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Contents

- Results for Announcement to the Market
- Media Release
- Appendix 4E Accounts

These documents comprise the preliminary final report given to ASX under listing rule 4.3A

This announcement was authorised for release by the Board of Djerriwarrh Investments Limited
ABN 38 006 862 693



Djerriwarrh
AUSTRALIAN EQUITIES. ENHANCED YIELD

Appendix 4E Statement for the Full-Year ending 30 June 2021

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The reporting period is the year ended 30 June 2021 with the previous corresponding period being the year ended 30 June 2020. These preliminary results are based on financial statements that are in the process of being audited.

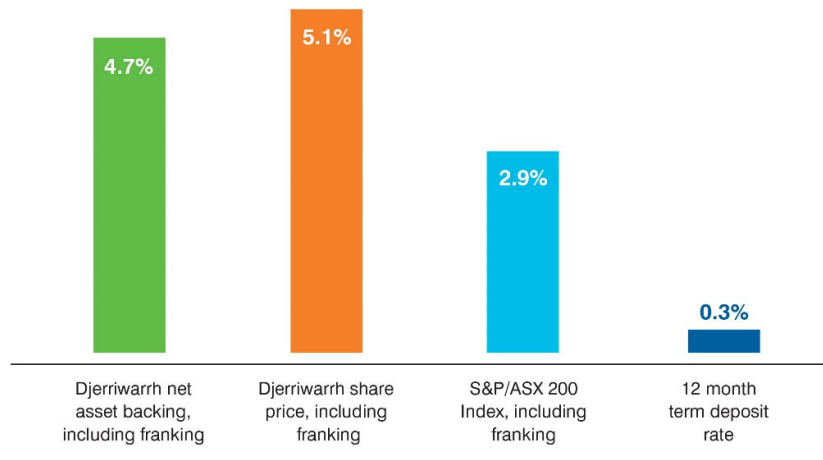
Results for announcement to the market

- The final dividend has been increased to 5.75 cents per share fully franked, up 0.5 cents or 9.5% from last year. For DJWN shares issued under the recent Share Purchase Plan, which are entitled to half of the final dividend, the dividend will be 2.875 cents. We have been able to increase the final dividend with company dividends higher than expected due to the economy performing better than projected at the start of the year. Total dividends for the year ending 30 June 2021 are therefore 11.0 cents, down from 14 cents last year.
- The dividend will be paid on 27 August 2021 to ordinary shareholders on the register on 6 August 2021. Shares are expected to trade ex-dividend from 5 August 2021.
- 1 cent of the final dividend (0.5 cents for DJWN shares) has an LIC capital gain attached. The amount of the pre-tax attributable gain, known as an "LIC capital gain", attached to this dividend is therefore 1.43 cents (0.71 cents for DJWN shares). This enables some shareholders to claim a tax deduction in their tax return. Further details will be on the dividend statements.
- The DJWN shares will convert to DJW shares on 5 August 2021.
- Portfolio performance for the year, including the benefit of franking for those that can fully utilise was 29.6%, compared to the ASX 200 on the same basis which was 29.1%.
- A Dividend Reinvestment Plan (DRP) and Dividend Substitution Share Plan (DSSP) are available, the price for both of which will be set at a nil 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 after the shares trade ex-dividend. Notices of participation in the DRP & the DSSP need to be received by the share registry by 5 pm (AEST) on 9 August 2021. All shares issued under the DRP and DSSP will rank equally with existing shares.
- Net Operating Result after tax, which is the key component of the dividend, was \$31.3 million, 11.5% up from the previous corresponding period. Excluding the demerger dividend from the Woolworths/Endeavour demerger (which was non-cash and carries no franking credits), the Net Operating Result would have been \$25.0 million (down 11.0% from the previous corresponding period). It is this figure that the Directors have considered when setting the dividend.
- Net Operating Result per share was 13.70 cents per share, up from 12.54 cents last year. Excluding the demerger dividend noted above, the Net Operating Result would have been 10.94 cents per share.
- Net Profit attributable to members was \$30.5 million, 7.3% down from \$32.9 million in the previous corresponding period.
- Revenue from operating activities was \$28.0 million, 2.1% down from the previous corresponding period.
- The interim dividend for the 2021 financial year was 5.25 cents per share (down from 8.75 cents last year), fully franked, and it was paid to shareholders on 22 February 2021.
- Net tangible assets per share before any provision for deferred tax on the unrealised losses on the long-term investment portfolio as at 30 June 2021 were \$3.32 (before allowing for the final dividend), up from \$2.70 (before allowing for the final 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 Tuesday 20 July 2021 at 3.30 p.m. (AEST). Details are on the website djerri.com.au.
- The 2021 AGM will be held at 10.00 am on Thursday 7 October 2021. Further details on how to participate will be sent to shareholders.

Lift in Final Dividend - Full Year Report to 30 June 2021

- Djerriwarrh seeks to provide an enhanced level of fully franked income that is higher than is available from the S&P/ASX 200 Index, 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.
- The final dividend has been increased to 5.75 cents per share fully franked, up 9.5% from 5.25 cents per share fully franked for the corresponding period last year. We have been able to increase the final dividend with company dividends higher than expected due to the economy performing better than projected at the start of the year. Total dividends for the year are 11.0 cents per share. Last financial year total dividends were 14 cents per share.

Relative yields at 30 June 2021 (based on total dividends for the financial year)



Assumes an investor can take full advantage of the franking credits. S&P/ASX 200 Index is the historic yield and 70 per cent franked.

- The portfolio return for the 12 months to 30 June 2021, including franking, was 29.6%. This was ahead of the S&P/ASX 200 Accumulation Index return, including franking, of 29.1%. This was a pleasing result as option activities which can sometimes detract from capital growth in a strongly rising market, were effectively managed to produce strong option income and capital growth.
- Full Year Profit was \$30.5 million, down from \$32.9 million in the corresponding period last year. The result for the year included a demerger dividend of \$6.3 million (which was non-cash and carries no franking) resulting from the Endeavour Group demerger from Woolworths. Excluding this figure, the Full Year Profit was \$24.2 million.
- Key components of the result were:
 - income from investments, excluding the demerger dividend, down from \$28.6 million last year to \$21.7 million this financial year, as the economic impact of the COVID-19 pandemic continued to drag on company dividends; and
 - income from option activity was \$12.1 million, significantly higher than the corresponding period last year of \$7.7 million.
- Net Operating Result (which excludes the impact of open option positions and is therefore a better measure of the Company's income from its investment activities) was \$31.3 million. Excluding the demerger dividend, this figure is \$25.0 million. The figure for the prior corresponding period last year was \$28.1 million.

