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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 2018 Annual Report.

Djerriwarrh Investments Limited ABN 38 006 862 693

Appendix 4D Statement
for the Half-Year ending
31 December 2018

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half-year ended 31 December 2018 with the previous corresponding period being the half-year ended 31 December 2017. The results have been reviewed by the Company's auditors.

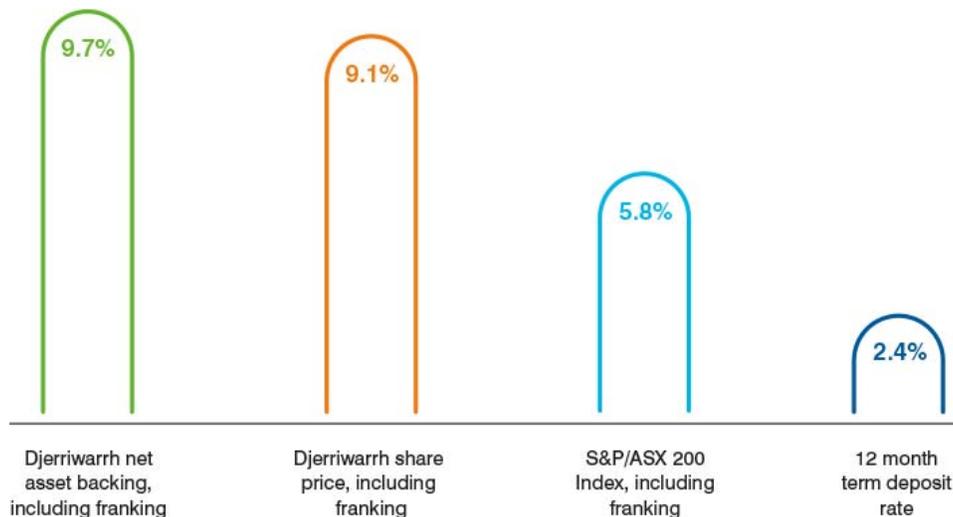
Results for announcement to the market

- Profit for the half-year (including unrealised gains or losses on open option positions) was \$23.8 million, 100% up from \$11.9 million in the previous corresponding period.
- Net Operating Result for the half-year was \$19.6 million, 19.6% up from \$16.4 million in the previous corresponding period. In the opinion of Directors, this is a better measure of the Company's performance in deriving on-going investment, trading and options income from the Company's portfolios.
- Revenue from operating activities was \$19.3 million, 10.4% up from \$17.5 million in the previous corresponding period. This excludes trading and option income and capital gains on investments.
- The interim dividend of 10 cents per share fully franked, unchanged from the previous interim period, will be paid on 21 February 2019 to ordinary shareholders on the register on 30 January 2019. There is no conduit foreign income component of the dividend.
- 5 cents 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 7.14 cents (5 cents grossed up by the 30% franking rate). This enables some shareholders to claim a tax deduction in their tax return. Further details will be on the dividend statements.
- The final dividend for the 2018 financial year was 10 cents per share, fully franked, and it was paid to shareholders on 27 August 2018.
- The Company's Dividend Reinvestment Plan ("DRP") is in operation for the interim dividend. Under the DRP shareholders may elect to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares is based on a **5% discount** to the average selling price of shares traded on the ASX and Chi-X automated trading systems in the five days from the day the shares begin trading on an ex-dividend basis. The last day for the receipt of an election notice for participation in the plan is 31 January 2019.
- 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 2018 were \$2.95 (before allowing for the interim dividend), down from \$3.36 (also before allowing for the interim dividend) at the end of the previous corresponding period.

