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Appendix 4D Statement for the Half-Year ending 31 December 2020

Contents

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

This half-year report is presented under listing rule 4.2A and should be read in conjunction with the Company's 2020 Annual Report.

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

Djerriwarrh Investments Limited ABN 38 006 862 693

Djerriwarrh

AUSTRALIAN EQUITIES, ENHANCED YIELD

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the half-year ended 31 December 2020 with the previous corresponding period being the half-year ended 31 December 2019. 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 $8.1 million, 66.4% down from $24.1 million in the previous corresponding period.
- Net Operating Result for the half-year was $11.8 million, 31.3% down from $17.1 million in the previous corresponding period. In the opinion of Directors as this measure excludes the impact of open option positions it is therefore a better measure of the Company's income from investment activities.
- Revenue from operating activities was $9.6 million, 46.5% down from $17.9 million in the previous corresponding period. This excludes trading and option income and capital gains on investments.
- The interim dividend of 5.25 cents per share fully franked, down from 8.75 cents the previous interim period, will be paid on 22 February 2021 to ordinary shareholders on the register on 1 February 2021. 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 2020 financial year was 5.25 cents per share, fully franked, and it was paid to shareholders on 28 August 2020.
- A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available, the price for which will be set at a **2.5% discount** to the Volume Weighted Average Price of the Company's shares traded on the ASX and Chi-X automated trading systems over the five trading days from when the shares trade ex-dividend. The last date for the receipt of an election notice for participation in the DRP & DSSP is 5.00 pm (Melbourne time) on 2 February 2021.
- 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 2020 were $3.01 (before allowing for the interim dividend), down from $3.28 (also before allowing for the interim dividend) at the end of the previous corresponding period.
- The Company also announced a Share Purchase Plan with a closing date for participation of 22nd February 2021. Details will be sent to all shareholders.

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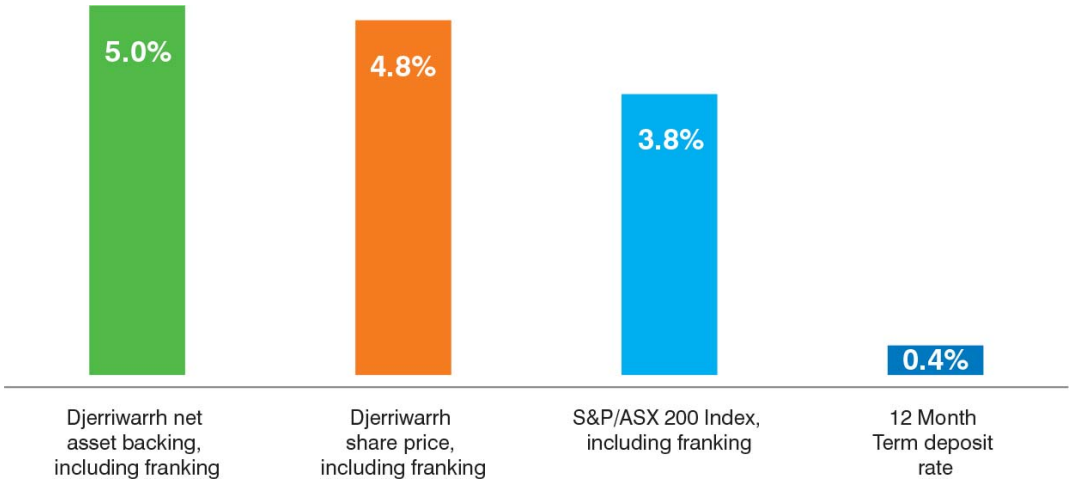
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Djerriwarrh
AUSTRALIAN EQUITIES, ENHANCED YIELD

Half Year Report to 31 December 2020

- **Djerriwarrh seeks to provide an enhanced level of fully franked income that is higher than is available from the S&P/ASX 200 and which is delivered at a low cost to shareholders. 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 and realised capital gains.**
- **The Portfolio return for the six months to 31 December 2020, including franking, was 14.7%, ahead of the S&P/ASX 200 Accumulation Index return, including franking, of 13.7%.**
- **At 31 December 2020, the yield on the portfolio (net asset backing) was 5.0%, including franking, whereas the yield on the S&P/ASX 200, including franking, was 3.8%.**

Yield at 31 December 2020 (based on an annualised interim dividend)