Profit and the Final 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 12 months to 30 July 2021 was 13.7 cents per share, up from 12.5 cents per share in the corresponding period last year. Excluding the Endeavour Group non-cash demerger dividend, the figure for the year is 10.9 cents per share, with earnings in the second half of the financial year slightly ahead of the first half.

Directors have declared a final dividend of 5.75 cents per share, up 9.5% from 5.25 cents per share fully franked for the corresponding period last year, bringing total dividends for the year to 11.0 cents per share fully franked. The final dividend contains a 1 cent LIC capital gain. Total dividends for the corresponding period last year were 14 cents per share fully franked.

Shares issued under the share purchase plan in February 2021 are entitled to fifty percent of the total final dividend, that is 2.875 cents per share fully franked, which contains a 0.5 cents LIC capital gain.

Based on the total dividend for the year, the dividend yield on the net asset backing at 30 June 2021 was 3.3% and 4.7%, 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 a yield of 1.8% percentage points higher than that available from the S&P/ASX 200 Index. Based on the share price of \$3.07 (at 30 June 2021), the yield was 3.6% and 5.1%, grossed up for franking.

Portfolio Returns

The change in the profile of the portfolio, as well as the management of the option positions, has delivered a more appropriate balance of income and capital growth this financial year. The level of option coverage of the portfolio varied during the year between 25% and 38% as we responded to changes in market conditions. After beginning the financial year at 33%, option coverage was reduced from 35% at the end of November 2020 to 28% in February 2021, as many profitable option positions were closed in order to capture option premium income.

Option coverage was not immediately re-written at this point, so that we could preserve exposure to potential share price gains. As the market subsequently increased to the current all-time highs, option coverage was gradually increased to a level of 38% by the end of June 2021. These strategies resulted in the generation of significant option premium income, while largely preserving the capital growth delivered by the rising share market.

As a result, Djerriwarrh's total portfolio return, including franking, for the 12 months to 30 June 2021 was 29.6%. This was ahead of the S&P/ASX 200 Accumulation Index return, including franking, of 29.1%.

The more significant contributors (including dividends and option income) to Djerriwarrh's portfolio performance over the 12-month period were BHP, Westpac Banking Corporation, Commonwealth Bank, Mainfreight and National Australia Bank.

Portfolio Adjustments

Over the last 12 months there has been a continued focus on the strategy to strengthen the overall quality of the companies within the portfolio, while maintaining a suitable balance between short term income yield and long-term growth in capital and income. As a result, our sources of income have shifted from companies where dividend growth looks challenged to companies offering a growing dividend profile. This has also improved the capital growth profile of the portfolio.

Major sales for the 12-month period were predominantly as a result of the exercise of call options. This included positions in BHP, Macquarie Group and holdings in each of the four major banks. The bank sector performed extremely well during the year, mostly as a result of a vastly better bad debt outcome compared to what was anticipated at the start of the pandemic. The better economic outlook has also contributed to each of the major banks having very strong capital positions.

During the period we exited a number of holdings as a result of option exercises and active selling, including South 32, QBE, Qube Holdings, Suncorp, Reliance Worldwide Corporation and Scentre Group.

Major purchases for the 12-month period focused on high-quality companies that we assessed as being able to deliver the right mix of income and growth for the portfolio. We therefore made significant increases to existing holdings in companies such as ASX, CSL, Woolworths Group, Carsales.com and Transurban. We also made significant purchases in certain companies to replace stock sold because of option exercises, including BHP and Westpac Banking Corporation.

A number of new companies were also added to the portfolio. This included positions in Equity Trustees, Mirvac Group, AUB Group and Pinnacle Investment Management Group, all of which provide a good balance of income and growth. We also established modest sized positions in companies where we see the potential for long term capital growth, including Fisher & Paykel Healthcare, ResMed, NetWealth, Temple & Webster and FINEOS Corporation. Djerriwarrh also participated in the initial public offering of PEXA Group.

Moving Forward

The ongoing strength of the market, despite a number of uncertainties, has been a feature over the year as very low interest rates have combined with better investor sentiment from improved economic conditions. This has driven up valuations and share prices, in some instances, to record highs.

The outlook for dividends across the Australian share market is mostly positive. We expect the rebound in bank dividends to largely continue, supported by a recovering economy and more sustainable dividend payout ratios. There is also the potential for capital returns as a result of their strong balance sheets. High iron ore prices may also provide ongoing strong dividend income from BHP and Rio Tinto. However, some companies are unlikely to resume dividend payments in the near term, including Sydney Airport and Auckland Airport.

The other key factor in determining income for the year is option activity which is influenced by market volatility and the level of interest rates. Based on current conditions, our expectation for option income as compared to that achieved in financial year 2021 is currently more subdued.

As we move into the new financial year, the outlook appears to hinge on a number of factors, including ongoing global demand for key commodities that Australia produces, the response of the central banks to any concerns about inflation and how society is placed with regard to COVID-19 conditions. Irrespective of any short-term factors, we believe that the current portfolio settings should enable Djerriwarrh to achieve its objectives of delivering an enhanced level of fully franked income above the market and an attractive total return over the longer term.

Please direct any enquiries to:

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19 July 2021

MAJOR TRANSACTIONS IN THE INVESTMENT PORTFOLIO

Acquisitions	Cost (\$'000)
ASX	26,116
CSL	22,094
Westpac Banking Corporation	22,005
Woolworths Group	21,963
EQT Holdings	16,764
Carsales.com (includes \$2.4million participation in placement at \$17.00 per share)	15,043

Sales	Proceeds (\$'000)
BHP#	28,268
Commonwealth Bank of Australia#	24,905
Westpac Banking Corporation^	22,118
ANZ Banking Group^	21,948
Macquarie Group#	16,972
National Australia Bank^	16,364

#Sales as a result of the exercise of call options.

^Majority of the sale was as result of the exercise of call options.

New Companies Added to the Investment Portfolio

EQT Holdings	AUB Group
Mirvac Group	Netwealth
Fisher & Paykel Healthcare	PEXA Group (IPO)
ResMed	FINEOS Corporation
Endeavour Group (demerger from Woolworths)	Temple & Webster
	Pinnacle Investment Management Group

TOP INVESTMENTS AS AT 30 JUNE 2021

Includes investments held in both the Investment and Trading Portfolios

Valued at closing prices at 30 June 2021

	Total Value \$ million	% of Portfolio
1 * CSL	52.2	6.2%
2 * Westpac Banking Corporation	49.1	5.9%
3 * BHP	47.0	5.6%
4 * Transurban Group	44.1	5.3%
5 * Woolworths Group	41.6	5.0%
6 * Commonwealth Bank of Australia	34.0	4.1%
7 * ASX	29.6	3.5%
8 * Telstra Corporation	28.6	3.4%
9 * National Australia Bank	26.6	3.2%
10 * Macquarie Group	24.5	2.9%
11 * Goodman Group	21.7	2.6%
12 * Carsales.com	21.6	2.6%
13 * Wesfarmers	20.2	2.4%
14 Mainfreight	19.7	2.3%
15 EQT Holdings	18.5	2.2%
16 * IRESS	17.8	2.1%
17 * Sydney Airport	17.4	2.1%
18 * Insurance Australia Group	16.9	2.0%
19 * Amcor	16.7	2.0%
20 * Coles Group	15.8	1.9%
Total	563.5	
As % of Total Portfolio Value (excludes Cash)	67.2%	

