

2000

Annual Report

and Information about the Company

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ABN 38 006 862 693

Enquiries to Djerriwarrh and its Share Registry

For general enquiries

Registered office:

Level 20, 101 Collins Street,
Melbourne Victoria 3000 Australia
Telephone: (03) 9650 9911
Facsimile: (03) 9650 9100
Email: invest@djerricom.au
Internet: www.djerricom.au

For enquiries relating to **shareholdings, noteholdings, dividends** (including participation in the Dividend Reinvestment Plan) and related matters, contact the share registry, ASX Perpetual Registrars:

Address:

ASX Perpetual Registrars Limited,
Level 4, 333 Collins Street,
Melbourne Victoria 3000 Australia
Telephone: (03) 9615 9999
Facsimile: (03) 9615 9900
E-mail:
registry_melb@perpetual.com.au

For enquiries regarding **net asset backing** (as advised each month to the Australian Stock Exchange)
Telephone: 1800 780 784
(toll free)
Internet: www.djerricom.au

For **daily share price information** (as reported in daily newspapers).

The Australian Stock Exchange codes for the Company's securities are:
Shares: DJW
Notes: DJWG

Notice OF Meeting of Shareholders and Noteholders

Annual General Meeting

The 2000 Annual General Meeting will be held at the Hilton on the Park, 192 Wellington Parade, East Melbourne at 11.00am on Thursday 26 October 2000.

Please note the change of venue for this year's AGM.

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2000 Summary

- Profit \$30.9 million. This was 13% above 1999 result.
- Final dividend, 11.5 cents per share, bringing total dividends for the year to 20.5 cents. (1999: 20 cents.)
- Net asset backing at 30 June 2000 (after providing for the final dividend) was \$3.41 per share.
- The Share Acquisition Plan enabling each shareholder or noteholder to acquire up to \$3,000 worth of shares on favourable terms raised \$12.6 million.

About Djerriwarrh Investments Limited

Djerriwarrh Investments Limited is a company listed on the Australian Stock Exchange. The Company is an investor, sub-underwriter and trader of equity securities, exchange-traded options and similar securities, primarily those listed on the Australian Stock Exchange. At 30 June 2000 the Company had approximately 13,000 shareholders and 6,000 noteholders. Its net assets were \$459 million and its market capitalisation was \$553 million.

The Company's objective is to provide attractive returns to its shareholders through dividends and capital growth. A high proportion of realised profits is paid out as dividends. All dividends paid to date have been fully franked.

The Company reports early in each month on the value of the net tangible assets per share as at the end of the previous month. These reports are provided to the Stock Exchange and are available on the Company's website (www.djerri.com.au) or by calling 1800 780 784 (toll free).

How to Invest in Djerriwarrh Shares or Convertible Notes

Investors can invest in Djerriwarrh Investments Limited simply by buying the Company's shares or convertible notes through a stockbroker.

Both the shares and the notes are listed on the Australian Stock Exchange.

The convertible notes were issued late in 1997 and have a face value of \$4.00 each. The notes bear interest at 7.5% a year on their face value, payable at 31 March and 30 September.

The notes may be converted to Djerriwarrh ordinary shares, on the basis of one share per convertible note, on 31 March or 30 September each year. Notes which have not been converted before that date will be redeemed on 30 September 2004 at their face value of \$4.00 each.

Dividend Reinvestment Plan

Djerriwarrh Investments Limited offers its shareholders a Dividend Reinvestment Plan which allows dividends to be reinvested at 5% discount from the market. No brokerage or stamp duty applies.

Information about the plan and application forms will be provided on request by the share registry.

Share Acquisition Plan

The Company has introduced a Share Acquisition Plan under which shareholders or noteholders may be able to invest up to \$3,000 in any year in Djerriwarrh shares at a 7.5% discount from the market price without paying brokerage or stamp duty.

Shares are offered under this plan at times determined by directors. All shareholders and noteholders are notified of their entitlements by mail.

Djerriwarrh celebrated its tenth full year of operations by returning a strong profit result for the year ending 30 June 2000.

Profit for the first year of the new millennium was up 13% from \$27.4 million to \$30.9 million. Earnings per share increased by 5%. The result included a special dividend of \$2.3 million associated with a buy-back scheme operated by Woolworths. Administration costs were further reduced this year to 0.22% from 0.25% of the portfolio's average market value.

A final dividend for 2000 of 11.5 cents per share brought the total to 20.5 cents per share, an increase of 2.5%.

Net asset backing at 30 June 2000 was \$3.41 per share after allowing for the final dividend.

Tax changes

Commencement of the new financial year on 1 July 2000 coincided with the start of a new tax regime, including a new consumption tax, new individual and corporate tax rates, and various other changes. The change having the biggest impact on Djerriwarrh is the way corporations will be taxed. In particular, unfranked dividends received by Djerriwarrh will no longer attract a rebate, which means that they will be taxed in the hands of Djerriwarrh rather than ultimately being taxed in the hands of shareholders when received by them.

On the other hand, corporate tax rates will be reduced from 36% to 34% for the first year in the new era and to 30% thereafter.

It is difficult at this stage to judge how these changes will ultimately affect Djerriwarrh. That depends very much on how the companies in which Djerriwarrh invests react to them.

Djerriwarrh and other members of the Australian Investment Companies Association are continuing talks with the Federal Government to retain neutrality as between investment companies and other forms of investment. I will report any developments on this issue at the AGM in October.

Investments

The year to 30 June 2000 was as interesting as any year in investment markets. The hype surrounding the year 2000 issues quickly dissolved. Technology related stocks rose rapidly at the expense of so-called old economy stocks but much of the gains later evaporated. The underlying market was also affected by nervousness about the direction of inflation and interest rates, especially in the United States. Despite fluctuations through the year, however, the Australian Stock Exchange's All Ordinaries Index (adjusted to reflect a new system of index numbers adopted in April) performed well over the year as a whole, showing growth of 15% including dividends.

Major investments included \$5.6 million in Telstra Instalment Receipts and \$2 million on Virtual Communities shares. Djerriwarrh acquired \$3.5 million in Origin Energy shares and \$1.9 million in PaperlinX shares due to the restructuring of the Boral and Amcor businesses respectively. A complete list of major acquisitions is given on page 39 of this report.

It was a busy year for corporate takeovers and reconstructions. As a consequence, Djerriwarrh disposed of its holding in Pioneer for \$9.3 million and in Metal Manufactures for \$1.7 million, and sold units into the Woolworths buy-back for which we received \$2.2 million for the underlying capital value plus \$2.3 million for an associated dividend. The investment in Colonial became merged with Djerriwarrh's investment in Commonwealth Bank as a result of the merger of the two entities.

As foreshadowed at last year's Annual General Meeting, a restructuring of Djerriwarrh's portfolios saw \$148 million worth of investments transferred from the trading portfolio to the investment portfolio. This has facilitated the capacity for greater option writing activities, which in turn allows further value to be added to your Company's investments.

A full list of Djerriwarrh's holdings at 30 June 2000 is given at the end of this report.

Share Acquisition Plan

Directors were again pleased with the participation by shareholders in the Share Acquisition Plan. Under the terms of which directors can offer up to \$3,000 worth of shares on an annual basis to shareholders at a discount to the prevailing market price. 34% of shareholders participated in the plan which raised over \$12 million for future investment.