- **Economic conditions have been extremely challenging for many businesses as the COVID-19 pandemic negatively impacted many companies. The Half Year Profit was $8.1 million, down from $24.1 million in the corresponding period last year. Key components of the result are:**
  - **a significant decline in income from investments to $9.6 million from $17.9 million as companies suspended or reduced dividends through the period. The biggest reductions came from the major banks and BHP, whilst Sydney Airport was amongst a number of companies in the portfolio that did not pay a dividend during the half.**
  - **income from option activity was $6.1 million, up from $3.3 million.**
  - **recognition of losses in open option positions was $3.6 million, down from the gain of $7.0 million in the corresponding period last year. The significant increase in the market over the six months to 31 December 2020 has negatively impacted the value of these positions with losses arising when prices on the underlying stocks go up. The value of these losses will reduce over time as positions are either exercised or expire.**
- **Net Operating Result (which excludes the valuation impact of open option positions and is therefore a better measure of the Company's income from its investment activities) was $11.8 million, down from $17.1 million in the prior corresponding period.**
- **Interim dividend of 5.25 cents per share fully franked, down from 8.75 cents per share fully franked in the corresponding period last year.**
- **To provide additional funds for the portfolio a Share Purchase Plan has been announced with this result (details in a separate ASX announcement).**

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Profit and the 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 2020 was 5.2 cents per share, down from 7.7 cents per share in the corresponding period last year.

Dividend income for the half year was down significantly, as many companies suspended or reduced dividends through the period. The biggest reductions came from the major banks (because of APRA's directive to limit dividend payout ratios and difficult economic conditions) and BHP, whilst Sydney Airport was amongst a number of companies in the portfolio that did not pay a dividend during the half. There was an improvement in the amount of option income generated for the half, $6.1 million versus $3.3 million in the corresponding period last year, as the Company took advantage of temporary spikes in volatility. However, the negative impact of very low interest rates on option income continues to be a headwind for this activity and is not expected to change in the foreseeable future.

There were no distributable realised capital gains generated during the half.

An interim dividend of 5.25 cents per share fully franked has been declared, down from 8.75 cents per share fully franked in the corresponding period last year, but in line with the final dividend declared in respect of the 2019/20 financial year. The Dividend Reinvestment Plan and Dividend Substitution Share Plan are in operation with a 2.5% discount.

The principle of targeting an enhanced yield above the ASX 200 Index remains a core investment objective of the Company, although there is likely to be some variation in the dividend amount declared from year to year depending on variables outlined earlier. Based on the annualised amount of the interim dividend, the dividend yield on our current asset backing would be 3.5% and grossed up for franking credits would be 5.0% (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 1.2% above the yield available from the S&P/ASX 200 Index.

Portfolio Returns

To deliver a more appropriate balance of income and capital growth from the portfolio in the rising market, option coverage was kept at the lower end of the typical range of 30% to 40%. As a result, sales arising from option exercises were lower than in previous periods ensuring the portfolio benefited more from the capital growth in selected holdings. This adjustment to the strategy meant the portfolio produced satisfactory growth whilst also generating satisfactory income from option activities to help enhance the dividend yield above the Index.

As a result, Djerriwarrh's total portfolio return, including franking, for the six months to 31 December 2020 was 14.7%, ahead of the S&P/ASX 200 Accumulation Index return, including franking, of 13.7%.

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

For the year to 31 December 2020, the total portfolio return, including franking, was negative 2.1%. The S&P/ASX 200 Accumulation Index, including franking, was positive 2.4% over the same period (see attached performance table).

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Portfolio Adjustments

Activity in the portfolio continued to concentrate on high quality companies as evidenced by the further investment in CSL, ASX, Woolworths and Transurban during the six month period. In particular, as the market shifted its focus to “value“ opportunities following the generally strong increase in the overall market, the share prices of these better-quality companies which began to weaken provided Djerriwarrh with some good long term buying opportunities.

Mirvac Group, Pinnacle Investments and Equity Trustees were new additions to the portfolio, given the balance of income and growth that they offer. In addition, companies with more of a bias towards growth, Fineos Corporation and ResMed, were also new to the portfolio during the six month period.

Major sales for the six month period included a lightening of the bank position in the portfolio through the trimming of holdings in ANZ Banking Group and National Australia Bank. Goodman Group and Macquarie Group were also trimmed as a result of the exercise of call options given it was in our view uneconomic to try and move them to higher exercise prices given the strong rise in their respective share prices. The position in South32 was exited given Djerriwarrh is fully invested and there were other opportunities to deploy these funds.

