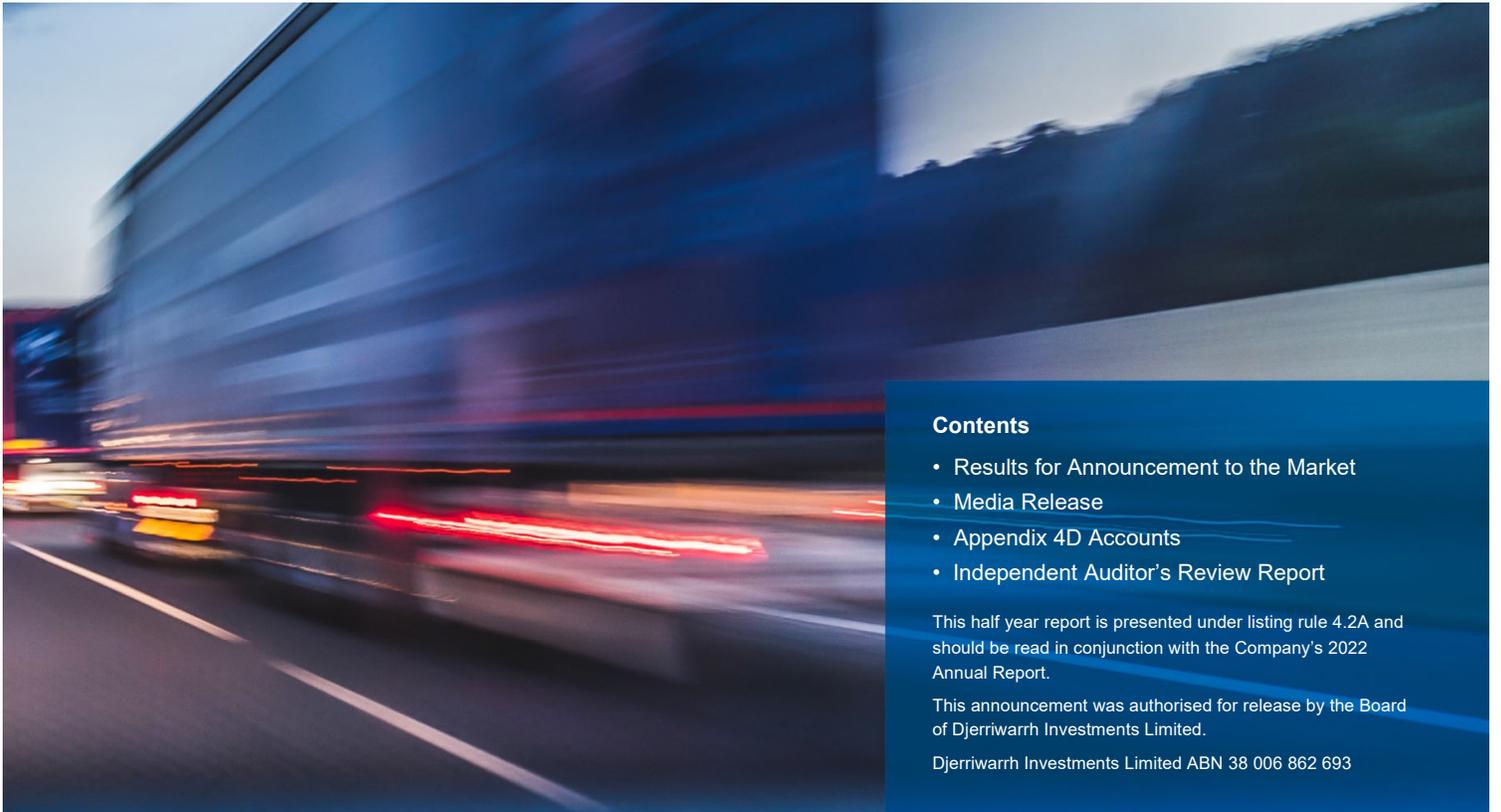




Appendix 4D Statement
for the Half Year Ending
31 December 2022



Contents

- Results for Announcement to the Market
- Media Release
- Appendix 4D Accounts
- Independent Auditor's Review Report

This half year report is presented under listing rule 4.2A and should be read in conjunction with the Company's 2022 Annual Report.