Bruce Teele
Chairman

Benefits for Investors

Djerriwarrh Investments Limited offers investors a combination of significant investment benefits. These include:

- Reduction of risk through investment in a diversified portfolio of quality stocks.
- Low administration costs (in 1999/00, 0.22% of the portfolio's average market value) and no management fees.
- Professional and conservative management of the portfolio by directors with extensive stockbroking, investment and commercial experience.
- Steady dividend income and attractive total return.
- Australian Stock Exchange listing of the Company's shares and convertible notes, providing ready entry to, and exit from, the investment.
- No entry or exit charges made by the Company.
- Share issues, through which investors can contribute additional funds to enable Djerriwarrh to expand its portfolio and enhance long-term returns to shareholders.
- Communication with shareholders through a monthly report of Djerriwarrh's net asset backing (available on a toll-free telephone

number), interim and annual reports, and meetings for shareholders. Information is also regularly updated on the Company's Internet site.

- Investment in an enterprise which has access to sub-underwriting opportunities through a formal agreement with a major broking firm.

Dividends

Djerriwarrh pays out most of its distributable profits in dividends. Shareholders thereby gain the advantage of franking credits as soon as practicable.

Dividends may be paid by cheque through the mail or credited direct to a bank or building society account in Australia. To indicate a preference, the share registry may be contacted as shown in the directory on the inside front cover.

Franking

Djerriwarrh's dividends are normally fully franked.

The ability of Djerriwarrh to maintain fully franked dividends is dependent in part on the continued receipt of franked dividends from the companies in which it invests and on the level of income tax paid by Djerriwarrh.

Djerriwarrh's Performance

Statistical history

Djerriwarrh's first full year of operations was 1990/91. Results for that year and subsequent years are summarised in the table below.

		2000	1999	1998	1997	1996	1995	1994	1993	1992	1991
Profit after tax	\$m	30.9	27.4	25.4	25.5	23.2	16.8	15.9	10.1	12.8	8.6
	[note (a)]									(d)	(d)
Dividends	\$m	26.7	25.3	24.1	23.3	21.3	15.9	14.6	7.7	9.8	7.4
Shareholders' funds	\$m	460	437	352	346	294	270	202	172	134	106
Investments at market value	\$m	565	528	458	366	310	269	213	165	133	97
Earnings per share	cents	23.4	22.2	21.2	22.1	21.0	19.9	20.8	14.9	22.1	16.4
	[note (b)]			(b)							
Dividends per share	cents	20.5	20.0	20.0	20.0	19.0	18.0	20.0	11.0	17.0	14.0
Franking	%	100	100	100	100	100	100	100	100	100	100
Net assets per share	\$	3.41	3.42	2.90	3.01	2.60	2.49	2.47	2.39	2.30	2.14
	[note (c)]										

Notes

- Profit after tax, excluding abnormal items. The only material abnormal items were in 1998, when profit including abnormal items was \$13.9 million.*
- Earnings per share based on profit after tax divided by the weighted averaged number of shares on issue during the year to 30 June. For 1998, earnings include abnormal items.*
- Net assets per share based on year-end data after providing for the final dividend, calculated using market values of investments. No adjustment has been made for the capital gains tax that would be crystallised on the disposal of the whole portfolio.*
- Includes adjustment to make these years comparable with subsequent years in which a modified treatment of differences between the market and carrying values of the trading portfolio was adopted.*

Report of the Directors

This report in relation to the financial year to 30 June 2000 is presented by the directors of Djerriwarrh Investments Limited ('the Company') in accordance with a resolution of directors.

1. Directors

Bruce B. Teele, Chairman

Mr Teele, who has been Chairman since commencement of operations in 1989, is a company director. He is also Chairman of Australian Foundation Investment Company Limited. Mr Teele provides consulting services to the J.B. Were & Son group of which he was formerly Executive Chairman.

Ross E. Barker

Stockbroker. Director since commencement of operations in 1989. Member of Board Audit Committee.

Director of the J.B. Were & Son group, director of AMCIL Limited, Mirrabooka Investments Limited and an alternate director of Australian Foundation Investment Company Limited.

David J. Brydon

Company director. Director since 1989.

Director of Pasminco Limited and WMC Limited.

Terrence A. Campbell

Stockbroker. Director since 1989.

Executive Chairman of the J.B. Were & Son group, Chairman of Mirrabooka Investments Limited and AMCIL Limited and a director of Australian Foundation Investment Company Limited.

Russell J. Fynmore AO

Company director. Appointed 1992. Member of Board Audit Committee.

Chairman of Pacifica Group Limited, GUD Holdings Limited and CCK Financial Solutions Limited. Director of Mirrabooka Investments Limited.

Andrew F. Guy

Company director. Director since 1989.

Director of CGU Holdings (Australia) Limited, Pasminco Limited, Spicers Paper Limited, Datafast Telecommunications Limited and Pineapplehead Limited. Formerly a partner of Arthur Robinson & Hedderwicks, solicitors, to whom Mr Guy is now a consultant.

William H. Hodgson

Company director. Appointed 1991. Chairman of Board Audit Committee.

Director of Spicers Paper Limited.

In accordance with Rule 73(1), directors R.E. Barker, W.H. Hodgson and B.B. Teele retire. They are eligible for re-election at the Annual General Meeting, and have been nominated accordingly.

2. Company operations and results

Overview

The Company offers its shareholders and noteholders a medium for generating income from a diversified portfolio of equity or similar securities, predominantly in entities listed on the Australian Stock Exchange. Its major objective is to provide attractive returns to its shareholders through dividends and capital growth. A high proportion of realised profits is paid out as dividends, which to date, have all been fully franked.

Performance indicators and outcomes

Performance in relation to the objective of providing shareholders with attractive total returns is indicated by the returns achieved by shareholders on their investment in the Company.

Profit, from which the Company can pay dividends to meet its primary goal, was \$30.9 million including a special dividend of \$2.3 million from Woolworths Limited as part of that company's share buy-back arrangement, in the year to 30 June 2000. In the preceding year profit was \$27.4 million. Therefore growth in profits was 13%.

Financial condition

The Company's financing consists primarily of shareholder's funds. Interest-bearing debt, in the form of convertible notes of \$85.3 million, represents 19% of net assets. The Company also has an agreement with the National Australia Bank and Colonial State Bank to accept or accept discount bills of exchange up to a total of \$60 million (see note 9).

Significant developments

(a) Tax changes

Tax changes to have effect from 1 July 2000 will reduce corporate tax rates in Australia from 36% to 34% (and to 30% from 1 July 2001). Indexation will no longer be available to restrict application of capital gains tax to inflation-adjusted capital gains in relation to such gains arising after 30 September 1999 (indexation up to that date will be preserved). Further, unfranked dividends received by Djerriwarrh after 30 June 2000 will no longer qualify for a dividend rebate, having the effect of making such dividends taxable to the Company. The net effect of these changes will depend on the composition of profits – especially the proportions of franked and unfranked dividend income. As the tax changes could lead to companies in which Djerriwarrh invests changing their dividend payments or franking status of such dividends the financial impact of the changes on Djerriwarrh itself is difficult to predict.

Introduction of a Goods and Services Tax from 1 July 2000 will not have a material net effect on the Company's earnings and financial position.

(b) Other developments

Directors are not aware of any other significant developments in the operations of the Company or the environment in which it operates which will adversely affect the results in subsequent years.

3. Dividends

The dividends paid and proposed in respect of the year ended 30 June 2000 were...

• Interim	
9 cents per share paid on 7 March 2000	\$11,777,000
• Final	
11.5 cents per share, to be paid on 16 August 2000	\$15,615,000
	<u>\$27,392,000</u>

The interim dividend was fully franked at the 36% company tax rate. The final

dividend will be franked at the 34% company tax rate.

Dividends paid by the Company relating to the preceding year referred to in Directors' Report dated 22 July 1999 were...