* Indicates options were written against part of the holding

PORTFOLIO PERFORMANCE TO 30 JUNE 2021

PERFORMANCE MEASURES AT 30 JUNE 2021	1 YEAR	5 YEARS %PA	10 YEARS %PA	15 YEARS %PA
<i>PORTFOLIO RETURN – NET ASSET BACKING INCLUDING DIVIDENDS REINVESTED</i>	27.6%	7.6%	6.1%	5.0%
S&P/ASX 200 ACCUMULATION INDEX	27.8%	11.2%	9.3%	6.9%
180 BANK BILLS INDEX	0.1%	1.4%	2.2%	3.4%

<i>PORTFOLIO RETURN – NET ASSET BACKING GROSS RETURN INCLUDING DIVIDENDS REINVESTED*</i>	29.6%	10.3%	9.2%	7.9%
S&P/ASX 200 GROSS ACCUMULATION INDEX*	29.1%	12.6%	10.8%	8.4%

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

Djerriwarrh Investments Limited

Annual Financial Statements

30 June 2021

Financial statements

Income Statement for the Year Ended 30 June 2021

	Note	2021 \$'000	2020 \$'000
Dividends and distributions	A3	28,006	28,562
Revenue from deposits and bank bills		4	59
Other revenue		-	3
Total revenue		28,010	28,624
Net gains on trading portfolio	A3	70	854
Income from options written portfolio	A3	12,129	7,673
Income from operating activities		40,209	37,151
Finance Costs	B4/D2	(1,815)	(2,857)
Administration expenses	B1	(3,956)	(4,114)
Share of net profit from Associate	B1	636	664
Operating result before income tax expense		35,074	30,844
Income tax expense*	B2, E2	(3,789)	(2,793)
Net operating result for the year		31,285	28,051
Net gains/(losses) on open options positions		(1,104)	6,957
Deferred tax on open options positions*	B2, E2	331	(2,087)
		(773)	4,870
Profit for the year		30,512	32,921
		Cents	Cents
Basic earnings per share	A5	13.36	14.72
		2021	2020
		\$'000	\$'000
* Total Tax Expense	B2, E2	3,458	4,880

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

Statement of Comprehensive Income for the Year Ended 30 June 2021

	Year to 30 June 2021			Year to 30 June 2020		
	Revenue ¹ \$'000	Capital ¹ \$'000	Total \$'000	Revenue ¹ \$'000	Capital ¹ \$'000	Total \$'000
Profit for the year	31,285	(773)	30,512	28,051	4,870	32,921
Other Comprehensive Income						
<i>Items that will not be recycled through the Income Statement</i>						
Gains/(Losses) for the period	-	133,166	133,166	-	(126,917)	(126,917)
Tax on above	-	(42,193)	(42,193)	-	37,759	37,759
<i>Items that may be recycled through the Income Statement</i>						
Net movement in fair value of swap contracts ²	-	393	393	-	198	198
Total Other Comprehensive Income	-	91,366	91,366	-	(88,960)	(88,960)
Total Comprehensive Income	31,285	90,593	121,878	28,051	(84,090)	(56,039)

¹ 'Capital' includes realised or unrealised gains or losses (and the tax on those) on securities in the investment portfolio and unrealised gains or losses (and the tax thereon) on options in the options written portfolio. Income in the form of distributions and dividends and realised gains or losses on options is recorded as 'Revenue'. All other items, including expenses, are included in 'Net Operating Result', which is categorised under 'Revenue'.

² It is currently anticipated that the swap will be held to maturity and consequently that it 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 30 June 2021

	Note	2021 \$'000	2020 \$'000
Current assets			
Cash	D1	1,236	1,463
Receivables		5,295	2,198
Trading portfolio		1,019	-
Tax refund due		-	329
Total current assets		7,550	3,990
Non-current assets			
Investment portfolio	A2	849,078	690,424
Deferred tax assets – investment portfolio	B2	-	31,282
Deferred tax assets - other	E2	6,136	867
Shares in associate	F5	1,066	622
Total non-current assets		856,280	723,195
Total assets		863,830	727,185
Current liabilities			
Payables		78	181
Borrowings – bank debt	D2	65,000	78,000
Interest rate hedging contracts	B4	83	476
Tax payable		2,588	-
Options Sold	A2	11,544	11,683
Total current liabilities		79,293	90,340
Non-current liabilities			
Deferred tax liabilities – investment portfolio	B2	15,828	-
Total non-current liabilities		15,828	-
Total liabilities		95,121	90,340
Net Assets		768,709	636,845
Shareholders' equity			
Share capital	A1, D6	686,297	652,854
Revaluation reserve	A1, D3	85,822	(20,539)
Realised capital gains reserve	A1, D4	(74,712)	(59,324)
Interest rate hedging reserve	B4	(83)	(476)
Retained profits	A1, D5	71,385	64,330
Total shareholders' equity		768,709	636,845

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

Statement of Changes in Equity for the Year Ended 30 June 2021

Year Ended 30 June 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 year		652,854	(20,539)	(59,324)²	(476)	64,330	636,845
Dividends paid	A4	-	-	-	-	(23,457)	(23,457)
Shares issued under Dividend Reinvestment Plan	D6	2,411	-	-	-	-	2,411
Shares issued under the Share Purchase Plan	D6	31,141	-	-	-	-	31,141
Share Issue Costs	D6	(109)	-	-	-	-	(109)
Total transactions with shareholders		33,443	-	-	-	(23,457)	9,986
Profit for the year		-	-	-	-	30,512	30,512
Other Comprehensive Income (net of tax)							
Net gains for the period on investments ¹		-	90,973	-	-	-	90,973
Net movement in fair value of swap contracts		-	-	-	393	-	393
Other Comprehensive Income for the year		-	90,973	-	393	-	91,366
Transfer to Realised Capital Gains Reserve of cumulative losses on investments sold		-	15,388	(15,388)	-	-	-
Total equity at the end of the year		686,297	85,822	(74,712)²	(83)	71,385	768,709

¹ Consists of an unrealised gain on investments held at the year-end of \$106.4 million (after-tax) less cumulative losses on investments sold during the year of \$15.4 million (after tax).