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

Djerriwarrh Investments Limited ABN 38 006 862 693

Results for Announcement to the Market

The reporting period is for the half year ended 31 December 2022 with the prior corresponding period being the half year ended 31 December 2021.

The results have been reviewed by the Company's auditors.

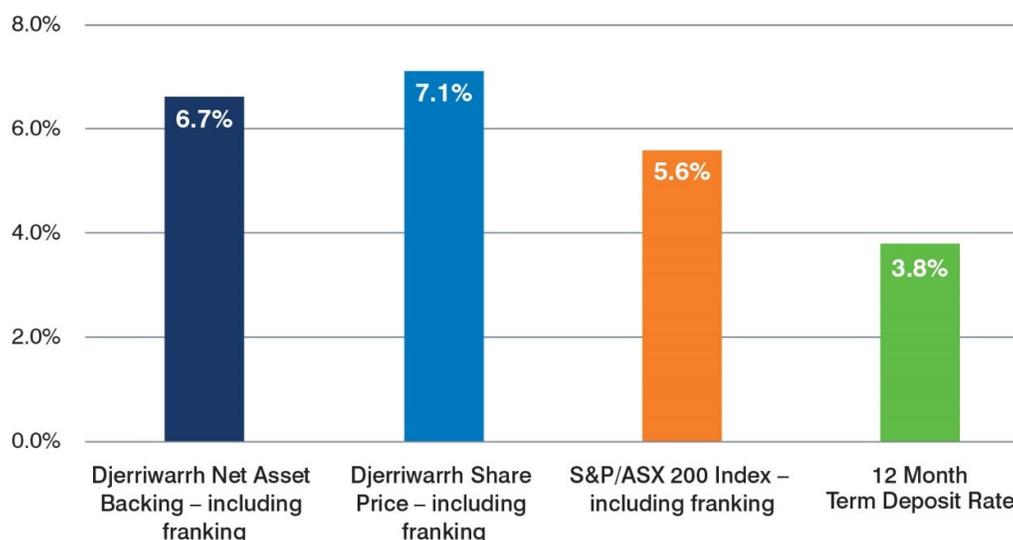
- > Profit for the half year (including unrealised gains or losses on open option positions) was \$21.7 million, 10.3% up from \$19.6 million in the previous corresponding period.
- > Net Operating Result (which excludes the impact of open option positions and is considered a better measure of the Company's income from its investment activities and is the figure Directors have considered when setting the dividend) for the half year was \$21.3 million, 17.6% up from \$18.1 million in the previous corresponding period.
- > Revenue from operating activities was \$18.5 million, 22.5% up from \$15.1 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 increased to 7.25 cents per share fully franked, up from 6.75 cents per share from the corresponding period last year, will be paid on 22 February 2023 to ordinary shareholders on the register on 31 January 2023. 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 2022 financial year was 7 cents per share, fully franked, and it was paid to shareholders on 26 August 2022.
- > 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 2023. The shares trade ex-dividend on 30 January 2023. 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 losses on the long term investment portfolio as at 31 December 2022 were \$3.03 (before allowing for the interim dividend), down from \$3.47 (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 Thursday 19 January 2023 at 3.30 p.m. (AEST). Details are on the website at djerri.com.au.

Profit up 10.3%, Interim Dividend Increased Half Year Report to 31 December 2022

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 increased to 7.25 cents per share fully franked, up 7.4% from 6.75 cents per share fully franked for the corresponding period last year. We have been able to increase the interim dividend because of higher company dividends received and continued strong income from option activity.

Yield at 31 December 2022 (based on the interim dividend declared and final dividend paid)



Half Year Profit was \$21.7 million, up from \$19.6 million in the corresponding period last year. Key components of this result are:

- > income from investments was \$18.5 million, up from \$15.1 million in the corresponding period last year.
- > income from option activity was \$8.4 million, up from \$7.9 million in the corresponding period last year.

Net Operating Result for the six months to 31 December 2022 (which excludes the impact of open option positions and is therefore a better measure of the Company's income from its investment activities) was \$21.3 million, up from \$18.1 million in the corresponding period last year.

The portfolio return for the six months to 31 December 2022 including franking was 6.2%. The S&P/ASX 200 Accumulation Index return including franking over the corresponding period was positive 10.8%. The 12-month portfolio return to 31 December 2022 including franking was negative 7.0%, whereas the S&P/ASX 200 Accumulation Index return over the corresponding period including franking was 0.5%.