There are currently 50 holdings in the portfolio, in line with the number at the end of the corresponding period last year.

Moving Forward

The ongoing strength of the market has continued to surprise with very low interest rates appearing to drive valuations and share prices back toward pre COVID-19 levels. Government stimulus across the globe has provided further support to economies during the pandemic. The recent strong uplift in bank share prices is no doubt linked to the stability in house prices from the improvement in the economy. This may have reduced worst case scenarios of simultaneous losses on both housing loans and small to medium enterprise loans. The potential size of SME loan losses is still likely to emerge gradually as Government stimulus payments are wound back.

As we move into the second half of the financial year, despite interest rates staying very low, the gradual withdrawal of fiscal support in Australia is likely to test the underlying strength of domestic economic conditions and company earnings over the remainder of this financial year and into next. In addition, ongoing geopolitical tensions with China and the COVID-19 environment going forward are very likely to challenge the market from time to time.

Any uplift in volatility from these conditions may provide some benefit to option income from the Company’s activities, although underlying dividend income from most companies is likely to remain below pre COVID-19 levels for some time.

Importantly, irrespective of short-term concerns, we believe Djerriwarrh’s portfolio is well placed across quality companies that have been selected to satisfy the long-term income and growth objectives of the Company.

Please direct any enquiries to:

Mark Freeman
Managing Director
(03) 9225 2122

Geoff Driver
General Manager
(03) 9225 2102

18 January 2021

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions	Cost ($'000)
CSL	20,095
ASX	18,113
Woolworths Group	11,993
Mirvac Group	7,024
Transurban Group	7,009

Sales	Proceeds ($'000)
ANZ Banking Group	12,369
National Australia Bank	11,239
Goodman Group[#]	7,895
South32 (complete sale)	6,011
Macquarie Group[#]	5,885

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

New Companies Added to the Investment Portfolio
Mirvac Group
ResMed
EQT Holdings
Fineos Corporation
Pinnacle Investment Management

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TOP INVESTMENTS AS AT 31 DECEMBER 2020

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 31 December 2020

			Total Value $ million	% of Portfolio
1	*	BHP Group	56.6	7.7%
2		CSL	49.9	6.8%
3	*	Commonwealth Bank of Australia	48.6	6.6%
4	*	Westpac Banking Corporation	37.3	5.1%
5	*	Transurban Group	36.4	5.0%
6	*	Woolworths Group	33.7	4.6%
7	*	Macquarie Group	32.6	4.5%
8	*	National Australia Bank	24.8	3.4%
9	*	Telstra Corporation	23.4	3.2%
10	*	Wesfarmers	20.9	2.9%
11	*	Australia and New Zealand Banking Group	20.0	2.7%
12		ASX	19.6	2.7%
13	*	Sydney Airport	19.1	2.6%
14		Mainfreight	17.8	2.4%
15	*	Amcor	16.9	2.3%
16	*	Goodman Group	15.7	2.1%
17	*	Rio Tinto	14.8	2.0%
18	*	Woodside Petroleum	14.4	2.0%
19		Mirrabooka Investments	13.7	1.9%
20		Insurance Australia Group	13.6	1.9%
			529.8	
		As % of Total Portfolio Value (excludes Cash)	72.4%	

* Indicates that options were outstanding against part of the holding

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PORTFOLIO PERFORMANCE TO 31 DECEMBER 2020

PERFORMANCE MEASURES AT 31 DECEMBER 2020	6 MONTHS	1 YEAR	5 YEARS %PA	10 YEARS %PA	15 YEARS %PA
PORTFOLIO RETURN – NET ASSET BACKING INCLUDING DIVIDENDS REINVESTED	***13.8%***	***-4.0%***	***5.1%***	***4.9%***	***4.8%***
S&P/ASX 200 ACCUMULATION INDEX	13.2%	1.4%	8.7%	7.8%	6.7%
180 BANK BILLS INDEX	0.1%	0.3%	1.6%	2.4%	3.5%
PORTFOLIO RETURN – NET ASSET BACKING GROSS RETURN INCLUDING DIVIDENDS REINVESTED*	***14.7%***	***-2.1%***	***7.8%***	***7.9%***	***7.8%***
S&P/ASX 200 GROSS ACCUMULATION INDEX*	13.7%	2.4%	10.2%	9.4%	8.2%

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

Past performance is not indicative of future performance.