Half Year Report to 31 December 2018

- Djerriwarrh seeks to provide an enhanced level of fully franked income in part by using option strategies. This will typically reshape the profile of returns producing more immediate income at the expense of potential capital growth. In falling markets income from options should offset some of the loss from declining share prices.
- Half Year Profit was \$23.8 million, up from \$11.9 million in the corresponding period last year. This was as a result of:
 - an increase in investment income, with the recognition of a dividend from the Coles demerger from Wesfarmers,
 - improved income from option activity; and
 - the recognition of significant gains in open option positions, whereas last corresponding period these were trading at a loss. These gains can arise when prices on the underlying stocks decrease in value.
- Net Operating Result of \$19.6 million (which excludes the impact of open option positions and is a better measure of the Company's income from investment activities), up 19.6% from \$16.4 million in the prior corresponding period.
- Interim dividend maintained at 10 cents per share fully franked.
- Portfolio return for the six months to 31 December 2018, including franking, was negative 7.0%, whereas the S&P/ASX 200 Accumulation Index return, including franking, was down 6.2%.
- Portfolio return for the year to 31 December, including franking, was negative 4.4%. Including franking, the S&P/ASX 200 Accumulation Index was down 1.4%.
- At 31 December 2018, the yield on the portfolio (net asset backing) was 9.7%, including franking, whereas the yield on the S&P/ASX 200, including franking, was 5.8%.

Current Yield



Note: Djerriwarrh yield based on 20 cent full year dividend. Assumes an investor can take full advantage of the franking credits. S&P/ASX 200 Index 80 per cent franked.

Market Comments

The Australian equity market saw a significant lift in volatility towards the end of the calendar year as the US market reacted negatively to rising interest rates, global trade tensions and caution emanating from signs of slowing growth in China. As a result, there were major falls across most sectors over the six months with energy, consumer discretionary and financials particularly hard hit. The other notable feature over the six month period was the reversal in the performance of the small and mid cap sectors which had been very strong up until the reporting season in August 2018. As a result, the combined small and mid cap sectors were down 11.4% over the six-month period, whereas the large companies in the market performed relatively better, although the 50 leaders still fell 5.7% over the half year.

Portfolio Returns

In this environment, Djerriwarrh's total portfolio return, including franking, for the six months to 31 December 2018 was negative 7.0%, whereas the S&P/ASX 200 Accumulation Index return, including franking, was negative 6.2%. For the year to 31 December 2018, the total portfolio return, including franking, was negative 4.4%. The S&P/ASX 200 Accumulation Index, including franking, was negative 1.4% over the same period (see attached performance table).

The relative portfolio performance over the 12-months to 31 December 2018 was the outcome of a number of factors, including a large amount of call options being exercised in the first half of the calendar year in the strong market, which meant many stocks were sold below market prices at the time. As the market fell towards the end of the second half of the calendar year, the relative portfolio performance improved. Participation in the BHP and Rio Tinto off-market buy-backs, which had the advantage of generating significant franking credits for the Company, also provided some headwind to performance as holdings were sold at a 14% discount to the market.

The more significant contributors (including dividends and option income) to Djerriwarrh's portfolio performance over the six-month period were Brambles, BHP, Telstra, Commonwealth Bank and Mainfreight.

In contrast, holdings such as Adelaide Brighton, Boral and James Hardie Industries have significantly underperformed as the building materials sector has been negatively impacted by weaker housing conditions in Australia and the US. In addition, CYBG plc (Clydesdale Bank) was negatively impacted by the bank's guidance following its recent acquisition of Virgin Money.

Portfolio Adjustments

Djerriwarrh typically has call options written over 30% to 50% of the portfolio to generate additional income from options activity. Portfolio adjustments were primarily an outcome of the two distinct periods in the six months, where the market maintained its previous strength until the end of September, to a period of strong risk aversion that saw a major correction by the end of December. In this initial period, a number of call options were exercised across the portfolio, with the largest of these being in Wesfarmers and Suncorp. This also meant that option coverage, in a period also characterised by low volatility, was towards the lower end of the range.

In stark contrast as investor sentiment became negative and the market fell, volatility lifted significantly. This provided some good opportunities to buy stock at reasonable prices and write call options to take advantage of these conditions. As a result, option coverage moved toward the upper end of the range with these covered purchases. Major purchases through the period included BHP, Woolworths, Adelaide Brighton (a new holding in the portfolio), Atlas Arteria and Goodman Group.