² See Note D4

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

Statement of Changes in Equity for the Year Ended 30 June 2021 (continued)

Year Ended 30 June 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 year		647,761	64,863	(51,114)²	(674)	68,782	729,618
Dividends paid	A4	-	-	(4,454)	-	(37,373)	(41,827)
Shares issued under Dividend Reinvestment Plan	D6	5,114	-	-	-	-	5,114
Share Issue Costs	D6	(21)	-	-	-	-	(21)
Total transactions with shareholders		5,093	-	(4,454)	-	(37,373)	(36,734)
Profit for the year		-	-	-	-	32,921	32,921
Other Comprehensive Income (net of tax)							
Net losses for the period on investments ¹		-	(89,158)	-	-	-	(89,158)
Net movement in fair value of swap contracts		-	-	-	198	-	198
Other Comprehensive Income for the year		-	(89,158)	-	198	-	(88,960)
Transfer to Realised Capital Gains Reserve of cumulative losses on investments sold		-	3,756	(3,756)	-	-	-
Total equity at the end of the year		652,854	(20,539)	(59,324)²	(476)	64,330	636,845

¹ Consists of an unrealised loss on investments held at the year-end of \$85.4 million (after-tax) plus cumulative losses on investments sold during the year of \$3.8 million (after tax).

² See Note D4

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

Cash Flow Statement for the Year Ended 30 June 2021

		2021 \$'000	2020 \$'000
	Note	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		1,195	11,506
Purchases for trading portfolio		(964)	(7,105)
Interest received		4	59
Proceeds from entering into options in options written portfolio		28,779	46,249
Payment to close out options in options written portfolio		(17,922)	(41,823)
Dividends and distributions received		19,344	26,408
		30,436	35,294
Administration expenses		(3,956)	(4,113)
Finance costs paid		(1,916)	(2,955)
Income taxes paid		(696)	(1,335)
Net cash inflow/(outflow) from operating activities	E1	23,868	26,891
Cash flows from investing activities			
Sales from investment portfolio		240,321	241,028
Purchases for investment portfolio		(261,402)	(225,310)
Tax paid on capital gains		-	(1,124)
Net cash inflow/(outflow) from investing activities		(21,081)	14,594
Cash flows from financing activities			
Drawing down/(repayment) of cash advance facilities		(13,000)	(32,500)
Shares issued under SPP		31,141	-
Share issue costs		(109)	(21)
Dividends paid		(21,046)	(36,712)
Net cash inflow/(outflow) from financing activities		(3,014)	(69,233)
Net increase/(decrease) in cash held		(227)	(27,748)
Cash at the beginning of the year		1,463	29,211
Cash at the end of the year	D1	1,236	1,463

For the purpose of the cash flow statement, 'cash' includes cash and deposits held at call.

This Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the financial statements

A. Understanding Djerriwarrh's financial performance

A1. How Djerriwarrh manages its capital

Djerriwarrh's objective is to provide shareholders with attractive total returns including capital growth over the medium to long term and to pay an enhanced level of fully-franked dividends.

Djerriwarrh recognises that its capital will fluctuate with market conditions. In order to manage those fluctuations, the Board may adjust the amount of dividends paid, issue new shares, buy back the Company's shares or, where applicable, sell assets to settle any debt.

Djerriwarrh's capital consists of its shareholders' equity plus any net borrowings. A summary of the balances in equity (excluding the interest rate hedging reserve) is provided below:

	2021	2020
	\$'000	\$'000
Share capital	686,297	652,854
Revaluation reserve	85,822	(20,539)
Realised capital gains reserve	(74,712)	(59,324)
Retained profits	71,385	64,330
	768,792	637,321

Refer to notes D3-D6 for a reconciliation of movement for each equity account from period to period.

A2. Investments held and how they are measured

Djerriwarrh has three portfolios of securities: the investment portfolio, the options written portfolio and the trading portfolio. Details of all holdings (except for the specific option holdings) as at the end of the reporting period can be found at the end of the Annual Report.

The investment portfolio holds securities which the company intends to retain on a long-term basis. The options written portfolio and trading portfolio are held for short-term trading only. The latter is relatively small in size when utilised. The Company predominantly writes call options but a small number of put options are also written at times (see below). Call options are only written over securities held in the investment portfolio whilst put options are fully backed by cash, cash equivalents or access to liquidity facilities.

The balance and composition of the investment portfolio was:

	2021	2020
	\$'000	\$'000
Equity instruments (at market value)	849,078	690,424
	849,078	690,424

The fair value (the price at which the option may be bought) at 30 June of the securities in the options written portfolio was:

Call options	(11,530)	(10,900)
Put options	(14)	(783)
	(11,544)	(11,683)

If all call options were exercised, this would lead to the sale of \$327.7 million worth of securities at an agreed price – the 'exposure' (2020: \$235.4 million). If all put options were exercised, this would lead to the purchase of \$8.8 million of securities at an agreed price (2020 : \$20.8 million).

\$104.0 million of shares are lodged with ASX Clear Pty Ltd as collateral for sold option positions written by the Company (2020: \$80.5 million). These shares are lodged with ASX Clear under the terms of ASX Clear Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

How investments are shown in the financial statements

The accounting standards set out the following hierarchy for fair value measurement:

Level 1: quoted prices in active markets for identical assets or liabilities

Level 2: inputs other than quoted prices, which can be observed either directly (as prices) or indirectly (derived from prices)

Level 3: inputs for the asset or liabilities that are not based on observable market data

All financial instruments held by Djerriwarrh are classified as Level 1 (other than options which are Level 2 and the investment in Pexa which is also Level 2 as it did not start trading until 1 July 2021). Their fair values are initially measured at the costs of acquisition and then remeasured based on quoted market prices at the end of the reporting period. Options are valued daily using an independent third-party data provider. OTC options are valued internally using external data reference points.

Net tangible asset backing per share

The Board regularly reviews the net asset backing per share both before and after provision for deferred tax on the unrealised gains or losses in Djerriwarrh's long-term investment portfolio. Deferred tax is calculated as set out in note B2. The relevant amounts as at 30 June 2021 and 30 June 2020 were as follows:

	30 June 2021	30 June 2020
Net tangible asset backing per share	\$	\$
Before tax	3.32	2.70
After tax	3.26	2.84

Equity investments

The shares in the investment portfolio are designated under the accounting standards as financial assets measured at fair value through 'other comprehensive income' ("OCI"), because they are equity instruments held for long-term capital growth and dividend income, rather than to make a profit from their sale. This means that changes in the value of these shares during the reporting period are included in OCI in the statement of comprehensive income. The cumulative change in value of the shares over time is then recorded in the Revaluation Reserve. On disposal, the amounts recorded in the revaluation reserve are transferred to the realised capital gains reserve.

Options

Options are classified as financial assets or liabilities at fair value through profit and loss and usually have an expiry date within twelve months from the date that they are sold. Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value.