• Interim	
9 cents per share paid on 15 March 1999	\$11,034,000
• Final	
11 cents per share paid on 11 August 1999	\$14,244,000
	<u>\$25,278,000</u>

All dividends in respect of the year to 30 June 1999 were fully franked at 36%.

4. Meetings of directors

	Number of meetings	
	Eligible to attend	Attended
(a) <i>Board meetings</i>		
B.B. Teele	12	11
R.E. Barker	12	12
D.J. Brydon	12	11
T.A. Campbell	12	8
R.J. Fynmore	12	9
A.F. Guy	12	11
W.H. Hodgson	12	10
(b) <i>Investment Committee meetings</i>		
B.B. Teele	47	43
R.E. Barker	47	40
D.J. Brydon	47	39
T.A. Campbell	47	31
R.J. Fynmore	47	34
A.F. Guy	47	38
W.H. Hodgson	47	36
(c) <i>Audit Committee</i>		

The Audit Committee met three times. W.H. Hodgson and R.E. Barker attended all meetings, with Directors D.J. Brydon replacing R.J. Fynmore for one of the meetings.

5. Directors' and executives' emoluments

Directors of the Company, meeting as a board, determine the fees of directors within the aggregate limit established by shareholders in general meeting.

Details of the nature and amounts of each director's emoluments in respect of the year to 30 June 2000 were as follows:

	Fee \$	Superannuation \$	Retirement allowance \$	Total \$
B.B. Teele	56,500	3,955	11,882	72,337
R.E. Barker	28,250	1,978	5,941	36,169
D.J. Brydon	28,250	672	5,941	34,863
T.A. Campbell	28,250	1,978	5,941	36,169
R.J. Fynmore	28,250	1,978	5,941	36,169
A.F. Guy	28,250	1,978	5,941	36,169
W.H. Hodgson	28,250	508	5,941	34,699

Administrative and management services were also provided to the Company by C. E. Caldwell under a consultancy agreement which provides for payment of fees on a per diem basis. Amount paid under this agreement in respect to the year to 30 June 2000 was \$17,000.

6. Insurance of directors and officers

During the financial year, the Company paid insurance premiums to insure the directors and officers named in this report. The terms of the insurance contract preclude disclosure of further details.

7. Directors' holdings of securities issued by the Company

As at the date of this report, directors who hold shares or convertible notes issued by the Company for their own benefit or who have an interest in holdings in the name of another party, and the total number of such securities, are as follows:

	Shares	Convertible notes
B.B. Teele	899,598	182,945
R.E. Barker	*205,491	*67,617
D.J. Brydon	335,742	58,235
T.A. Campbell	*117,146	*57,224
R.J. Fynmore	386,026	-
A.F. Guy	+443,066	+55,526
W.H. Hodgson	50,926	6,844

* Includes 95,711 shares and 53,984 convertible notes held by a trustee company of which, R.E. Barker and T.A. Campbell are directors.

+ Includes 313,006 shares and 55,526 convertible notes held by a trustee company of which A.F. Guy is a director.


8. Shares under option and shares issued on the exercise of options

At 30 June 2000 there were 21,333,299 unsecured convertible notes issued by the Company which may be converted on 31 March or 30 September each year until 30 September 2004 into 21,333,299 shares in the Company. During the year to 30 June 2000, 10,503 such notes were converted into 10,503 shares.

9. Rounding of amounts

The Company is of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the directors' report and financial report. Certain amounts in the directors' report have been rounded to the nearest thousand dollars in accordance with that Class Order.

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



Terry Campbell

Director

Melbourne

20 July 2000

Statement of Profit and Loss

for the year ended 30 June 2000

	Note	2000 \$'000	1999 \$'000
Operating profit before income tax	2	35,141	31,615
Income tax attributable to operating profit	3	(4,276)	(4,203)
Operating profit after income tax		30,865	27,412
Retained profits at the beginning of the financial year		3,208	1,074
Total available for appropriation		34,073	28,486
Dividends provided for or paid...			
• Interim paid 7 March 2000, 9 cents fully franked at 36% (1999: 9 cents fully franked at 36%)		(11,777)	(11,034)
• Final to be paid 16 August 2000, 11.5 cents fully franked at 34% (1999: 11 cents fully franked at 36%)		(15,615)	(14,244)
		(27,392)	(25,278)
Retained profits at the end of the financial year		6,681	3,208

The notes on pages 15 to 32 are an integral part of these financial statements.

Balance Sheet

as at 30 June 2000

	Note	2000 \$'000	1999 \$'000
Current Assets			
Cash	4	45,696	19,544
Receivables	5	29,575	4,148
Trading securities	6	26,895	125,941
Total Current Assets		102,166	149,633
Non-Current Assets			
Investment securities at market value	7	542,460	395,868
Future income tax benefit	20	3,705	1,774
Total Non-Current Assets		546,165	397,642
Total Assets		648,331	547,275
Current Liabilities			
Options written	8	12,227	4,069
Accounts payable	5	5,327	3,241
Borrowings	9	60,000	
Provisions	10	26,215	14,848
Total Current Liabilities		103,769	22,158
Non-Current Liabilities			
Provisions	10	300	3,146
Borrowings	9	85,333	85,375
Total Non-Current Liabilities		85,633	88,521
Total Liabilities		189,402	110,679
Net Assets		458,929	436,596
Shareholders' Equity			
Share capital	11	321,204	300,049
Asset revaluation reserve	13	123,907	130,049
Asset realisation reserve	14	7,137	3,290
Retained profits		6,681	3,208
Total Shareholders' Equity		458,929	436,596

The notes on pages 15 to 32 are an integral part of these financial statements.

Statement of Cash Flows

for the year ended 30 June 2000

		2000 \$'000	1999 \$'000
	Note	Inflows/ (Outflows)	Inflows/ (Outflows)
Cash flows from operating activities			
Sales of trading securities		55,710	222,752
Purchases of trading securities		(55,081)	(107,878)
Interest received		2,763	2,933
Dividends received		22,126	18,651
Other distributions received		1,731	837
Interest paid		(8,847)	(7,472)
Income taxes paid		(3,320)	(6,872)
Income taxes received		-	3,526
Other payments		(1,392)	(1,210)
Other receipts		2,163	1,165
Net cash inflow from operating activities	17	15,853	126,432
Cash flows from investing activities			
Purchases of investment securities		(92,531)	(110,401)
Sales of investment securities		47,738	5,640
Net cash outflow from investing activities		(44,793)	(104,761)
Cash flows from financing activities			
Borrowings		60,000	-
Repayment of borrowings		-	(20,000)
Share issues		21,113	27,546
Dividends paid		(26,021)	(24,374)
Net cash inflow/(outflow) from financing activities		55,092	(16,828)
Net increase in cash held		26,152	4,843
Cash at the beginning of the financial year		19,544	14,701
Cash at the end of the financial year		45,696	19,544

The notes on pages 15 to 32 are an integral part of these financial statements. Note 4 provides details of the composition of cash.

1. Principal accounting and valuation policies

This general purpose financial report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the Corporations Law. Interpretations of specific relevance to the Company are stated in this note. These policies have not changed since the prior period except as indicated.

(a) Basis of accounting

The financial statements are prepared using the historical cost basis, except as described below in relation to the revaluation of securities classified as non-current assets.

(b) Holdings of securities

(i) Balance sheet classification

'Current Assets' describes holdings of securities for short term trading purposes. This classification also applies to holdings by Djerriwarrh of rights to take securities from, or put securities to, other parties under option contracts (i.e. 'taken' options).

'Non-Current Assets' describes holdings of securities which the directors intend to retain as long term investments or to support the Company's option dealing operations.