Profit and Dividend

Profit for the year was \$23.8 million, up from \$11.9 million in the corresponding period last year. There were a number of reasons for this large increase. The demerger of Coles from Wesfarmers produced an accounting demerger dividend of \$1.3 million and there was an uplift in income from holdings in BHP and Sydney Airport. Option income increased to \$5.1 million from \$2.6 million as market volatility increased in the falling market. This meant many options positions expired or were bought back at little cost, with exercise prices moved into the second half of the financial year. Finally, there was recognition of significant gains in open option positions, whereas last corresponding period these were trading at a loss. These gains can arise when prices on the underlying stocks decrease in value.

The Net Operating Result for the year was \$19.6 million, up 19.6% from \$16.4 million in the prior corresponding period. In the opinion of the Directors, this is a better measure of Djerriwarrh's performance in deriving ongoing investment, trading and options income from the Company's portfolios as it excludes the valuation impact of net unrealised gains on open option positions at year end.

Djerriwarrh's interim dividend has been maintained at 10 cents per share fully franked. A Dividend Reinvestment Plan is in place with a 5% discount.

Moving Forward

The recent fall in the market means that many of the open call option positions have exercise prices well above current market levels. As we move into the second half of the financial year, this provides significant flexibility in managing these positions with regard to preserving the option income generated from this activity as well as benefiting from any capital growth selected holdings may generate.

Volatility in the Australian market is likely to remain at elevated levels as global markets digest any policy adjustments the US Federal Reserve may make over time and the outlook for growth in China, particularly if disagreements over trade policy with the US continue. In addition, the upcoming reporting season in Australia will provide some guidance as to how companies are performing against an economic backdrop that contains falling house prices and diminished consumer confidence.

These conditions whilst challenging, are likely to assist with Djerriwarrh's option writing activities to enhance the income yield of the portfolio, as volatility remains high, as well as provide opportunities to invest at more sensible valuations when on offer.

Refundability of Franking Credits Policy Proposal

Djerriwarrh remains very concerned about the current policy proposal from the Federal Opposition to end the refundability of franking credits for certain investors. We believe the proposal is more likely to significantly impact those on a limited income, is highly inequitable and is discriminatory against certain segments of investors. The Company will continue to advocate on behalf of its shareholders to have this proposal reassessed.

Please direct any enquiries to:

Mark Freeman
Managing Director
(03) 9225 2122

Geoff Driver
General Manager
(03) 9225 2102

17 January 2019

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions	Cost (\$'000)
BHP	11,068
Woolworths	9,712
Adelaide Brighton	7,504
Atlas Arteria	7,246
Goodman Group	6,282

Sales	Proceeds (\$'000)
Wesfarmers [#]	17,871
Suncorp [#]	6,756
Rio Tinto (off-market buyback)	6,180

[#]Sales as result of the exercise of call options

New Companies Added to the Investment Portfolio

Adelaide Brighton
OZ Minerals

TOP INVESTMENTS AS AT 31 DECEMBER 2018

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 31 December 2018

	Total Value \$ million	% of Portfolio
1 * Commonwealth Bank of Australia	59.7	8.3%
2 * BHP	51.4	7.1%
3 * Westpac Banking Corporation	51.0	7.1%
4 * National Australia Bank	35.5	4.9%
5 * Australia and New Zealand Banking Group	33.6	4.7%
6 * CSL	26.9	3.7%
7 * Woolworths Group	24.1	3.3%
8 * Macquarie Group	23.4	3.2%
9 * Brambles	17.8	2.5%
10 * Sydney Airport	17.7	2.5%
11 * Transurban Group	17.4	2.4%
12 * Woodside Petroleum	17.1	2.4%
13 * Amcor	14.7	2.0%
14 * Oil Search	13.4	1.9%
15 Telstra Corporation	13.3	1.8%
16 * James Hardie Industries	11.9	1.7%
17 * Atlas Arteria	11.6	1.6%
18 Mirrabooka Investments	10.4	1.4%
19 * Suncorp Group	10.3	1.4%
20 * Sonic Healthcare	10.0	1.4%