Securities sold and how they are measured

During the period \$242.2 million (2020 : \$217.5 million) of equity securities were sold from the investment portfolio. The cumulative loss on the sale of securities was \$15.4 million for the period (2020: \$3.8 million loss), both after tax. This has been transferred from the revaluation reserve to the realised capital gains reserve (see Statement of Changes in Equity). These sales were accounted for at the date of trade.

Where securities are sold, any difference between the sale price and the cost is transferred from the Revaluation Reserve to the Realised Capital Gains Reserve and the amounts noted in the Statement of Changes in Equity. This means the Company is able to identify the realised gains out of which it can pay a 'Listed Investment Company' (LIC) gain as part of the dividend, which conveys certain taxation benefits to many of Djerriwarrh's shareholders.

The realised gain or loss on options written is not recognised until the option expires, is exercised or is closed out. All unrealised gains or losses which represent movements in the Market Value of the options are recognised through the Income Statement.

A3. Operating income

The total income received from Djerriwarrh's investments in 2021 is set out below.

	2021 \$'000	2020 \$'000
Dividends and distributions		
Dividends from securities held in investment portfolio at 30 June	24,979	25,047
Dividends from investment securities sold during the year	3,016	3,515
Dividends from securities held in trading portfolio at 30 June	11	-
Dividends from trading securities sold during the year	-	-
	28,006	28,562

Dividend Income

Dividends from listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis. Dividends from unlisted securities are recognised as income when they are received. Capital returns on ordinary shares are treated as an adjustment to the carrying value of the shares.

Trading income & non-equity investments

Net gains on the trading and options portfolio are set out below.

Net gains

Net realised gains from securities in the trading portfolio	15	854
Net unrealised gains from securities in the trading portfolio	55	-
Realised gains on options written portfolio	12,129	7,673
	12,199	8,527

Including the realised gain on options written above, plus the unrealised loss on open options, a total of \$11.0 million before tax was recorded through the Income Statement from options in the options written portfolio (2020 : \$14.6 million).

A4. Dividends paid and franking credits

The dividends paid and payable for the year ended 30 June 2021 are shown below:

	2021	2020
	\$'000	\$'000
(a) Dividends paid during the year		
Final dividend for the year ended 30 June 2020 of 5.25 cents fully franked at 30% paid 28 August 2020 (2020: 10 cents fully franked at 30% paid on 27 August 2019).	11,709	22,270
Interim dividend for the year ended 30 June 2021 of 5.25 cents per share fully franked at 30%, paid 22 February 2021 (2020: 8.75 cents fully franked at 30% paid 20 February 2020)	11,748	19,557
	23,457	41,827
(b) Franking credits		
Balance on the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables	28,567	28,113
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(5,684)	(5,046)
Net available	22,883	23,067

These franking account balances would allow Djerriwarrh to frank additional dividend payments up to an amount of: 53,394 53,823

Djerriwarrh's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and on Djerriwarrh paying tax on its other operating activities and on any capital gain.

(c) Dividends declared after balance date

Since the end of the year Directors have declared a final dividend of 5.75 cents per share fully franked at 30% (2.875 cents for DJWN shares). The aggregate amount of the final dividend for the year to 30 June 2021 to be paid on 27 August 2021, but not recognised as a liability at the end of the financial year is \$13.3 million

	2021	2020
	\$'000	\$'000
(d) Listed Investment Company capital gain account		
Balance of the Listed Investment Company (LIC) capital gain account	2,699	2,117
This equates to an attributable amount	3,855	3,024

Distributed LIC capital gains may entitle certain shareholders to a deduction in their tax return, as set out in the dividend statement. LIC capital gains available for distribution are dependent on the disposal of investment portfolio holdings that qualify for LIC capital gains or the receipt of LIC distributions from LIC securities held in the portfolios. \$3.3 million of the attributable capital gain will be paid out as part of the final dividend on 27 August 2021.

A5. Earnings per share

The table below shows the earnings per share based on the profit for the year:

Basic Earnings per share	2021 Number	2020 Number
Weighted average number of ordinary shares used as the denominator	228,393,128	223,648,033
	\$'000	\$'000
Profit for the year	30,512	32,921
	Cents	Cents
Basic earnings per share	13.36	14.72
Basic net operating result per share	\$'000	\$'000
Net operating result	31,285	28,051
	Cents	Cents
Basic net operating result per share	13.70	12.54

Dilution

As there are no options, convertible notes or other dilutive instruments on issue, diluted earnings per share is the same as basic earnings per share. This also applies to diluted net operating result per share.

Note that DJWN shares, issued under the Share Purchase Plan in March 2021, are only entitled to half the final dividend of 5.75 cents payable on 27 August 2021.

Excluding the impact of the Woolworths/Endeavour demerger dividend, the profit for the year would have been \$24.2 million, the net operating result would have been \$25.0 million and the net operating result per share would have been 10.94 cents per share.

B. Costs, Tax and Risk

B1. Management Costs

The total management expenses for the period are as follows:

	2021	2020
	\$'000	\$'000
Administration fees paid to AICS	(2,528)	(2,634)
Share of net profit from AICS as an Associate	636	664
Other administration expenses	(1,428)	(1,480)

Administration fees paid to AICS

Australian Investment Company Services Limited ("AICS") undertakes the day-to-day administration of Djerriwarrh's investments and its operations, including financial reporting. Djerriwarrh has a 25% shareholding in AICS and has 2 Directors on the AICS Board who are involved in approving the annual expenses budget of the Company (Djerriwarrh), amongst other duties which include oversight of risk management and compliance.

A large proportion of the Administration fee paid consists of remuneration payments to the AICS staff. See the Remuneration Report for more details.

Other administration expenses

A major component of other administration expenses is Directors' remuneration. This has been summarised below:

	Short Term Benefits \$	Post- Employment Benefits \$	Total \$
2021			
Directors	601,389	50,486	651,875
2020			
Directors	595,331	52,169	647,500

Djerriwarrh recognises Directors' retirement allowances that have been crystallised as 'amounts payable'. There are no further retirement allowances that will need to be expensed.

Detailed remuneration disclosures are provided in the Remuneration Report.

The Company does not make loans to Directors.

B2. Tax

Djerriwarrh's tax position, and how it accounts for tax, is explained here. Detailed reconciliations of tax accounting to the financial statements can be found in note E2.

The income tax expense for the period is the tax payable on this financial year's taxable income, adjusted for any changes in deferred tax assets and liabilities attributable to temporary differences and for any unused tax losses. Deferred tax assets and liabilities (except for those related to the unrealised gains or losses in the investment portfolio) are offset, as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

A provision has been made for taxes on any unrealised gains or losses on securities valued at fair value through the Income Statement – i.e. the trading portfolio, puttable instruments, convertible notes that are classified as debt and the options written portfolio.