'Current Liabilities' includes option contracts under which the Company is obliged to deliver or receive securities at the option of the other party (i.e. 'written' options).

(ii) Valuation of holdings of securities

Securities, including listed and unlisted shares, notes and options, are initially brought to account at cost.

Non-current securities, whether held as long term investments or to support option dealing operations, are revalued to current market values continuously. Increments are taken to the Asset Revaluation Reserve. Decrements are charged to this reserve while it has a positive balance; otherwise, they are charged to the Profit and Loss account.

1. Principal accounting and valuation policies continued

(ii) Valuation of holdings of securities continued

The aggregate value of securities in the trading portfolio and the sold options portfolio are valued at the lower of cost and market value.

Market value for the purpose of valuing holdings of securities and options is determined by reference to market prices prevailing at balance date, where the security is traded on an organised market. When a security is not so traded its fair value is determined by directors.

If a write down to market value is required the change in value in the case of the trading portfolio is taken to Profit and Loss account, and in the case of the options sold portfolio, to the Asset Revaluation Reserve. Decrements are charged to this reserve while it has a positive balance; otherwise, they are charged to the Profit and Loss account.

(iii) Sales of securities

Realised gains and losses on sales of trading securities based on the carrying value of the assets are taken into account in determining the operating profit of the Company.

Realised gains and losses, net of any taxes, arising from disposal of securities held for long term investment purposes are transferred from the Asset Revaluation Reserve to the Asset Realisation Reserve provided that the balance on the Asset Revaluation Reserve is not thereby reduced below zero. To the extent that a loss from a disposal would cause this proviso to be breached it would be charged against profit.

(iv) Income from holdings of securities

Distributions relating to listed securities are recognised as income when those securities begin being quoted in the market on an ex-distribution basis.

Distributions relating to unlisted securities are recognised as income when received. Profits and losses on options granted or options acquired are brought to account when the options are closed out, exercised, expire or are revalued to market in accordance with note 1(b)(ii) above.

(c) Taxation – disposal of long term investments

No provision is made for any taxes that could arise on disposal of securities held as long term investments as there is no intention to dispose of them. If disposals do

occur (for example, in takeovers) then any tax is taken into account in determining the net revaluation to be transferred to the Asset Realisation Reserve as described in note 1(b)(iii) above.

(d) Comparative figures

Where necessary, comparative figures are adjusted to conform with changes in presentation in the current year.

(e) Cash flows

For the purpose of the statement of cash flows, 'cash' includes cash, deposits held at call and investments in short term financial instruments.

(f) Convertible notes

The convertible notes presently outstanding will, if not converted to shares before 31 March 2004, be redeemed for cash at their face value of \$4.00 per note on 30 September 2004. Notes outstanding at 30 June 2000 have been classified as non-current borrowings. Interest on the notes is charged against profit as an expense.

(g) Derivative financial instruments

The Company enters into exchange traded option contracts as described in note 8, and interest rate swap agreements for the purpose of fixing interest rates on borrowings.

Options are accounted for as holdings of securities in accordance with note 1(b) (iii) above.

The net amount receivable or payable under interest rate swap agreements is progressively brought to account over the period of settlement. The amount recognised is accounted for as an adjustment to interest expense during the period and included in other debtors or other creditors at each reporting date.

(h) Bills of exchange

Bills of exchange have been purchased in the market or drawn under a bank facility, at a discount to face value. The discount brought to account each period is accounted for as interest received.

(i) Net fair value of financial assets and liabilities

The net fair value of cash and cash equivalents and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value.

	2000	1999
	\$'000	\$'000
2. Operating profit		
Operating profit (before income tax) has been determined after...		
(i) crediting...		
– dividends received in relation to...		
• securities held for investment purposes	18,732	12,030
• securities held for trading purposes	3,413	6,443
– income from trusts	2,326	1,652
– interest received	3,213	2,956
– income from dealing in securities and derivatives held for trading purposes	17,037	16,043
– sub-underwriting commission	457	1,165
	<u>45,178</u>	<u>40,289</u>
(ii) charging as expense...		
– interest paid or payable	8,639	7,406
– other financing costs paid or payable	161	78
– amounts paid or payable to the auditors for...		
• auditing the accounts	33	35
• other services	70	54
– other recurring administration costs	1,134	1,101
	<u>10,037</u>	<u>8,674</u>
Total operating profit before income tax	<u>35,141</u>	<u>31,615</u>

	2000	1999
	\$'000	\$'000
3. Income tax		
The amount of income tax attributable to the financial year differs from the amount prima facie payable on the operating profit. The differences are reconciled as set out below.		
Prima facie income tax at 36% of operating profit	12,651	11,381
Tax effect of permanent differences which (reduce)/increase tax payable...		
• rebatable dividends	(7,995)	(6,219)
• sundry items	(580)	(987)
Prima facie tax adjusted for permanent differences	4,076	4,175
Net adjustment to deferred income tax liabilities and assets to reflect the decrease in company tax rate to 34%	200	–
Under/(over) provision in prior year	–	28
Income tax attributable to operating profit	4,276	4,203
Income tax attributable to operating profit was comprised of...		
• current	13,229	6,878
• deferred	(4,740)	(2,432)
• (over)/under provision in prior year	–	28
• tax arising from disposal of long term investments (taken to Asset Realisation Reserve)	(4,213)	(271)
	4,276	4,203

Adjustment to deferred income tax balances

The company tax rate reduces from 36% to 34% in respect of the 2000-2001 income tax year and then to 30% from the 2001-2002 income tax year. As a consequence, deferred tax balances which are expected to reverse in the 2000-2001 or a later income tax year have been remeasured using the appropriate new rates, depending on the timing of their reversal.

	2000 \$'000	1999 \$'000
4. Cash		
Cash at bank and on hand	113	637
Deposits at call	2,766	3,954
Discounted bills of exchange	42,817	14,953
Total cash	45,696	19,544

Deposits at call yielded an average floating interest rate of 5.11% (1999: 4.75%). Discounted bank bills of exchange yielded an average fixed return of 5.52% (1999: 4.91%), and had fixed terms of approximately one to three months.

The credit risk exposure of the Company in relation to cash, deposits and discounted bills of exchange is the carrying amount.

Purchased bills of exchange are carried on the balance sheet at an amount less than the amount realisable at maturity. The credit risk exposure of the Company also includes the difference between the carrying amount and the realisable amount. At balance date this exposure was \$121,894 (1999: \$33,959).

5. Accounts receivable and accounts payable

Receivables and payables, all of which are non-interest bearing and unsecured, relate primarily to entitlements to dividends and amounts due from or to brokers for settlement of security sales and purchases. The terms of settlement are the usual terms operating in the securities industry, which normally require settlement within three days of the date of a transaction. The credit risk exposure of the Company in relation to accounts receivable is the carrying amount.

6. Securities held as current assets

Listed securities at carrying value...		
– shares and trust units	16,612	117,047
– converting and convertible notes and other interest bearing securities	10,283	8,894
	26,895	125,941
Unlisted securities at carrying value	–	–
Total	26,895	125,941

	2000	1999
	\$'000	\$'000
Listed securities at market value...		
– shares and trust units	24,787	127,603
– converting and convertible notes and other interest bearing securities	9,763	9,157
Total	<u>34,550</u>	<u>136,760</u>

Credit risk exposures to the Company arise in relation to converting and convertible notes and other interest bearing instruments to the extent of their carrying values, in the event of a shortfall on winding-up of the issuing companies.