471.2

As % of Total Portfolio Value
(excludes Cash) 65.3%

* Indicates that options were outstanding against part of the holding

PORTFOLIO PERFORMANCE TO 31 DECEMBER 2018

PERFORMANCE MEASURES AT 31 DECEMBER 2018	6 MONTHS	1 YEAR	5 YEARS %PA	10 YEARS %PA	15 YEARS %PA
<i>PORTFOLIO RETURN – NET ASSET BACKING INCLUDING DIVIDENDS REINVESTED</i>	-8.2%	-6.8%	2.1%	6.8%	6.6%
S&P/ASX 200 ACCUMULATION INDEX	-6.8%	-2.8%	5.6%	9.0%	8.3%
UBS 180 BANK BILLS INDEX	1.0%	1.9%	2.2%	3.1%	4.2%
<i>PORTFOLIO RETURN – NET ASSET BACKING GROSS RETURN INCLUDING DIVIDENDS REINVESTED*</i>	-7.0%	-4.4%	5.1%	10.1%	9.6%
S&P/ASX 200 GROSS ACCUMULATION INDEX*	-6.2%	-1.4%	7.2%	10.6%	9.8%

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



**DJERRIWARRH
INVESTMENTS
LIMITED**

ABN 38 006 862 693

**HALF-YEAR REPORT
31 DECEMBER 2018**

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: John Paterson, Chairman
Robert J. Edgar
Kathryn J. Fagg
Graham B. Goldsmith
Alice J. M. Williams
Karen J. Wood
R. 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: www.djerricom.au

For enquiries regarding net asset backing (as advised each month to the Australian Securities Exchange):

Telephone: 1800 780 784 (toll free)

Share Registrar: Computershare Investor Services Pty Limited
Mail Address: GPO Box 2975, Melbourne, Victoria 3001
Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067

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

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

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

Securities Exchange

Code: DJW Ordinary shares

DIRECTORS' REPORT

This report in relation to the half-year to 31 December 2018 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:

J. Paterson (appointed July 2002)
R.J. Edgar (appointed March 2015)
K.J. Fagg (appointed May 2014)
G.B. Goldsmith (appointed April 2013)
A.J.M. Williams (appointed May 2010)
K.J. Wood (appointed July 2016)
R.M. Freeman (appointed January 2018)

Company operations and results

Overview

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

Performance Indicators and Outcomes

The profit of the Company for the half-year to 31 December 2018, which includes the unrealised gains or losses on open option positions in the options written portfolio, was \$23.8 million, up from \$11.9 million in the previous corresponding period.

The Board considers the Company's net 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. Djerriwarrh's net operating result for the half-year was \$19.6 million, up from \$16.4 million or 19.6% 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, and is reflective of the Company's investment activities.

The portfolio return for the 6 months (measured by change in net asset backing per share plus dividends reinvested) was -8.2% compared to the return of the S&P/ASX 200 Accumulation Index for the same period which was -6.8%. 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 10 cents per share.

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 13.

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 be 'J. Paterson', with a long horizontal flourish extending to the right.

J. Paterson
Chairman
Melbourne

17 January 2019



Auditor's Independence Declaration

As lead auditor for the review of Djerriwarrh Investments Limited for the half-year ended 31 December 2018, 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 'Nadia Carlin'.

Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
17 January 2019

INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Note	Half-year 2018 \$'000	Half-year 2017 \$'000
Dividends and distributions		19,196	17,339
Revenue from deposits and bank bills		111	142
Total revenue		19,307	17,481
Net gains/(losses) on trading portfolio		(708)	64
Income from options written portfolio		5,129	2,648
Income from operating activities	3	23,728	20,193
Finance costs		(1,413)	(1,580)
Administration expenses		(1,920)	(1,966)
Share of net profit from Associate		534	485
Operating result before income tax expense		20,929	17,132
Income tax expense*		(1,373)	(779)
Net operating result for the half-year		19,556	16,353
Net unrealised gains/(losses) on open options positions		6,048	(6,352)
Deferred tax on open options positions*		(1,814)	1,906
		4,234	(4,446)
Profit for the half-year		23,790	11,907
		Cents	Cents
Basic earnings per share	9	10.74	5.42
		\$'000	\$'000
* Total Tax (Expense)/Credit		(3,187)	1,127

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

	Half-Year to 31 December 2018			Half-Year to 31 December 2017		
	Revenue	Capital	Total	Revenue	Capital	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Profit for the half-year	19,556	4,234	23,790	16,353	(4,446)	11,907
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	-	(80,597)	(80,597)	-	34,020	34,020
Deferred tax on above	-	23,404	23,404	-	(10,581)	(10,581)
<i>Items that may be recycled through the Income Statement</i>						
Net movement in fair value of swap contracts ³	-	(87)	(87)	-	184	184
Total other comprehensive income ¹	-	(57,280)	(57,280)	-	23,623	23,623
Total comprehensive income ²	19,556	(53,046)	(33,490)	16,353	19,177	35,530

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.

³ It is currently anticipated that the swaps will be held to maturity and consequently that they will not be recycled through the Income Statement.

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

BALANCE SHEET AS AT 31 DECEMBER 2018

		31 Dec 2018 \$'000	30 June 2018 \$'000
	Note		
Current assets			
Cash		4,411	2,025
Receivables		1,958	79,124
Trading portfolio		3,012	-
Tax refund		-	468
Total current assets		9,381	81,617
Non-current assets			
Investment portfolio		725,007	770,067
Deferred tax assets		-	1,416
Deferred tax assets - investment portfolio	5	20,123	-
Shares in associate		1,091	717
Total non-current assets		746,221	772,200
Total assets		755,602	853,817
Current liabilities			
Payables		389	471
Tax payable		93	-
Borrowings – bank debt		73,000	109,500
Interest-rate hedging contracts		297	210
Options written portfolio	4	6,933	11,571
Total current liabilities		80,712	121,752
Non-current liabilities			
Deferred tax liabilities		13	-
Deferred tax liabilities - investment portfolio	5	-	4,344
Total non-current liabilities		13	4,344
Total liabilities		80,725	126,096
Net Assets		674,877	727,721
Shareholders' equity			
Share Capital	6	645,009	642,268
Revaluation Reserve		1,445	60,297
Realised Capital Gains Reserve	7	(40,611)	(31,223)
Interest-rate Hedging Reserve		(297)	(210)
Retained Profits		69,331	56,589
Total shareholders' equity		674,877	727,721

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

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2018

Half-Year to 31 December 2018	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		642,268	60,297	(31,223)	(210)	56,589	727,721
Dividends paid	8	-	-	(11,047)	-	(11,048)	(22,095)
Shares issued under Dividend Reinvestment Plan	6	2,752	-	-	-	-	2,752
Share Issue Costs	6	(11)	-	-	-	-	(11)
Total transactions with shareholders		2,741	-	(11,047)	-	(11,048)	(19,354)
Profit for the half-year		-	-	-	-	23,790	23,790
Other Comprehensive Income							
Net losses for the period on equity securities in the investment portfolio		-	(57,193)	-	-	-	(57,193)
Net movement in fair value of swap contracts		-	-	-	(87)	-	(87)
Other Comprehensive Income for the half-year		-	(57,193)	-	(87)	-	(57,280)
Transfer to Realised Capital Gains Reserve of net cumulative gains on investments sold		-	(1,659)	1,659	-	-	-
Total equity at the end of the half-year		645,009	1,445	(40,611)	(297)	69,331	674,877