Profit and Interim Dividend

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 2022 was 8.4 cents per share, up from 7.7 cents per share in the corresponding period last year.

Improved dividend income was as a result of the addition of JB Hi-Fi to the portfolio in the previous calendar year and increased holdings in BHP, Wesfarmers, Region Group (formerly SCA Property Group), Mirvac Group, Macquarie Group and Coles Group. There was also improved dividend payments across several companies in comparison to the corresponding period last year which included Transurban, Woodside Energy Group, Mainfreight and Westpac Banking Corporation.

There was an improvement in the amount of option income generated for the half year, \$8.4 million versus \$7.9 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, up from 6.75 cents per share fully franked in the corresponding period last year, and ahead of the final dividend of 7 cents per share declared in respect of the 2021/22 financial year.

Based on the interim dividend declared and final dividend paid, the dividend yield on the current net asset backing is 4.7%, and 6.7% 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 1.1 percentage points higher than that available from the S&P/ASX 200 Index.

Portfolio Performance

Djerriwarrh's total portfolio return for the six months to 31 December 2022 was 6.2%. The S&P/ASX 200 Accumulation Index return including franking was 10.8%.

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

For the year to 31 December 2022, the total portfolio return including franking was negative 7.0 % whereas the S&P/ASX 200 Accumulation Index including franking over the corresponding period was positive 0.5% (see attached performance table).

Djerriwarrh's relative performance over this period was driven by the fall in prices of holdings such as James Hardie Industries, ARB Corporation, Reece and Mainfreight, which up until last year, had produced very strong share price performance. In addition, the underweight position in resources, which includes energy, also had a detrimental impact on relative performance over the 12-month period.

Option Activity

Option income increased 7% despite the low level of volatility that prevailed for much of the period.

The financial year began with call option coverage of 26%. This was slightly below the bottom end of our normal range of 30% to 40%, which reflected our view on the market.

This lower call option coverage enabled us to benefit from the market's subsequent rise over the next two months. In response, we wrote call options against a number of companies in the portfolio including Commonwealth Bank of Australia, Goodman Group, National Australia Bank, Westpac Banking Corporation, BWP Trust, Mainfreight and REA Group.

The market then fell sharply in September which provided an opportunity to close out options for a profit. During this period, we began selectively writing put options as we saw attractive share prices in a number of high-quality companies owned in the portfolio. This included Region



Property Group, Transurban Group, Goodman Group, ASX, Coles and Macquarie Group. Subsequent share price strength in many of these companies allowed us to close out a majority of these put positions at a profit.

The market's strong performance from the start of October to early December enabled us to increase call option coverage to 40%. This strength also resulted in option exercises in BHP, Commonwealth Bank, National Australia Bank and Westpac. Call option coverage finished the calendar year at 35% with put option positions being less than 1% of the portfolio.

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

The level of option income generated each year will largely be a result of our option coverage levels, option premium prices (largely dependent on market volatility levels and interest rates) and the exercise prices at which we write the options.

Portfolio Adjustments

During the period a portion of our holdings in a number of companies were sold as a result of call option exercises on the back of share price strength. This included BHP, Commonwealth Bank of Australia, Amcor, National Australia Bank, Westpac Banking Corporation, Ramsay Health Care and Brambles. In some instances, these sales were partly offset by buying meaningful amounts of stock at lower prices, as was the case for BHP and Commonwealth Bank of Australia.

We were also active sellers of our remaining holdings in Atlas Arteria, Amcor, InvoCare, Brambles and Sonic Healthcare, and we reduced our position in IRESS.

The capital realised from these sales, along with the proceeds from the Share Purchase Plan, was used to purchase companies at attractive prices. These purchases included BHP, Region Group, Commonwealth Bank of Australia, Goodman Group, Macquarie Group, Reece, JB Hi-Fi and Westpac Banking Corporation. We also added to our position in Equity Trustees in its equity raising.

This is a continuation of the portfolio strategy to maintain a diversified portfolio of high-quality companies that can deliver Djerriwarrh the appropriate balance between income and growth.

Port of Tauranga was added as a new holding to the portfolio during the period. Port of Tauranga is a New Zealand listed company that owns that country's dominant port asset, as well as ownership stakes in a number of other assets and businesses in New Zealand. We view Port of Tauranga as a high-quality, unique infrastructure investment that we think can offer our portfolio strong income and growth over the long term.