7. Securities held as non-current investments

Listed securities...		
– shares and trust units at market value	518,330	362,044
– converting and convertible notes at market value	14,908	12,693
Unlisted securities...		
– at directors' valuation...		
• 1999	–	21,131
• 2000	9,222	–
Total	<u>542,460</u>	<u>395,868</u>

If all securities held as non-current investments had been sold at balance date a net capital gains tax liability of not more than \$39 million (1999: \$46 million) would have arisen. However, directors do not intend to dispose of the whole portfolio and therefore do not expect that the tax associated with such a disposal will be incurred.

Credit risk exposures to the Company arise in relation to converting and convertible notes to the extent of their carrying values in the event of a shortfall on winding-up of the issuing companies.

	2000 \$'000	1999 \$'000
8. Securities held as current liabilities		
Listed securities at carrying value...		
- exchange-traded options sold by the Company		
• Calls	11,904	3,588
• Puts	323	481
	12,227	4,069
Listed securities at market value...		
- exchange-traded options sold by the Company		
• Calls	11,904	4,029
• Puts	323	384
	12,227	4,413

The Company enters into option contracts for the purpose of enhancing returns, offsetting risk or providing opportunities to acquire or sell stock at advantageous prices. Most of these contracts are exchange-traded share options and are entered into within the constraints and controls imposed by the Australian Options Market and the Australian Stock Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily. The Investment Committee meets regularly (normally weekly) to consider, review and approve the investment, trading and sub-underwriting transactions of the Company and related matters.

Collateral security to cover sold option positions and actual and prospective margin calls is lodged with the Options Clearing House and/or the Sydney Futures Exchange Clearing House on a daily basis.

Option-related contracts are accounted for in accordance with the accounting policy described in Note 1(b)(i) to (iv).

Trading opportunities have arisen in the past and may recur where particularly attractive 'over the counter' options and other derivatives are available to the Company. The Company has participated in such transactions and may choose to participate in such transactions in the future provided that the risk is acceptable and they relate to the Company's holding of underlying listed securities.

	2000	1999
	\$'000	\$'000

9. Borrowings and associated financial arrangements

(a) Debt outstanding at balance date

Non-current unsecured...

• convertible notes*	85,333	85,375
• bank bills (facilities \$60 million)	60,000	–
	<u>145,333</u>	<u>85,375</u>

* There were 21,333,299 convertible notes outstanding on 30 June 2000 (1999: 21,343,802). The notes have a face value of \$4.00 each and carry an interest entitlement of 7.50% per annum. They may be converted at the option of the holder into ordinary shares at a rate of one share per note on 31 March or 30 September each year until 30 September 2004. Notes not converted will be redeemed at their face value on 30 September 2004. Terms of the notes are regulated under a trust deed between the Company and AXA Trustees.

The net fair value to the Company of the notes is their carrying value.

(b) Standby arrangements and credit facilities

The Company is party to an agreement under which National Australia Bank has agreed to accept or accept and discount bills of exchange up to a total amount of \$40 million (1999: \$20 million). The Company is also party to an agreement under which Colonial State Bank will accept or accept and discount bills of exchange up to a total amount of \$20 million (1999: \$20 million). Both facilities were fully drawn down at 30 June 2000.

10. Provisions

(a) Current...

– dividends	15,615	14,244
– provision for taxation	9,946	–
– other	654	604
	<u>26,215</u>	<u>14,848</u>

(b) Non-current...

– deferred income tax	300	3,146
	<u>300</u>	<u>3,146</u>

	2000 Shares '000	2000 \$'000	1999 Shares '000	1999 \$'000
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11. Share capital

(a) Paid up capital

Ordinary shares – fully paid	135,780	321,204	129,490	300,049
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(b) Movements in issued and paid up capital of the Company during the past two years were as follows:

Date	Details	Notes	Number of shares '000	Issue price	Paid Up Capital \$000
1.7.1998	Opening balance		121,272		121,272
1.7.1998	Transfer from share premium reserve	(f)			151,230
11.9.1998	Dividend Reinvestment Plan issues	(d)	1,356	\$3.27	4,434
15.3.1998	Dividend Reinvestment Plan issues	(d)	1,005	\$3.47	3,487
29.4.1999	Share Acquisition Plan issues	(e)	5,857	\$3.36	19,682
			129,490		300,105
	Costs of share issues		-		(56)
30.6.1999	Balance		129,490		300,049
11.8.1999	Dividend Reinvestment Plan issues	(d)	1,356	\$3.54	4,801
7.3.2000	Dividend Reinvestment Plan issues	(d)	1,086	\$3.47	3,769
31.3.2000	Conversions of unsecured convertible notes	(c)	11		42
27.4.2000	Share Acquisition Plan issues	(e)	3,837	\$3.28	12,585
			135,780		321,246
	Costs of share issues		-		42
30.6.2000	Balance		135,780		321,204

- (c) As described in Note 9, in 1997 the Company issued unsecured convertible notes at a face value of \$4.00 each. The notes may be converted on 31 March or 30 September at the election of the holder into ordinary shares, at a rate of one share for each note, or be redeemed at their face value on 30 September 2004.
- (d) The Company operates a Dividend Reinvestment Plan under which shareholders may elect to have all or part of their dividend entitlement satisfied by the issue of new ordinary shares rather than being paid in cash. Pricing of such shares is determined at 5% below the average selling price of shares traded on the Australian Stock Exchange in the five days after the shares begin trading on an ex-dividend basis.
- (e) The Company operates a Share Acquisition Plan which permits directors to allot shares to a maximum value per year of \$3,000 per holder of shares or convertible notes. On 27 April 2000, shares were issued under this Plan at a price of \$3.28 each, being 7.5% less than the average closing price on the Australian Stock Exchange in the four trading days beginning 25 February 2000.
- (f) In accordance with Section 1446 of the Corporations Law the amount standing to the credit of the share premium reserve on 1 July 1998 became part of share capital. This was a consequence of the abolition of par value of shares which took effect on 1 July 1998.

	2000	1999
	\$'000	\$'000

12. Share premium reserve

Opening balance	-	151,230
Transfer to share capital	-	(151,230)
Closing balance	-	-

13. Asset revaluation reserve

Opening balance	130,049	78,868
Transfer to asset realisation reserve	(8,060)	(3,290)
Revaluation of long term investments net of tax on disposals	4,668	54,471
Revaluation of options written	(2,750)	-
Closing balance	123,907	130,049

	2000 \$'000	1999 \$'000
14. Asset realisation reserve		
Opening balance	3,290	–
Transfer from asset revaluation reserve	8,060	3,290
Tax on disposals	(4,213)	–
Closing balance	<u>7,137</u>	<u>3,290</u>

15. Operating revenue

(a) Sales of securities held for short term trading purposes	56,519	222,770
(b) Other revenue		
– sales of securities held for long term investment purposes	72,788	5,640
– dividends received and receivable	24,471	20,125
– interest received and receivable	3,213	2,956
– other	457	1,162
	<u>157,448</u>	<u>252,653</u>

16. Financial reporting by segments

The Company operates predominantly in the securities industry in Australia.

17. Reconciliation of net cash flows from operating activities to operating profit after tax

Operating profit after income tax	30,865	27,412
• capital gains tax included in asset realisation reserve	(4,213)	(271)
• decrease / (increase) in current receivables	(376)	2,863

	2000 \$'000	1999 \$'000
• decrease / (increase) in trading securities	99,046	102,052
• decrease / (increase) in options written	5,408	-
• decrease / (increase) in future income tax benefit	(1,931)	330
• increase / (decrease) in current accounts payable	(1,119)	(3,266)
• increase / (decrease) in provision for income tax	9,946	-
• increase / (decrease) in provision for deferred income tax	(2,846)	(2,723)
• increase / (decrease) in other provisions	50	35
• adjustment for non-cash transfer to investment portfolio	(118,977)	-
Net cash inflows / (outflows) from operating activities	<u>15,853</u>	<u>126,432</u>

18. Related parties

Persons who were directors of Djerriwarh Investments Limited throughout the financial year ended 30 June 2000 were:

B.B. Teele
R.E. Barker
D.J. Brydon
T.A. Campbell
R.J. Fynmore
A.F. Guy
W.H. Hodgson

All transactions with related parties are made on normal commercial terms and conditions and approved by independent directors.