A provision has also been made for any taxes that could arise on sale of securities in the investment portfolio, even though there is no intention to dispose of them. Where Djerriwarrh disposes of such securities, tax is

calculated according to the particular parcels allocated to the sale for tax purposes, offset against any capital losses carried forward.

Tax expense

The income tax expense for the period is shown below:

(a) Reconciliation of income tax expense to prima facie tax payable

	2021 \$'000	2020 \$'000
Operating result before income tax expense	35,074	30,844
Tax at the rate of 30% (2020 – 30%)	10,522	9,253
Tax offset for franked dividends received	(4,381)	(6,776)
Demerger dividend not taxable	(1,892)	-
Tax effect of sundry items not taxable in calculating taxable income or taxable in current year but not included in income	(137)	612
	4,112	3,089
Over provision in prior years	(323)	(296)
Income tax expense on operating result before net gains on investments	3,789	2,793
Net gains (losses) on open options positions	(1,104)	6,957
Tax at the rate of 30% (2020 – 30%)	(331)	2,087
Tax expense (credit) on net gains on open options positions	(331)	2,087
Total tax expense	3,458	4,880

Deferred tax – investment portfolio

	2021 \$'000	2020 \$'000
Deferred tax (assets)/liabilities on unrealised gains or losses in the investment portfolio	15,828	(31,282)
Opening balance at 1 July	(31,282)	6,458
Tax on realised gains or losses	4,917	19
Charged to OCI for ordinary securities on gains or losses for the period	42,193	(37,759)
	15,828	(31,282)

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B3. Risk

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

As a Listed Investment Company that invests in tradeable securities, Djerriwarrh will always be subject to market risk as it invests its capital in securities which are not risk free – the market price of these securities will fluctuate.

A general fall in market prices of 5% and 10% on values at 30 June, if spread equally over all assets in the investment portfolio, would have led to the following reductions (after tax) :

	2021		2020	
	\$'000		\$'000	
	5%	10%	5%	10%
Profit after Tax	-	-	-	-
Other Comprehensive Income	(29,718)	(59,435)	(24,165)	(48,330)

An equity market fall of 5% and 10% would have impacted the Options Written Portfolio and Trading Portfolio and led to the following increases (after tax) 30 June :

	2021		2020	
	\$'000		\$'000	
	5%	10%	5%	10%
Profit after Tax	368	737	409	818
Other Comprehensive Income	-	-	-	-

Djerriwarrh seeks to reduce market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Investment Committee (normally fortnightly) and risk can be managed by reducing exposure where necessary. Djerriwarrh does not have a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

Djerriwarrh's investment exposures by sector is as below:

	2021	2020
Energy	2.93%	4.78%
Materials	11.17%	15.23%
Industrials	14.90%	17.08%
Consumer Staples	7.62%	4.10%
Banks	14.67%	21.07%
Other Financials (incl. real estate)	22.53%	15.48%
Telecommunications	5.98%	5.02%
Healthcare	10.66%	8.17%
Other –Consumer Discretionary, Info Technology & Utilities	9.39%	8.84%
Cash	0.15%	0.22%

Securities representing over 5% of the combined investment and trading portfolio (including options) at 30 June were :

	2021
CSL	6.2%
Westpac	5.9%
BHP	5.6%
Transurban	5.3%

	2020
BHP	7.2%
Commonwealth Bank	6.6%
Westpac	5.7%

No other security represents over 5% of the Company's investment and trading portfolios.

The writing of call options provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. Options are only written against securities that are held in the trading or investment portfolios although stock may be purchased on-market to meet call obligations.

Djerriwarrh is also not directly exposed to material currency risk as most of its investments are quoted in Australian dollars.

Interest Rate Risk

Djerriwarrh is not currently materially exposed to interest rate risk as all its cash investments and borrowings are short term for a fixed interest rate. It has also entered into an interest rate hedging contract with the Commonwealth Bank of Australia, under which Djerriwarrh will pay a fixed interest rate on \$15 million worth of short term borrowings, as outlined below.

Counter-party	Value	Interest-rate	Start Date	Finish Date
Commonwealth Bank	\$15m	2.385%	December 2016	October 2021

This locked in a longer term fixed rate for a proportion of Djerriwarrh's debt. Should interest rates move to the extent that the Board feel that the swaps are materially uneconomical, they may be unwound and the cost of unwinding them would be reflected through the Income Statement. The hedge was fully effective for the year.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Djerriwarrh is exposed to credit risk from cash, receivables and securities in the investment portfolio respectively. None of these assets are overdue. The risk in relation to each of these items is set out below.

Cash

All cash investments not held in a transactional account are invested in short-term deposits with Australia's "Big 4" commercial banks or cash management trusts which invest predominantly in securities with an A1+ rating.

In the unlikely event of a bank default or default on the underlying securities in the cash trust, there is a risk of losing the cash deposits and any accrued unpaid interest.

Receivables

Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within two days of the date of a transaction. Receivables are non-interest bearing and unsecured. In the event of a payment default, there is a risk of losing any difference between the price of the securities sold and the price of the recovered securities from the discontinued sale. Receivables also include dividends from securities that have passed the record date for the distribution but have not paid as at balance date.

Trading and investment portfolios

Interest-bearing securities that are not equity securities carry credit risk to the extent of their carrying value. This risk would be realised in the event of a shortfall on winding-up of the issuing companies.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial liabilities.

Djerriwarrh monitors its cash-flow requirements daily. The Investment Committee also monitors the level of contingent payments on a regular basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received, put options that may require Djerriwarrh to purchase securities, and facilities that need to be repaid. Djerriwarrh ensures that it has either cash or access to short-term borrowing facilities sufficient to meet these contingent payments.

Djerriwarrh's inward cash flows depend upon the dividends received. Should these drop by a material amount, Djerriwarrh would amend its outward cash-flows accordingly or draw down on more debt. Djerriwarrh's major cash outflows are the purchase of securities and dividends paid to shareholders, and both of these can be adjusted by the Board and management. Furthermore, the assets of Djerriwarrh are largely in the form of readily tradeable securities which can be sold on-market if necessary.

The table below analyses Djerriwarrh's financial liabilities into relevant maturity groupings. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

	Less than 6 months	6-12 months	Greater than 1 year	Total contractual cash flows	Carrying amount
30 June 2021	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives					
Payables	78	-	-	78	78
Borrowings	65,000	-	-	65,000	65,000
	65,078	-	-	65,078	65,078
Derivatives					
Options written*	8,755	-	-	8,755	11,544
Interest rate swaps	113	-	-	113	83
	8,868	-	-	8,868	11,627
30 June 2020					
Non-derivatives					
Payables	181	-	-	181	181
Borrowings	78,000	-	-	78,000	78,000
	78,181	-	-	78,181	78,181
Derivatives					
Options written*	20,799	-	-	20,799	11,683
Interest rate swaps	347	172	457	976	476
	21,146	172	457	21,775	12,159

* In the case of call options, there are no contractual cash flows as if the option is exercised the contract will be settled in the securities over which the option is written. The contractual cash flows for put options written are the cash sums the Company will pay to acquire securities over which the options have been written, and it is assumed for purpose of the above disclosure that all options will be exercised (i.e. maximum cash outflow).