Outlook

Our outlook for company dividends for the next six months is largely positive. This is based on our assessment of company outlook statements, balance sheets and dividend payout ratios.

Iron ore prices will be a major determinant on dividends given their enormous influence on the level of profitability of BHP and Rio Tinto. We expect some normalisation in iron ore prices and BHP and Rio Tinto's dividends from financial year 2023 onwards, but there is a great deal of potential variability in these outcomes. China's ability to maintain a full reopening despite the ongoing presence of COVID-19 will be a major factor here, as will the performance of the Chinese property market.

The profitability of the banks will also be a large determinant of dividend levels across the Australian share market. The banks finished calendar year 2022 in very good shape, with each of the large four banks maintaining strong capital positions, along with healthy bad debt provisions. Bad debts remain at extremely low levels given the strongly performing domestic economy, but this could change quickly if the well-publicised cost of living pressures and higher interest rates begin to negatively impact the position of Australian households.

The topic of inflation remains a key macroeconomic focus for equity markets. At the end of calendar year 2022 the equity market looks to have taken the view that inflation is at, or close to a peak, implying that the worst of the interest rate rises is behind us. We currently feel that the market may be too optimistic in this view.



In this context we enter calendar year 2023 with call option coverage at 35%, minimal put option positions, and lower net debt compared to six months ago.

Despite the uncertainty about the future direction of economies and financial markets, we continue to believe that owning a diversified portfolio of high-quality companies can produce an attractive level of income and capital growth over the long term, thereby enabling us to meet Djerriwarrh's enhanced yield objective.

Please direct any enquiries to:

Mark Freeman
Managing Director
(03) 9225 2101

Geoff Driver
General Manager
(03) 9225 2102

19 January 2023



Major Transactions in the Investment Portfolio

Acquisitions	Cost (\$'000)
BHP	15,066
Region Group	11,082
Commonwealth Bank of Australia	9,013
Goodman Group	6,504
Macquarie Group	6,008

Disposals	Proceeds (\$'000)
BHP (because of the exercise of call options)	21,145
Commonwealth Bank of Australia (because of the exercise of call options)	9,939
Atlas Arteria# (partially because of the exercise of call options)	6,433
Ancor# (partially because of the exercise of call options)	4,920
National Australia Bank (because of the exercise of call options)	4,290

Complete disposal from the portfolio.

New Companies Added to the Portfolio

Port of Tauranga

Top 20 Investments at 31 December 2022

Includes investments held in both the investment and trading portfolios.

Value at Closing Prices at 30 December 2022

		Total Value \$ Million	% of the Portfolio
1	CSL*	53.9	6.5%
2	Westpac Banking Corporation*	51.1	6.2%
3	BHP*	47.3	5.7%
4	Commonwealth Bank of Australia*	47.2	5.7%
5	Transurban Group*	45.2	5.5%
6	Wesfarmers*	40.1	4.8%
7	Woolworths Group*	35.2	4.3%
8	Macquarie Group*	32.8	4.0%
9	Coles Group*	27.5	3.3%
10	EQT Holdings	25.1	3.0%
11	JB Hi-Fi*	24.8	3.0%
12	Carsales.com*	24.6	3.0%
13	Mirvac Group*	21.0	2.5%
14	Telstra Group*	20.4	2.5%
15	ASX*	19.3	2.3%
16	Region Group*	19.2	2.3%
17	National Australia Bank*	18.5	2.2%
18	Goodman Group*	18.0	2.2%
19	James Hardie Industries*	17.8	2.2%
20	Mainfreight*	17.3	2.1%
Total		606.3	

As percentage of total portfolio value (excludes cash)

73.3%

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

Portfolio Performance to 31 December 2022

Performance Measures to 31 December 2022	6 Months	1 Year	3 Years % pa	5 Years % pa	10 Years % pa
Portfolio Return – Net Asset Backing Return Including Dividends Reinvested	5.2%	-8.7%	1.4%	2.9%	4.9%
S&P/ASX 200 Accumulation Index	9.8%	-1.1%	5.5%	7.1%	8.7%
<hr/>					
Portfolio Return – Net Asset Backing Gross Return Including Dividends Reinvested*	6.2%	-7.0%	3.2%	5.0%	7.6%
S&P/ASX 200 Gross Accumulation Index*	10.8%	0.5%	6.9%	8.6%	10.2%

* 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

**HALF-YEAR REPORT
31 DECEMBER 2022**

COMPANY PARTICULARS

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@djerricom.au
Internet address: 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

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

DIRECTORS' REPORT

This report in relation to the half-year to 31 December 2022 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)
J. Paterson (appointed July 2002, retired October 2022)
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 2022, which includes the unrealised gains or losses on open option positions in the options written portfolio, was \$21.7 million, up 10.3% from \$19.6 million in the previous corresponding period.