	2000 \$'000	1999 \$'000
18. Related parties continued		
(a) Income received by the Company from...		
– Were Stockbroking Limited for sub-underwriting/ placement commission revenue	363	857
– J.B. Were Capital Markets Limited and J.B. Were Futures Limited for interest	179	214
(b) Expenses paid by the Company to...		
– Were Stockbroking Limited for brokerage	771	940
– J.B. Were Capital Markets Limited for interest expense	17	–
(c) Purchases of securities from Were Stockbroking Limited as principal	705	880
(d) Sales of securities to Were Stockbroking Limited as principal	5	101
(e) Option premium paid to Were Stockbroking Limited as principal	4,477	–
(f) Option premium received from Were Stockbroking Limited as principal	9,615	96
(g) Purchases of bank bills from J.B. Were Capital Markets Limited as principal (includes replacement of bills maturing)	199,254	27,840
(h) Sales of bank bills to J.B. Were Capital Markets Limited as principal	40,815	76,543
(i) Deposits held at call or as security in relation to options with...		
– J.B. Were Capital Markets Limited	2,766	3,954
– J.B. Were Futures Limited	123	334

Directors B.B. Teele, T.A. Campbell and R.E. Barker are or were interested in the above transactions described in (a) to (i) as shareholders and/or employees and/or directors of Were Stockbroking Limited, J.B. Were Capital Markets Ltd, J.B. Were Group Holdings Pty Ltd and J.B. Were Futures Ltd.

	2000	1999
	\$'000	\$'000
(j) A.F. Guy was a partner of Arthur Robinson & Hedderwicks, solicitors, and now provides consulting services to the firm which provided legal services to the Company to the value of	31	7
(k) Transactions of directors and director-related entities concerning shares or share options.		

Aggregate numbers of shares and share options of Djerriwarrh Investments Limited acquired or disposed of by directors of the Company or their director-related entities:

	2000	1999
	Units	Units
Acquisition		
- Shares	91,410	72,712
- Convertible Notes	-	-
Disposals		
- Shares	25,966	4,953
- Convertible Notes	-	-

The above issues were made on terms and conditions no more favourable than those offered to shareholders and noteholders.

(l) Holdings of securities

At balance date, securities issued by the Company and held directly or indirectly by directors of the Company, or by entities to which they were related were...

- shares	20,173,549	20,218,593
- unsecured convertible notes	1,097,904	510,125

Directors and their related entities received normal dividends on the shares and interest at normal rates on unsecured convertible notes. The above year 2000 figures include 17,849,265 shares (1999: 17,959,753 shares) and 723,497 unsecured convertible notes (1999: 135,718) beneficially owned by J.B. Were Capital Markets Limited which is or was a related entity of directors B.B. Teele, T.A. Campbell and R.E. Barker.

The change in the number of shares held by J.B. Were Capital Markets is due to conversion by holders of J.B. Were Capital Markets Djerriwarrh exchangeable notes.

All other related party information is included in the notes to the financial statements.

19. Earnings per share

	2000 Cents	1999 Cents
Basic earnings per share	23.4	22.2
Diluted earnings per share	22.8	21.7

Weighted average number of shares on issue used in the calculation of basic earnings per share, 131,739,225 (1999: 123,645,924).

Convertible notes on issue are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share. These notes have not been included in the determination of basic earnings per share.

20. Future income tax benefit

The Company's future income tax benefit of \$3,705,393 (1999: \$1,774,140) will only be obtained if...

- (a) the Company derives future assessable income of a nature and an amount sufficient to enable the benefit from the deductions for the loss to be realised,
- (b) the Company continues to comply with the conditions for deductibility imposed by the law, and
- (c) no changes in tax legislation adversely affect the Company in realising the benefit from the deductions for the loss.

21. Franking credits

Balance on the franking account after allowing for tax payable in respect of the current year's profits and the payment of the final dividend

	2000 \$'000	1999 \$'000
	4,968	4,090
	Credit	Debit

Availability of franking credits depends primarily on the franking status of dividends received from investee companies. Credits also arise on tax paid by the Company itself. Dividends may be declared franked in anticipation of receipt of franking credits or payment of tax in the same tax year in which the impact of the dividends on the franking account occurs.

The balances of the franking accounts disclosed above are based on a tax rate of 36%. Australian legislation now requires companies to convert their existing Class C franking account balances from an underlying tax rate of 36% to an underlying tax rate of 34% on 1 July 2000. Balances of the franking accounts will increase accordingly and all franking debits (including those relating to dividends paid) and credits (including those relating to franked dividends received) arising after 1 July 2000 will be entered into the converted franking account using the new rate of 34%.

22. Superannuation commitments

The Company contributes to various external superannuation funds to meet its obligations in respect of Superannuation Guarantee Charges. Retirement benefits payable to directors on retirement are provided for but are not separately funded. There are no other superannuation arrangements.

	2000	1999
	\$	\$

23. Directors' and executives' remuneration

(a) Directors' remuneration

Income paid or payable, or otherwise made available, to directors by the Company in connection with the management of affairs of the Company.

Fees	226,000	215,000
Provision for retirement benefits	49,800	35,558
Superannuation Guarantee amounts	13,044	15,050
	288,844	265,608

The numbers of directors whose total income from the entity was within the specified bands are as follows:

	Number of Directors	
\$30,000 – \$39,999	6	6
\$60,000 – \$69,999	–	1
\$70,000 – \$79,999	1	–

(b) No executive of the Company received remuneration benefits in excess of \$100,000 in the years ended 30 June 1999 and 30 June 2000.

24. Service agreements

Agreements have been entered into with each director providing for retirement benefits. These agreements are in the form approved by the Company in a general meeting. Provisions in the accounts fully cover the liability of the Company under all such agreements.

25. Events subsequent to balance date

Since 30 June 2000 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.

Directors' Declaration

The directors declare that the financial statements and notes set out on pages 12 to 32:

- (a) comply with Australian Accounting Standards, the Corporations Regulations and other mandatory professional reporting requirements; and
- (b) give a true and fair view of the Company's financial position as at 30 June 2000 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the Corporations Law, 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.



Terry Campbell

Director

Melbourne

20 July 2000



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MELBOURNE 3001
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DX 77 Melbourne

To the members of Djerriwarrh Investments Limited

We have audited the financial report of Djerriwarrh Investments Limited ('the Company') for the financial year ended 30 June 2000 as set out on pages 12 to 32. The Company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. Our procedures include examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements, and Corporations Law so as to present a view which is consistent with our understanding of the Company's financial position, and performance as represented by the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion, the financial report of the Company is in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the Company's financial position as at 30 June 2000 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

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

PricewaterhouseCoopers
Chartered Accountants

Melbourne
20 July 2000

A handwritten signature in black ink, appearing to read 'Alan Talbot'.