B4. Interest Rate Swaps

	2021 \$000	2020 \$000
Opening Balance at 1 July	(476)	(674)
Movement for year (net of tax)	393	198
Fair Value of interest rate swap agreements at 30 June	(83)	(476)

Counter-party	Value	Interest-rate	Start Date	Finish Date
Commonwealth Bank	\$15m	2.385%	December 2016	October 2021

The Company has entered into an interest rate hedging contract as detailed above, under which the Company will pay a fixed interest rate on \$15 million worth of short term borrowings which have a floating interest rate. This has been designated as an effective hedge and any movements in its fair value will be shown as an adjustment against equity. The reserve and the corresponding asset/liability are measured as the fair value of the interest rate swap net of associated tax. It is currently anticipated that the swap will be held to maturity and consequently that it will have no impact, under current accounting standards, on the income statement.

C. Unrecognised items

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

Further notes to the financial statements are included here. These are grouped into grouped into three sections:

- D Balance sheet reconciliations
- E Income statement reconciliations
- F Further information

D. Balance sheet reconciliations

This section provides information about the basis of calculation of line items in the financial statements.

D1. Current assets – cash

	2021	2020
	\$'000	\$'000
Cash at bank and in hand (including on-call)	1,236	1,463

Cash holdings yielded an average floating interest rate of 0.12% (2020: 0.99%). All cash investments are held in a transactional account or an over-night 'at call' account invested in cash management trusts which invest predominantly in securities with an A1+ rating.

D2. Credit Facilities

The Company was party to agreements under which Commonwealth Bank of Australia and National Australia Bank would extend cash advance facilities. The facility with Westpac Bank expired during the year. Details of the facilities are given below.

	2021	2020
	\$'000	\$'000
Commonwealth Bank of Australia – cash advance facility	110,000	140,000
Amount drawn down at 30 June	55,000	68,000
Undrawn facilities at 30 June	55,000	72,000
National Australia Bank- cash advance facility	10,000	10,000
Amount drawn down at 30 June	10,000	10,000
Undrawn facilities at 30 June	0	0
Total short-term loan facilities	120,000	150,000
Total drawn down at 30 June	65,000	78,000
Total undrawn facilities at 30 June	55,000	72,000

The above borrowings, with the exception of the NAB facility, are unsecured. Repayment of facilities is done either through the use of cash received from distributions or the sale of securities, or by rolling existing facilities into new ones. Facilities are usually drawn down for no more than three months and hence are classified as current liabilities when drawn.

The current debt facilities are as follows :

Facility Provider	Amount	Expiry Date
Commonwealth Bank	\$50 million	30 October 2021
Commonwealth Bank	\$30 million	31 December 2022

Commonwealth Bank	\$30 million	29 June 2023
National Australia Bank	\$10 million	26 July 2021
Total Facilities	\$120 million	

The debt facility with National Australia Bank is structured in the form of a securities lending arrangement. The terms of the agreement require that securities be pledged as collateral for the drawn secured borrowings under that facility and that such securities satisfy a minimum value of \$11 million (110% of the total facility). These securities are held by the National Australia Bank but included as part of the Company's investment portfolio. As at 30 June 2021 the market value of the securities pledged as collateral was \$15.6 million (2020 : \$17.7 million).

D3. Revaluation reserve

	2021 \$'000	2020 \$'000
Opening balance at 1 July	(20,539)	64,863
Gains/(losses) on investment portfolio	133,166	(126,917)
Deferred tax on above	(42,193)	37,759
Cumulative taxable realised (gains)/losses (net of tax)	15,388	3,756
	85,822	(20,539)

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy note A2.

D4. Realised capital gains reserve

	2021 \$'000	2020 \$'000		2021 \$'000	2020 \$'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	(16,840)	(3,463)	(20,303)	(230)	(3,545)	(3,775)
Tax on realised gains/(losses)	4,915	-	4,915	19	-	19
	(11,474)	(63,238)	(74,712)	451	(59,775)	(59,324)

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio as described in A2. 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.

Note that LIC gains paid to shareholders also include the LIC gains received from other LICs that Djerriwarrh invests in.

D5. Retained profits

	2021 \$'000	2020 \$'000
Opening balance at 1 July	64,330	68,782
Dividends paid	(23,457)	(37,373)
Profit for the year	30,512	32,921
	71,385	64,330

This reserve relates to past profits.

D6. Share capital

Date	Details	Notes	Number	Issue	Paid-up
			of shares	Price	Capital
			'000	\$	'000
1/7/2019	Balance		222,697		647,761
27/8/2019	Dividend Reinvestment Plan	(i)	815	3.31	2,698
20/2/2020	Dividend Reinvestment Plan	(i)	741	3.26	2,416
	Costs of issue		-	-	(21)
30/6/2020	Balance		224,253		652,854
28/8/2020	Dividend Reinvestment Plan	(i)	484	2.52	1,220
28/8/2020	Dividend Substitution Share Plan	(ii)	26	2.52	n/a
22/2/2021	Dividend Reinvestment Plan	(i)	412	2.89	1,191
22/2/2021	Dividend Substitution Share Plan	(ii)	18	2.89	n/a
3/3/2021	Share Purchase Plan	(iii)	10,926	2.85	31,141
	Costs of issue		-	-	(109)
30/6/2021	Balance		236,119		686,297

- (i) *Shareholders elect to have all or part of their dividend payment reinvested in new ordinary shares under the Dividend Reinvestment Plan (DRP). The price of the new DRP shares is based on the average selling price of shares traded on the Australian Securities Exchange & Chi-X in the five days after the shares begin trading on an ex-dividend basis.*
- (ii) *The Company has a Dividend Substitution Share Plan (DSSP) whereby shareholders may elect to forgo a dividend and receive shares instead. Pricing for the DSSP shares is done as per the DRP shares.*
- (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 5% discount to the 5-day VWAP calculated up to and including the day on which the SPP closed, being the 22 February 2021. New shares issued under the SPP are entitled to 50% of the final dividend due to be paid on 27 August 2021. The SPP shares will convert to ordinary shares on the final dividend ex-date of 5 August 2021.*

All shares have been fully paid, rank pari passu (except as related to dividends as noted above) and have no par value.