Djerriwarrh's net operating result for the half-year was \$21.3 million, up from \$18.1 million or 17.6% 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 5.2% compared to the return of the S&P/ASX 200 Accumulation Index for the same period which was 9.8%. Key contributors to the performance difference include the underweight portfolio position to Resources (up 17.9%) and Banks (up 15.8%) during the period. 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, up from 6.75 cents for 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.



G. B. Goldsmith AO
Chairman
Melbourne

19 January 2023



Auditor's Independence Declaration

As lead auditor for the review of Djerriwarrh Investments Limited for the half-year ended 31 December 2022, 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 black ink that reads 'Kate L Logan'.

Kate L Logan
Partner
PricewaterhouseCoopers

Melbourne
19 January 2023

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

Liability limited by a scheme approved under Professional Standards Legislation.

INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Half-year 2022 \$'000	Half-year 2021 \$'000
Dividends and distributions		18,398	15,065
Revenue from deposits and bank bills		53	-
Total revenue		18,451	15,065
Net gains/(losses) on trading portfolio		92	(101)
Income from options written portfolio		8,401	7,853
Income from operating activities	3	26,944	22,817
Finance costs		(1,622)	(700)
Administration expenses		(1,917)	(1,708)
Share of net profit from Associate	12	394	15
Operating result before income tax expense		23,799	20,424
Income tax expense*		(2,453)	(2,275)
Net operating result for the half-year		21,346	18,149
Net unrealised gains/(losses) on open options positions		443	2,117
Deferred tax on open options positions*		(133)	(635)
		310	1,482
Profit for the half-year		21,656	19,631
		Cents	Cents
Basic earnings per share	9	8.54	8.30
		\$'000	\$'000
* Total Tax Expense		(2,586)	(2,910)

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Half-Year to 31 December 2022			Half-Year to 31 December 2021		
	Revenue	Capital	Total	Revenue	Capital	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit for the half-year	21,346	310	21,656	18,149	1,482	19,631
Other Comprehensive Income						
<i>Items that will not be recycled through the Income Statement</i>						
Gains/(losses) for the period on equity securities in the investment portfolio	-	22,446	22,446	-	26,367	26,367
Tax on above	-	(7,071)	(7,071)	-	(8,349)	(8,349)
<i>Items that may be recycled through the Income Statement</i>						
Net movement in fair value of swap contracts	-	-	-	-	83	83
Total other comprehensive income ¹	-	15,375	15,375	-	18,101	18,101
Total comprehensive income ²	21,346	15,685	37,031	18,149	19,583	37,732

¹ Net capital gains/(losses) not accounted through the Income Statement.

² 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 2022

		31 Dec 2022 \$'000	30 June 2022 \$'000
Current assets			
Cash		1,573	1,454
Receivables		2,443	3,677
Trading portfolio		1,055	974
Total current assets		5,071	6,105
Non-current assets			
Investment portfolio		829,011	783,888
Deferred tax assets – investment portfolio	5	10,339	15,415
Deferred tax assets - other		1,776	3,746
Shares in associate		1,361	1,086
Total non-current assets		842,487	804,135
Total assets		847,558	810,240
Current liabilities			
Payables		161	2,180
Tax payable		545	1,344
Borrowings – bank debt		44,000	89,000
Options written portfolio	4	2,689	3,352
Total current liabilities		47,395	95,876
Non-current liabilities			
Deferred tax liabilities - investment portfolio		-	-
Total non-current liabilities		-	-
Total liabilities		47,395	95,876
Net Assets		800,163	714,364
Shareholders' equity			
Share Capital	6	754,549	689,325
Revaluation Reserve		19,476	9,167
Realised Capital Gains Reserve	7	(65,942)	(71,008)
Retained Profits		92,080	86,880
Total shareholders' equity		800,163	714,364