Alan Talbot
Partner

Information about shareholders and noteholders

At 30 June 2000 there were 12,576 holders of shares and 5,970 holders of unsecured convertible notes. These holdings were distributed in the following categories:

Size of holding	Shareholdings (at 30 June 2000)	Number	Noteholdings (at 30 June 2000)
1 to 1,000	1,860		2,745
1,001 to 5,000	5,802		2,444
5,001 to 10,000	2,626		485
10,001 to 100,000	2,180		284
100,001 and over	108		12
	12,576		5,970
20 largest holdings (% of total)	28.80%		23.82%
Shareholdings less than economic parcel of \$500 (147 shares)	245		
Noteholdings less than economic parcel of \$500 (126 notes)			148

Major shareholders and noteholders

The 20 largest holdings of ordinary shares and unsecured convertible notes as at 30 June 2000 are listed below.

Shares	Holding	% total
Invia Custodian Pty Limited	17,849,265	13.15
Australian Foundation Investment Company Limited	4,205,957	3.10
MF Custodians Ltd	3,767,210	2.77
News Nominees Pty Limited	3,651,034	2.69
J. O. Poynton	1,520,914	1.12
Best Superannuation Pty Ltd	1,093,014	0.80
Perron Investments Pty Ltd	1,036,771	0.76
Tregony Pty Ltd	872,672	0.64
B. B. Teele	628,859	0.46
AMP Life Limited	572,259	0.42
E.H. & S.D. Wheatley	500,914	0.37
McCusker Holdings Pty Ltd	474,777	0.35
Rosebery Investments Pty Ltd	402,306	0.30

Shares <i>continued</i>	Holding	% total
Chase Manhattan Nominees Ltd	388,977	0.29
R.J. Fynmore	386,026	0.28
I.C. Nominees Pty Ltd	381,781	0.28
Tower Trust Limited	374,398	0.28
D.J. Brydon	335,742	0.25
P.N.B.W. Pty Ltd	333,539	0.25
Perpetual Trustee Company Ltd	327,865	0.24

Substantial shareholders

The Company has been notified of substantial shareholdings as follows:

Holder	No. of shares	Date notified
J.B. Were Group Holdings Pty Ltd	17,594,463	28 October 1999

Convertible notes	Holding	% total
Australian Foundation Investment Company Limited	756,036	3.54
MF Custodians Ltd	725,797	3.40
Invia Custodian Pty Limited	723,497	3.39
The University of Western Australia	500,000	2.34
Perpetual Trustee Company Ltd	469,552	2.20
Tower Trust Limited	374,808	1.76
The Society of Jesus in Victoria	285,400	1.34
AMP Life Limited	171,325	0.80
Sisters of Mercy – Melbourne Congregation	153,309	0.72
Perpetual Trustee Company Ltd	136,313	0.64
B.B. Teele	122,704	0.58
Kasebta Pty Ltd	108,128	0.51
D.A. & K. Dixon	94,565	0.44
Rosebery Investments Pty Ltd	83,300	0.39
Metal Trades Industry Association of Victoria	66,000	0.31
Baker Custodian Corporation	65,142	0.31
McCusker Holdings Pty Ltd	64,104	0.30
Catholic Church Insurances Limited	61,006	0.29
The Grand Lodge of Western Australian Freemasons		
Homes for the Aged Inc	60,000	0.28
J.B. Were Capital Markets Ltd	60,000	0.28

Holdings of Securities as at 30 June 2000

Details of the Company's portfolios are given below. The list should not be used to evaluate portfolio performance or to determine the net asset backing per share (which is advised to the Australian Stock Exchange each month and recorded on the toll-free telephone service at 1800 780 784).

Individual holdings in the portfolios may change significantly during the course of the year. In addition, holdings may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

Unless otherwise stated, the securities in this list are fully paid.

Ordinary shares and trust units		Units	Market value \$million
ADT	Advent	400,000	0.6
* AGL	Australian Gas Light	700,029	6.7
AIX	Australian Infrastructure Fund	6,535,400	11.6
* AMC	Amcor	1,592,910	9.1
AMH	AMCIL	5,774,469	15.7
AML	Amrad Corporation	220,000	0.2
* AMP	AMP	793,000	13.0
* ANZ	Australia & New Zealand Banking Group	213,000	2.6
APN	APN News & Media	1,654,972	6.7
AUD	Ausdoc Group	357,025	0.9
AVR	Avatar Industries	336,000	0.05
* AXA	AXA Asia Pacific	1,799,966	4.6
* BHP	BHP	755,779	14.4
* BIL	Brambles	265,000	12.9
* BLD	Boral	1,150,000	2.4
BWA	Bank of Western Australia	722,262	2.7
BWP	Bunnings Warehouse	4,365,500	4.3
* CBA	Commonwealth Bank of Australia	1,324,066	35.1
CBW	Cabonne	1,990,000	1.3
CCB	Coca-Cola Beverages	120,000	0.3
* CCL	Coca-Cola Amatil	373,287	1.2
CFS	Chieftain Securities	176,601	0.1
* CML	Coles Myer	2,780,500	17.7
CPA	Commonwealth Property Office	5,000,000	4.8
CPU	Computershare	2,600,000	22.3
CRG	G. E. Crane	116,020	0.9
CSL	CSL	122,594	4.0
* CSR	CSR	2,312,000	9.4
* CWO	Cable & Wireless Optus	781,272	3.6
CYG	Coventry Group	740,562	2.7
DAD	Data Advantage	500,000	2.3
DUI	Diversified United Investments	3,923,672	5.5
EML	Email	150,000	0.4

Ordinary shares and trust units		Units	Market value \$million	
	ENE	Energy Developments	100,201	1.0
*	FBC	Fosters Brewing Group	325,000	1.3
	FHF	Faulding	216,309	1.8
	FIF	Franked Income Fund	334,093	1.3
*	FXJ	John Fairfax Holdings	1,242,500	5.4
	GAN	Gandel Retail Trust	4,389,612	4.7
	GUD	GUD Holdings	368,694	0.7
	GWT	GWA International	896,606	2.0
	HAH	Hardie (James) Industries	1,000,000	4.4
	HIH	HIH Insurance	1,000,000	1.1
	HLY	Hills Motorway Group	1,100,000	4.2
	HWI	Housewares International	1,405,700	1.1
	ICW	Investment Company of the West	900,000	2.0
	IFA	Infratil Australia	553,740	0.5
	IWI	The International Wine Investment Fund	903,493	1.6
*	LLC	Lend Lease	408,852	8.3
	MAY	Mayne Nickless	172,835	0.6
	MBL	Macquarie Bank	100,000	2.5
	MGR	Mirvac Group	366,800	1.2
	Unlisted	Mirrabooka Investments	5,000,000	5.0
	MLB	Melbourne IT	300,000	2.5
	MLT	Milton Group	1,719	0.02
*	NAB	National Australia Bank	1,595,957	42.9
	NCA	Neighborhood Cable	2,655,000	0.8
*	NCP	News Corporation	201,201	4.4
*	NCPDP	News Corporation Preferred Ordinary	244,944	4.1
	ORG	Origin Energy	1,150,000	1.9
*	ORI	Orica	105,000	0.8
	Unlisted	Oxley Retail Trust	1,470,000	1.5
*	PAS	Pasminco	8,520,872	7.6
	PBB	Pacifica Group Limited	200,000	0.8
	PBV	Pipers Brook Vineyard	90,000	0.2
	PDP	Pacific Dunlop	700,000	1.0
	PMP	PMP Communications	1,300,000	2.3
	PPT	Perpetual Trustees Australia Limited	20,956	0.5
	PPX	PaperlinX Limited	530,970	1.7
	PWT	Powerlet Limited	200,000	0.4
	QBE	QBE Insurance	130,952	1.1
	QMC	QLD Metals Group	1,625,882	0.7
	QRL	QCT Resources	1,172,181	1.0
	RIC	Ridley Corp Options	184,647	0.02
*	RIO	Rio Tinto	200,000	5.5
	SBC	Southern Cross Broadcasting	182,366	1.6
	SCP	Spicers Paper	500,000	1.1
*	SEV	Seven Network	77,415	0.5
	SME	Suncorp-Metway	311,111	2.7