E. Income statement reconciliations

E1. Reconciliation of net cash flows from operating activities to profit

	2021	2020
	\$'000	\$'000
Profit for the year	30,512	32,921
Net profit from Associate	(444)	(464)
Dividend from Associate	-	1,000
(Increase) decrease in trading portfolio	(1,019)	-
Demerger dividend (non-cash)	(6,305)	-
Increase (decrease) in options written portfolio	(139)	(10,213)
Dividends received as securities under DRP investments	-	(2,199)
Decrease (increase) in current receivables	(3,097)	25,711
- Less increase (decrease) in receivables for investment portfolio	1,898	(22,970)
Increase (decrease) in deferred tax	41,841	(35,869)
- Less (increase) decrease in deferred tax on investment portfolio	(47,110)	37,740
- Add increase (decrease) in CGT losses carried forward	4,985	-
Increase (decrease) in current payables	(103)	(231)
- Less decrease (increase) in payables for investment portfolio	-	14
Increase (decrease) in provision for tax payable	2,917	308
- Less CGT provision	(68)	19
- Add taxes paid on capital gains	-	1,124
Net cash flows from operating activities	23,868	26,891

E2. Tax reconciliations

Tax expense composition

Charge for tax payable relating to the current year	4,133	3,305
Over provision in prior years	(323)	(296)
Decrease (increase) in deferred tax assets (excl. capital losses)	(352)	1,871
	3,458	4,880

Amounts recognised directly through Other Comprehensive Income

Capital losses	4,985	-
Capital losses carried forward from previous year	(68)	-
Net increase in deferred tax assets/liabilities relating to capital gains tax on the movement in gains or losses in the investment portfolio	(47,110)	37,759
	(42,193)	37,759

Deferred tax assets

The deferred tax balances are attributable to:

	2021	2020
	\$'000	\$'000
(a) Tax on unrealised (gains)/losses in the options written portfolio	1,230	899
(b) Tax on unrealised (gains)/losses in the trading portfolio	(16)	-
(c) Provisions and expenses charged to the accounting profit which are not yet tax deductible	14	14
(d) Interest and dividend income receivable which is not assessable for tax until receipt	(145)	(114)
(e) Capital Losses	5,053	68
	6,136	867
Movements:		
Opening balance at 1 July	867	2,738
Credited/charged to Income statement	352	(1,871)
Credited/charged to other comprehensive income	4,917	-
	6,136	867

Deferred tax assets arise when provisions and expenses have been charged but are not yet tax deductible. These assets are realised when the relevant items become tax deductible, as long as enough taxable income has been generated to claim the assets against, and as long as there are no changes to the tax legislation that affect Djerriwarrh's ability to claim the deduction.

E3. Reconciliation of profit before tax

The Board considers Djerriwarrh's operating result after tax to be a key measure of Djerriwarrh's performance. This amount excludes the impact of unrealised gains/losses on options and any gains or losses on Djerriwarrh's investment portfolio. It reconciles to Djerriwarrh's profit before tax as follows:

	2021	2020
	\$'000	\$'000
Operating result after income tax expense	31,285	28,051
Add back income tax expense	3,789	2,793
Net gains (losses) on open options positions	(1,104)	6,957
Profit for the year before tax	33,970	37,801

F. Further information

This section covers information that is not directly related to specific line items in the financial statements, including information about related party transactions and other statutory information.

F1. Related parties

All transactions with related parties were made on normal commercial terms and conditions and approved by independent Directors. The only such transactions were in connection with the services provided by AICS (see B1 and F5).

F2. Remuneration of auditors

During the year the auditor earned the following remuneration:

	2021	2020
	\$	\$
PricewaterhouseCoopers		
Audit or review of financial reports	148,146	142,124
<u>Permitted Non-Audit Services</u>		
Taxation compliance services	18,355	17,995
Total remuneration	166,501	160,119

F3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Board, through its sub-committees, has been identified as the chief operating decision-maker, as it is responsible for allocating resources and assessing performance of the operating segments.

Description of segments

The Board makes the strategic resource allocations for Djerriwarrh. Djerriwarrh has therefore determined the operating segments based on the reports reviewed by the Board, which are used to make strategic decisions.

The Board is responsible for Djerriwarrh's entire portfolio of investments and considers the business to have a single operating segment. The Board's asset allocation decisions are based on a single, integrated investment strategy, and Djerriwarrh's performance is evaluated on an overall basis.

Segment information provided to the Board

The internal reporting provided to the Board for Djerriwarrh'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 unrealised capital gains tax on investments (as reported in Djerriwarrh's Net Tangible Asset announcements to the ASX).

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.

Djerriwarrh is domiciled in Australia and most of Djerriwarrh's income is derived from Australian entities or entities that maintain a listing in Australia. Djerriwarrh has a diversified portfolio of investments, with only one investment comprising more than 10% of Djerriwarrh's income from operating activities – Woolworths (17.6%) due to the demerger dividend from the Endeavour demerger (2020 : BHP (12.8%) and Commonwealth Bank (12.8%)).

F4. Summary of other accounting policies

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. This financial report has been authorised for issue on 19 July 2021 in accordance with a resolution of the Board and is presented in the Australian currency. The directors of Djerriwarrh have the power to amend and reissue the financial report.

Djerriwarrh has attempted to improve the transparency of its reporting by adopting 'plain English' where possible. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

Phrase	AASB Terminology
Market Value	Fair Value for Actively Traded Securities
Cash	Cash & Cash Equivalents
Share Capital	Contributed Equity
Options	Derivatives written over equity instruments that are valued at fair value through Profit or Loss

Other terminology used in the report is defined as follows:

Phrase	Definition
Net Operating Result	Total operating income after operating expenses and income tax are deducted

Djerriwarrh complies with International Financial Reporting Standards (IFRS). Djerriwarrh is a 'for profit' entity.

Djerriwarrh has not applied any Australian Accounting Standards or AASB Interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2021 ("the inoperative

standards”). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. Djerriwarrh only intends to adopt other inoperative standards at the date at which their adoption becomes mandatory.

Basis of accounting

The financial statements are prepared using the valuation methods described in A2. All other items have been treated in accordance with the historical cost convention.

Fair value of financial assets and liabilities

The fair value of cash and non-interest bearing monetary financial assets and liabilities of Djerriwarrh approximates their carrying value.

Rounding of amounts

Djerriwarrh is a company of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Instrument, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

F5. Associate Accounting

Associates are entities over which the Company has significant influence but not control, generally accompanied by a shareholding of between 20 and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost, in the Company's financial statements.

The Company has one associate - Australian Investment Company Services (AICS), incorporated in Australia, in which it has a 25 per cent shareholding. AICS provides investment and administrative services to the Company and to other Listed Investment Companies, including its Parent, Australian Foundation Investment Company (AFIC) which holds the other 75 per cent.

The Company's share of its associate's post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in Net Income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

During the year, AICS did not pay a dividend (2020 DJW's share was \$1 million).