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DJERRIWARRH INVESTMENTS LIMITED

ABN 38 006 862 693

HALF-YEAR REPORT

31 DECEMBER 2020

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 AM Kathryn J. Fagg AO Graham B. Goldsmith AO 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@djerri.com.au Internet address: 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: 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

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DIRECTORS' REPORT

This report in relation to the half-year to 31 December 2020 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 AM (appointed March 2015)
K.J. Fagg AO (appointed May 2014)
G.B. Goldsmith AO (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

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 2020, which includes the unrealised gains or losses on open option positions in the options written portfolio, was $8.1 million, down from $24.1 million in the previous corresponding period.

Djerriwarrh's net operating result for the half-year was $11.8 million, down from $17.1 million or 31.3% over the corresponding period last year, primarily due to the fall in dividends as a result of the coronavirus and its impact on economic activity. 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 13.8% compared to the return of the S&P/ASX 200 Accumulation Index for the same period which was 13.2%. 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 5.25 cents per share, down from 8.75 cents for the previous corresponding period.

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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.



J. Paterson
Chairman
Melbourne

18 January 2021

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Auditor's Independence Declaration

As lead auditor for the review of Djerriwarrh Investments Limited for the half-year ended 31 December 2020, 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.



Nadia Carlin
Partner
PricewaterhouseCoopers

Melbourne
18 January 2021

INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	Half-year 2020 $'000	Half-year 2019 $'000
Dividends and distributions		9,582	17,888
Revenue from deposits and bank bills		2	40
Total revenue		**9,584**	**17,928**
Net gains/(losses) on trading portfolio		(44)	230
Income from options written portfolio		6,088	3,284
Income from operating activities	**3**	**15,628**	**21,442**
Finance costs		(1,077)	(1,511)
Administration expenses		(1,847)	(1,999)
Share of net profit from Associate		672	560
Operating result before income tax expense		**13,376**	**18,492**
Income tax expense*		(1,622)	(1,386)
Net operating result for the half-year		**11,754**	**17,106**
Net unrealised gains/(losses) on open options positions		(5,213)	10,036
Deferred tax on open options positions*		1,564	(3,011)
		(3,649)	7,025
Profit for the half-year		**8,105**	**24,131**
		Cents	**Cents**
Basic earnings per share	**9**	3.61	10.81
		$'000	**$'000**
* Total Tax (Expense)/Credit		(58)	(4,397)

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

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STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Half-Year to 31 December 2020			Half-Year to 31 December 2019		
	Revenue	**Capital**	**Total**	Revenue	Capital	**Total**
	$'000	**$'000**	**$'000**	$'000	$'000	**$'000**
Profit for the half-year	**11,754**	**(3,649)**	**8,105**	**17,106**	**7,025**	**24,131**
Other Comprehensive Income						
Items that will not be recycled through the Income Statement						
Gains/(losses) for the period on equity securities in the investment portfolio	-	70,399	**70,399**	-	(3,603)	**(3,603)**
Deferred tax on above	-	(21,473)	**(21,473)**	-	766	**766**
Items that may be recycled through the Income Statement						
Net movement in fair value of swap contracts[3]	-	269	**269**	-	138	**138**
Total other comprehensive income [1]	**-**	**49,195**	**49,195**	**-**	**(2,699)**	**(2,699)**
Total comprehensive income [2]	**11,754**	**45,546**	**57,300**	**17,106**	**4,326**	**21,432**

[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.

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BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	31 Dec 2020 $'000	30 June 2020 $'000
Current assets			
Cash		2,844	1,463
Receivables		1,119	2,198
Trading portfolio		759	-
Tax refund		-	329
Total current assets		**4,722**	**3,990**
Non-current assets			
Investment portfolio		745,166	690,424
Deferred tax assets- investment portfolio	**5**	6,091	31,282
Deferred tax assets - other	**5**	6,341	867
Shares in associate		1,092	622
Total non-current assets		**758,690**	**723,195**
Total assets		**763,412**	**727,185**
Current liabilities			
Payables		117	181
Tax payable		180	-
Borrowings – bank debt		65,000	78,000
Interest-rate hedging contracts		207	476
Options written portfolio	**4**	14,259	11,683
Total current liabilities		**79,763**	**90,340**
Non-current liabilities			
Deferred tax liabilities - investment portfolio	**5**	-	-
Total non-current liabilities		**-**	**-**
Total liabilities		**79,763**	**90,340**
Net Assets		**683,649**	**636,845**
Shareholders' equity			
Share Capital	**6**	654,067	652,854
Revaluation Reserve		41,245	(20,539)
Realised Capital Gains Reserve	**7**	(72,182)	(59,324)
Interest-rate Hedging Reserve		(207)	(476)
Retained Profits		60,726	64,330
Total shareholders' equity		**683,649**	**636,845**