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

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

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	6	1,839	-	-	-	1,839
Shares issued under Share Purchase Plan	6	63,508	-	-	-	63,508
Share Issue Costs	6	(123)	-	-	-	(123)
Total transactions with shareholders		65,224	-	-	(16,456)	48,768
Profit for the half-year		-	-	-	21,656	21,656
<i>Other Comprehensive Income</i>						
Net gains for the period on equity securities in the investment portfolio		-	15,375	-	-	15,375
Other Comprehensive Income for the half-year			15,375	-	-	15,375
Transfer to Realised Capital Gains Reserve of net cumulative gains on investments sold		-	(5,066)	5,066	-	-
Total equity at the end of the half-year		754,549	19,476	(65,942)	92,080	800,163

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 2022 (2021
COMPARATIVES)**

Half-Year to 31 December 2021	Note	Share Capital \$'000	Revaluation Reserve \$'000	Realised Capital Gains \$'000	Interest- Rate Hedging \$'000	Retained Profits \$'000	Total \$'000
Total equity at the beginning of the half-year		686,297	85,822	(74,712)	(83)	71,385	768,709
Dividends paid	8	-	-	-	-	(13,179)	(13,179)
Shares issued under Dividend Reinvestment Plan		1,303	-	-	-	-	1,303
Share Issue Costs		(6)	-	-	-	-	(6)
Total transactions with shareholders		1,297	-	-	-	(13,179)	(11,882)
Profit for the half-year		-	-	-	-	19,631	19,631
Other Comprehensive Income							
Net gains for the period on equity securities in the investment portfolio		-	18,018	-	-	-	18,018
Net movement in fair value of swap contracts		-	-	-	83	-	83
Other Comprehensive Income for the half-year		-	18,018	-	83	-	18,101
Transfer to Realised Capital Gains Reserve of net cumulative losses on investments sold		-	1,473	(1,473)	-	-	-
Total equity at the end of the half-year		687,594	105,313	(76,185)	-	77,837	794,559

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 2022

	Half-year 2022 \$'000	Half-year 2021 \$'000
	INFLOWS/ (OUTFLOWS)	INFLOWS/ (OUTFLOWS)
Cash flows from operating activities		
Sales from trading portfolio	2,430	908
Purchases for trading portfolio	(1,979)	-
Interest received	53	-
Proceeds from selling options	8,748	7,773
Payment for closing out options	(567)	(2,763)
Dividends and distributions received	19,219	16,287
	27,904	22,205
Administration expenses	(1,952)	(1,701)
Finance costs paid	(1,622)	(740)
Taxes paid	(3,302)	(3,286)
Net cash inflow/(outflow) from operating activities	21,028	16,478
Cash flows from investing activities		
Sales from investment portfolio	70,324	187,212
Purchases for investment portfolio	(95,000)	(154,359)
Net cash inflow/(outflow) from investing activities	(24,676)	32,853
Cash flows from financing activities		
Proceeds from borrowing	59,500	88,500
Repayment of borrowings	(104,500)	(121,000)
Share Issue	63,508	-
Share Issue costs	(123)	(6)
Dividends paid	(14,618)	(11,876)
Net cash inflow/(outflow) from financing activities	3,767	(44,382)
Net increase/(decrease) in cash held	119	4,949
Cash at the beginning of the half-year	1,454	1,236
Cash at the end of the half-year	1,573	6,185

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 2022

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 2022 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 2022 \$'000	Half-year 2021 \$'000
Net Operating Result after income tax expense	21,346	18,149
Net gains/(losses) (after tax) on open options positions	310	1,482
Profit for the half-year after tax	21,656	19,631
Add : Total Tax Expense/(Credit)	2,586	2,910
Profit for the half-year before tax	24,242	22,541

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 2022 and 31 December 2021 were as follows:

	2022	2021
Net tangible asset backing per share	\$	\$
Before Tax	3.03	3.47
After Tax	3.07	3.36

(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 one investment comprising more than 10% of the Company's income, excluding income from the trading and options written portfolios – BHP 20.1%. (2021 : BHP 20.3%).