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 2018 (2017
COMPARATIVES)**

Half-Year to 31 December 2017	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		636,888	40,612	(9,298)	(437)	47,118	714,883
Dividends paid	8	-	-	(10,967)	-	(10,968)	(21,935)
Shares issued under Dividend Reinvestment Plan		2,642	-	-	-	-	2,642
Share Issue Costs		(11)	-	-	-	-	(11)
Total transactions with shareholders		2,631	-	(10,967)	-	(10,968)	(19,304)
Profit for the half-year		-	-	-	-	11,907	11,907
Other Comprehensive Income							
Net gains for the period on equity securities in the investment portfolio		-	23,439	-	-	-	23,439
Net movement in fair value of swap contracts		-	-	-	184	-	184
Other Comprehensive Income for the half-year		-	23,439	-	184	-	23,623
Transfer to Realised Capital Gains Reserve of net cumulative losses on investments sold		-	11,452	(11,452)	-	-	-
Total equity at the end of the half-year		639,519	75,503	(31,717)	(253)	48,057	731,109

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 2018

	Half-year 2018 \$'000 INFLOWS/ (OUTFLOWS)	Half-year 2017 \$'000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities		
Sales from trading portfolio	2,411	5,187
Purchases for trading portfolio	(6,095)	-
Interest received	111	142
Proceeds from selling options	12,601	14,330
Payment from closing out options	(6,057)	(8,549)
Dividends and distributions received	20,591	16,179
	<u>23,562</u>	<u>27,289</u>
Administration expenses	(1,908)	(2,027)
Finance costs paid	(1,432)	(1,552)
Taxes paid	(2,047)	(1,989)
Net cash inflow/(outflow) from operating activities	<u>18,175</u>	<u>21,721</u>
Cash flows from investing activities		
Sales from investment portfolio	151,646	78,946
Purchases for investment portfolio	(111,559)	(82,462)
Tax paid on capital gains	(22)	-
Net cash inflow/(outflow) from investing activities	<u>40,065</u>	<u>(3,516)</u>
Cash flows from financing activities		
Proceeds from borrowing	49,000	8,000
Repayment of borrowings	(85,500)	(14,500)
Share Issue costs	(11)	(11)
Dividends paid	(19,343)	(19,293)
Net cash inflow/(outflow) from financing activities	<u>(55,854)</u>	<u>(25,804)</u>
Net increase/(decrease) in cash held	2,386	(7,599)
Cash at the beginning of the half-year	2,025	8,378
Cash at the end of the half-year	<u>4,411</u>	<u>779</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 2018

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 2018 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 2018 \$'000	Half-year 2017 \$'000
Net Operating Result after income tax expense	19,556	16,353
Net gains/(losses) (after tax) on open options positions	4,234	(4,446)
Profit for the half-year after tax	23,790	11,907
Add : Total Tax Expense/(Credit)	3,187	(1,127)
Profit for the half-year before tax	26,977	10,780

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 2018 and 31 December 2017 were as follows:

	2018	2017
Net tangible asset backing per share	\$	\$
Before Tax	2.95	3.36
After Tax	3.04	3.32

(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 only one investment comprising more than 10% of the Company's income, excluding income from the trading and options written portfolios – Commonwealth Bank 10.0%. (2017 : Westpac 10.8% and Commonwealth Bank 10.7%).

3. Income from operating activities

Half-year	Half-year
2018	2017
\$'000	\$'000

Income from operating activities is comprised of the following:

Dividends & distributions

• securities held in investment portfolio	19,071	17,339
• securities held in trading portfolio	125	-
	<u>19,196</u>	<u>17,339</u>

Interest income

• securities held in investment portfolio	-	-
• deposits and income from bank bills	111	142
	<u>111</u>	<u>142</u>

Net gains/(losses) and write downs

• realised gains from trading portfolio sales	107	64
• realised gains on options written portfolio	5,129	2,648
• unrealised losses in trading portfolio	(815)	-
	<u>4,421</u>	<u>2,712</u>