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

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STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Half-Year to 31 December 2020	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		**652,854**	**(20,539)**	**(59,324)**	**(476)**	**64,330**	**636,845**
Dividends paid	**8**	-	-	-	-	(11,709)	**(11,709)**
Shares issued under Dividend Reinvestment Plan	**6**	1,220	-	-	-	-	**1,220**
Share Issue Costs	**6**	(7)	-	-	-	-	**(7)**
Total transactions with shareholders		**1,213**	**-**		**-**	**(11,709)**	**(10,496)**
Profit for the half-year		-	-	-	-	8,105	**8,105**
Other Comprehensive Income							
Net gains for the period on equity securities in the investment portfolio		-	48,926	-	-	-	**48,926**
Net movement in fair value of swap contracts		-	-	-	269	-	**269**
Other Comprehensive Income for the half-year		**-**	**48,926**	**-**	**269**	**-**	**49,195**
Transfer to Realised Capital Gains Reserve of net cumulative losses on investments sold		-	12,858	(12,858)	-	-	**-**
Total equity at the end of the half-year		**654,067**	**41,245**	**(72,182)**	**(207)**	**60,726**	**683,649**

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

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STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2020 (2019 COMPARATIVES)

Half-Year to 31 December 2019	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		**647,761**	**64,863**	**(51,114)**	**(674)**	**68,782**	**729,618**
Dividends paid	**8**	-	-	(4,454)	-	(17,816)	**(22,270)**
Shares issued under Dividend Reinvestment Plan		2,698	-	-	-	-	**2,698**
Share Issue Costs		(11)	-	-	-	-	**(11)**
Total transactions with shareholders		**2,687**	**-**	**(4,454)**	**-**	**(17,816)**	**(19,583)**
Profit for the half-year		-	-	-	-	24,131	**24,131**
Other Comprehensive Income							
Net losses for the period on equity securities in the investment portfolio		-	(2,837)	-	-	-	**(2,837)**
Net movement in fair value of swap contracts		-	-	-	138	-	**138**
Other Comprehensive Income for the half-year		**-**	**(2,837)**	**-**	**138**	**-**	**(2,699)**
Transfer to Realised Capital Gains Reserve of net cumulative losses on investments sold		-	1,133	(1,133)	-	-	**-**
Total equity at the end of the half-year		**650,448**	**63,159**	**(56,701)**	**(536)**	**75,097**	**731,467**

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

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CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Half-year 2020 $'000 INFLOWS/ (OUTFLOWS)	Half-year 2019 $'000 INFLOWS/ (OUTFLOWS)
Cash flows from operating activities		
Sales from trading portfolio	1,077	4,486
Purchases for trading portfolio	(816)	(1,252)
Interest received	2	40
Proceeds from selling options	14,870	23,434
Payment for closing out options	(11,413)	(20,714)
Dividends and distributions received	9,585	15,851
	13,305	21,845
Administration expenses	(1,839)	(1,987)
Finance costs paid	(1,147)	(1,585)
Taxes paid	(1,098)	(1,687)
Net cash inflow/(outflow) from operating activities	**9,221**	**16,586**
Cash flows from investing activities		
Sales from investment portfolio	104,878	148,444
Purchases for investment portfolio	(89,221)	(130,928)
Tax paid on capital gains	-	(1,124)
Net cash inflow/(outflow) from investing activities	**15,657**	**16,392**
Cash flows from financing activities		
Proceeds from borrowing	70,000	113,000
Repayment of borrowings	(83,000)	(153,000)
Share Issue costs	(7)	(11)
Dividends paid	(10,490)	(19,571)
Net cash inflow/(outflow) from financing activities	**(23,497)**	**(59,582)**
Net increase/(decrease) in cash held	1,381	(26,604)
Cash at the beginning of the half-year	1,463	29,211
Cash at the end of the half-year	**2,844**	**2,607**

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

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

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 2020 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 2020 $'000	Half-year 2019 $'000
Net Operating Result after income tax expense	**11,754**	**17,106**
Net gains/(losses) (after tax) on open options positions	(3,649)	7,025
Profit for the half-year after tax	**8,105**	**24,131**
Add : Total Tax Expense/(Credit)	58	4,397
Profit for the half-year before tax	**8,163**	**28,528**

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 2020 and 31 December 2019 were as follows:

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Net tangible asset backing per share	2020 $	2019 $
Before Tax	**3.01**	**3.28**
After Tax	3.04	3.27

(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 – BHP 11.0%. (2019 : Commonwealth Bank 11.5%).