3. Income from operating activities

Half-year	Half-year
2022	2021
\$'000	\$'000

Income from operating activities is comprised of the following:

Dividends & distributions

• securities held in investment portfolio	18,387	15,041
• securities held in trading portfolio	11	24
	<u>18,398</u>	<u>15,065</u>

Interest income

• deposits and income from bank bills	53	-
	<u>53</u>	<u>-</u>

Net gains/(losses) and write downs

• realised gains from trading portfolio sales	12	10
• realised gains on options written portfolio	8,401	7,853
• unrealised gains/(losses) in trading portfolio	80	(111)
	<u>8,493</u>	<u>7,752</u>

Income from operating activities

26,944	22,817
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4. Current liabilities – options written portfolio

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 \$318.3 million (30 June 2022: \$252.8 million). As at balance date there were also put options outstanding which potentially required the Company if they were all exercised to purchase \$2.8 million of securities (30 June 2022: \$13.1 million). The total income for the half-year on the options written portfolio of \$8.4 million (Half-Year to 31 December 2021: \$7.9 million) plus the unrealised gain on the open options position of \$0.4 million (Half-Year to 31 December 2021 : \$2.1 million) was a pre-tax net gain of \$8.8 million (Half-Year to 31 December 2021: \$10.0 million).

5. Deferred tax assets

In accordance with AASB 112 *Income Taxes*, a deferred tax asset has been recognised for Capital Gains Tax on the unrealised losses in the investment portfolio at current tax rates (30%) totalling \$10.3 million (30 June 2022 : \$15.4 million). It is expected that these assets will reverse in the future.

In addition, deferred tax assets of \$2.5 million (out of a net total of \$1.8 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
01/07/2022	Opening Balance		237,160		689,325
26/08/2022	Dividend Reinvestment Plan	(i)	645	2.85	1,839
26/08/2022	Dividend Substitution Share Plan	(ii)	51	2.85	n/a
26/08/2022	Share Purchase Plan	(iii)	22,843	2.78	63,508
Various	Share Issue Costs		-		(123)
31/12/2022	Balance		<u>260,699</u>		<u>754,549</u>

- (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.
- (iii) The Company had a Share Purchase Plan (“SPP”) during the period. Shareholders could apply for up to \$30,000 worth of new securities. Shares were issued at a 2.5% discount to the 5-day VWAP calculated up to but not including the day on which the SPP was announced, being the 19 July 2022. New shares issued under the SPP were not entitled to the final dividend paid on 26 August 2022.

7. Realised Capital Gains Reserve

	Half-year 2022 \$'000			Half-year 2021 \$'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	(10,321)	(60,687)	(71,008)	(11,474)	(63,238)	(74,712)
Dividends paid	-	-	-	-	-	-
Cumulative taxable realised (losses)/gains for period	6,650	411	7,061	(4,435)	1,732	(2,703)
Tax on above	(1,995)	-	(1,995)	1,230	-	1,230
	<u>(5,666)</u>	<u>(60,276)</u>	<u>(65,942)</u>	<u>(14,679)</u>	<u>(61,506)</u>	<u>(76,185)</u>

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.

The Company pays dividends from the Realised capital gains reserve when there are sufficient taxable realised gains to do so, and has done so frequently in the past.

8. Dividends

	Half-year 2022 \$'000	Half-year 2021 \$'000
Dividends (fully franked) paid during the period	16,456 (7.0 cents per share)	13,179 (5.75 cents per share)

Dividends not recognised at period end

2022
\$'000

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 2023, but not recognised as a liability at the end of the half-year is

18,901

9. Earnings per Share	Half-year 2022	Half-year 2021
	Number	Number
Weighted average number of ordinary shares used as the denominator	253,530,859	236,424,809
Basic earnings per share	\$'000	\$'000
Net profit for half-year	21,656	19,631
	Cents	Cents
Basic earnings per share	8.54	8.30
Net operating result per share	\$'000	\$'000
Net operating result for half-year	21,346	18,149
	Cents	Cents
Net operating result per share	8.42	7.68

As at 31 December 2022, 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 2022 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.

DIRECTORS' DECLARATION

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 2022 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

19 January 2023



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 2022, the statement of comprehensive income, statement of changes in equity, cash flow statement and income statement for the half-year ended on that date, significant accounting policies 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 2022 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.

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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 2022 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.

A handwritten signature in cursive script that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in cursive script that reads 'Kate L Logan'.

Kate L Logan
Partner

Melbourne
19 January 2023