Income from operating activities

23,728	20,193
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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 \$349.6 million (30 June 2018: \$299.6 million). As at balance date there were also put options outstanding which potentially required the Company if they were all exercised to purchase \$14.8 million of securities (30 June 2018: \$3.4 million). The total income for the half-year on the options written portfolio of \$5.1 million (Half-Year to 31 December 2017: \$2.6 million) plus the unrealised gain on the open options position of \$6.0 million (Half-Year to 31 December 2017 : \$6.4 million loss) was a pre-tax net gain of \$11.1 million (Half-Year to 31 December 2017: loss of \$3.8 million).

5. Deferred tax liabilities/assets – investment portfolio

In accordance with AASB 112 *Income Taxes*, deferred tax assets have been recognised for Capital Gains Tax on the unrealised losses in the investment portfolio at current tax rates (30%) totalling \$20.1 million (30 June 2018 : \$4.3 million liability). It is expected that these losses will be reversed or recoverable.

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
01/07/2018	Opening Balance		220,949		642,268
27/08/2018	Dividend Reinvestment Plan		836	3.29	2,752
Various	Share Issue Costs		-		(11)
31/12/2018	Balance		<u>221,785</u>		<u>645,009</u>

The Company has a Dividend Reinvestment Plan under which shareholders can elect to have all or part of their dividend payment reinvested in new ordinary shares.

7. Realised Capital Gains Reserve

	Half-year 2018 \$'000			Half-year 2017 \$'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	24,631	(55,854)	(31,223)	46,553	(55,851)	(9,298)
Dividends paid	(11,047)	-	(11,047)	(10,967)	-	(10,967)
Cumulative taxable realised (losses)/gains for period	3,149	(427)	2,722	(10,253)	(4,275)	(14,528)
Tax on realised (losses)/gains	(1,063)	-	(1,063)	3,076	-	3,076
	<u>15,670</u>	<u>(56,281)</u>	<u>(40,611)</u>	<u>28,409</u>	<u>(60,126)</u>	<u>(31,717)</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.

8. Dividends	Half-year 2018 \$'000	Half-year 2017 \$'000
Dividends (fully franked) paid during the period	22,095 (10 cents per share)	21,935 (10 cents per share)

Dividends not recognised at period end	2018 \$'000
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Since the end of the half-year the Directors have declared an interim dividend of 10 cents per share fully franked. The aggregate amount of the proposed interim dividend expected to be paid on 21 February 2019, but not recognised as a liability at the end of the half-year is

22,179

9. Earnings per Share	Half-year 2018	Half-year 2017
	Number	Number
Weighted average number of ordinary shares used as the denominator	221,521,281	219,886,110
Basic earnings per share	\$'000	\$'000
Net profit for half-year	23,790	11,907
	Cents	Cents
Basic earnings per share	10.74	5.42
Net operating result per share	\$'000	\$'000
Net operating result for half-year	19,556	16,353
	Cents	Cents
Net operating result per share	8.83	7.44

As at 31 December 2018, 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 2018 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”).

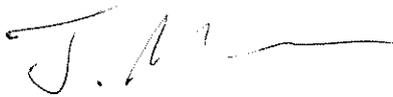
AICS provides administration services to the Company and to other Listed Investment Companies in Australia.

DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 14 to 24 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 2018 and of its performance, as represented by the results of the operations, changes in equity and cash flows, for the half-year ended on that date; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



J. Paterson
Chairman
Melbourne

17 January 2019



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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Djerriwarrh Investments Limited (the Company), which comprises the balance sheet as at 31 December 2018, the statement of changes in equity, cash flow statement, and income statement and statement of comprehensive income for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Djerriwarrh Investments Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

1. giving a true and fair view of the entity's financial position as at 31 December 2018 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*.

A handwritten signature in black ink, appearing to read 'Nadia Carlin', written over the PricewaterhouseCoopers logo.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Nadia Carlin'.

Nadia Carlin
Partner

Melbourne
17 January 2019