3. Income from operating activities	Half-year 2020 $'000	Half-year 2019 $'000
Income from operating activities is comprised of the following:		
Dividends & distributions		
• securities held in investment portfolio	9,582	17,888
• securities held in trading portfolio	-	-
	9,582	17,888
Interest income		
• securities held in investment portfolio	-	-
• deposits and income from bank bills	2	40
	2	40
Net gains/(losses) and write downs		
• realised gains from trading portfolio sales	13	230
• realised gains on options written portfolio	6,088	3,284
• unrealised losses in trading portfolio	(57)	-
	6,044	3,514
Income from operating activities	**15,628**	**21,442**

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 $231.5 million (30 June 2020: $235.4 million). As at balance date there were also put options outstanding which potentially required the Company if they were all exercised to purchase $5.6 million of securities (30 June 2020: $20.8 million). The total income for the half-year on the options written portfolio of $6.1 million (Half-Year to 31 December 2019: $3.3 million) plus the unrealised loss on the open options position of $5.2 million (Half-Year to 31 December 2019 : $10.0 million gain) was a pre-tax net gain of $0.9 million (Half-Year to 31 December 2019: $13.3 million).

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5. Deferred tax assets

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 $6.1 million (30 June 2020 : $31.3 million).

In addition, deferred tax assets of $3.9 million have been recognised in respect of realised capital losses incurred during the period. 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
01/07/2020	Opening Balance		224,253		652,854
28/08/2020	Dividend Reinvestment Plan	(i)	484	2.52	1,220
28/08/2020	Dividend Substitution Share Plan	(ii)	25	2.52	n/a
Various	Share Issue Costs		-		(7)
31/12/2020	Balance		224,762		654,067

(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.

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7. Realised Capital Gains Reserve

	Half-year 2020 $'000			Half-year 2019 $'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	451	(59,775)	**(59,324)**	5,116	(56,230)	**(51,114)**
Dividends paid	-	-	**-**	(4,454)	-	**(4,454)**
Cumulative taxable realised (losses)/gains for period	(12,393)	(4,183)	**(16,576)**	10,377	(8,347)	**2,030**
Tax on above	3,718	-	**3,718**	(3,163)	-	**(3,163)**
	(8,224)	(63,958)	**(72,182)**	7,876	(64,577)	**(56,701)**

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 2020 $'000	Half-year 2019 $'000
Dividends (fully franked) paid during the period	11,709 (5.25 cents per share)	22,270 (10 cents per share)

Dividends not recognised at period end	**2020 $'000**
Since the end of the half-year the Directors have declared an interim dividend of 5.25 cents per share fully franked. The aggregate amount of the proposed interim dividend expected to be paid on 22 February 2021, but not recognised as a liability at the end of the half-year is	11,800

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9. Earnings per Share

	Half-year 2020	Half-year 2019
	Number	**Number**
Weighted average number of ordinary shares used as the denominator	224,599,130	223,255,028
Basic earnings per share	**$'000**	**$'000**
Net profit for half-year	8,105	24,131
	Cents	**Cents**
Basic earnings per share	3.61	10.81
Net operating result per share	**$'000**	**$'000**
Net operating result for half-year	11,754	17,106
	Cents	**Cents**
Net operating result per share	5.23	7.66

As at 31 December 2020, 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 2020 to the date of this report there has been no event of which the Directors are aware which has had a material effect on the Company or its financial position.

11. Contingencies

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

12. Associated Entity

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

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

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DIRECTORS' DECLARATION

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 2020 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

18 January 2021

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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 2020, the income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the half-year ended on that date, the notes to the financial statements 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 gives a true and fair view and 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 Company's financial position as at 31 December 2020 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 Company's financial position as at 31 December 2020 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*.



PricewaterhouseCoopers



Nadia Carlin
Partner

Melbourne
18 January 2021