Holdings of Securities as at 30 June 2000 continued

Ordinary shares and trust units		Units	Market value \$million
SMI	Howard Smith	153,272	1.3
SPT	Spotless Group	138,186	0.8
* SRP	Southcorp Holdings	1,437,912	6.9
SSX	Smorgon Steel	5,680,343	7.6
* STO	Santos	1,801,260	8.8
TCL	Transurban City Link	3,850,000	14.5
TEL	Telecom New Zealand	300,000	1.8
* TEN	Ten Network	300,000	0.7
TGG	Templeton Global	122,400	0.2
* TLS	Telstra Corporation	6,825,000	50.4
TMS	Television & Media	208,773	0.4
TOL	Toll Group	1,042,210	10.3
Unlisted	UCMS Inc.	550,000	0.8
UEL	United Energy	2,700,000	8.8
Unlisted	Virtual Communities	2,650,000	2.0
WAN	Western Australia Newspapers	2,700,000	14.3
* WBC	Westpac	403,000	4.6
WFT	Westfield Trust	550,625	1.8
* WMC	WMC	820,000	5.8
* WOW	Woolworths	216,652	1.2
* WPL	Woodside Petroleum	855,000	10.4
* WSF	Westfield Holdings	300,000	3.2

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

Unsecured notes and other interest bearing securities		Units	\$million
#	Amcors Prides	68,500	4.2
FCLGA	Futuris C/N 7%	750,000	1.6
ICWG	Invest Co of the West 7.25 Unsecured Convertible Notes	215,893	0.7
JCMGB	JB Were Capital Markets 7.75% Fosters series Unsecured Exchangeable Notes	2,000,000	9.3
#	NAB Exchangeable Capital Units	127,000	5.7
RICGA	Ridley Corporation 7.5% Convertible Notes	1,846,479	3.2

Listed on the New York Stock Exchange.

Preference shares		Units	\$million
MBLPA	Macquarie Bank Preference	1,000	0.1
RUPDP	Rural Press Preference	25,000	0.1
SGBPA	St George Bank Preference	300,000	4.8
SSXPA	Smorgon Steel Group Converting Preference	4,329,996	9.5
VRLPA	Village Roadshow 50c 'A' Class Preference	501,764	0.9

Sub-Underwriting Transactions

Company	Underwritten by:	Description	Quantity underwritten
Pacmin Mining Options	J.B. Were & Son	Issue of 5,929,329 options at \$1.50 each	592,933
Queensland Metals	J.B. Were & Son	2 for 7 rights issue at \$0.50 per share to raise \$37 million	7,320,796
Flinders Industrial Property Trust	J.B. Were & Son Merrill Lynch	1 for 5 rights issue at \$1.08 each	2,700,000
Pipers Brook Vineyard	J.B. Were & Son	1 for 4 rights issue at \$2.50 each	310,000
Sigma Company Limited	Macquarie Equities	1 for 3 rights issue at \$1.70 per share	350,000
Pacific Hydro Limited	J.B. Were & Son	1 for 1 rights issue at \$0.95 cents per share	2,000,000
Melbourne IT	J.B. Were & Son	IPO of 42.5 million shares at \$2.20 per share	4,250,000
Bunnings Warehouse Property Trust	J.B. Were & Son	1 for 3 rights issue at \$1.00 per unit	1,000,000
AMCIL Limited	J.B. Were & Son	1 for 5 rights issue at \$2.00 per share	1,685,681
Q-Vis Limited	J.B. Were & Son	IPO of 5 million shares at \$1.00 per share	500,000

Investment Portfolio

Major additions

	Units	Cost \$million
Telstra Instalment Receipts	1,154,000	5.6
(a) Origin Energy	1,150,000	3.5
Virtual Communities	2,650,000	2.0
(b) PaperlinX	531,000	1.9
Futuris Corporation 7% Convertible Notes	750,000	1.8
Data Advantage	300,000	1.4
Neighborhood Cable	2,655,000	1.3
Hills Motorway	326,500	1.2

(a) Shares allocated as a result of Boral demerger.

(b) Shares allocated as a result of Amcor's divestment of its paper business.

Major disposals

	Units	Proceeds \$million	
Pioneer International	Takeover	1,950,000	9.3
Colonial Limited	Merger	569,900	3.1
Woolworths Limited	Buy-back	910,700	2.2
Metal Manufactures	Takeover	821,000	1.7

The Board of Directors establishes a framework of goals and policies for the operations of the Company and regularly monitors performance through review of financial reports. Directors are elected by shareholders and remain accountable to them. The Board meets formally at least 11 times per year.

All seven directors are non-executive directors, all of whom have a personal financial interest in the Company (details of their holdings are given on page 11). Directors and officers must inform the Chairman, in advance, of any proposed dealings in Djerriwarrh securities, refrain from buying or selling in the period of five days before, the day of, and the day after announcements and observe all legal requirements relating to dealing in securities.

Directors participate in the operation of the Company through two committees. An Investment Committee, comprising all directors, meets regularly (normally weekly) or as directors are available to approve all investments, transactions in trading securities and offers of sub-underwriting. The Investment Committee's terms of reference include the review of prospectuses and the allotment of shares. An Audit Committee comprising directors W.H. Hodgson, R.E. Barker and R.J. Fynmore meets at least twice per year to review accounting policies, controls and financial statements.

Where any director has an interest of any kind in relation to any matter dealt with at a board or committee meeting that director abstains from participation in the decision process.

Issues of Securities

by Djerriwarrh Investments Limited since it commenced operations in 1989

Date of issue	Type	Price
22 December 1989	Initial Allotment	\$2.00
9 April 1990	New Issue	\$2.00
18 June 1990	New Issue	\$2.00
1 January 1992	New Issue	\$2.29
25 September 1992	DRP	\$2.17
26 March 1993	DRP	\$2.13
24 September 1993	DRP	\$2.30
31 March 1994	DRP	\$2.56
21 June 1994	New Issue	\$2.57
23 September 1994	DRP	\$2.34
24 March 1995	DRP	\$2.34
22 June 1995	New Issue	\$2.60
27 September 1995	DRP	\$2.47
29 March 1996	DRP	\$2.73
13 September 1996	DRP	\$2.58
27 March 1997	DRP	\$2.76
11 September 1997	DRP	\$3.35
30 October 1997	1 – 5 rights issue of convertible notes	\$4.00
27 March 1998	DRP	\$3.60
11 September 1998	DRP	\$3.27
15 March 1999	DRP	\$3.47
28 April 1999	SAP	\$3.36
11 August 1999	DRP	\$3.54
7 March 2000	DRP	\$3.47
27 April 2000	SAP	\$3.28

Excludes shares issued under the original option agreement with J.B. Were & Son prior to listing.

Administration of Djerriwarrh Investments Limited

Directors:

Bruce B. Teele, Chairman
Ross E. Barker
David J. Brydon
Terrence A. Campbell
Russell J. Fynmore AO
Andrew F. Guy
William H. Hodgson

Secretary:

Mark A. Licciardo

Auditors:

PricewaterhouseCoopers
Chartered Accountants

Share registrars:

ASX Perpetual Registrars Limited
Level 4, 333 Collins Street
Melbourne Victoria 3000 Australia
Telephone: (03) 9615 9999
Toll Free number: 1800 331 721

Trustee for noteholders:

AXA Trustees Limited
65 Southbank Boulevard
South Melbourne Victoria 3205
Telephone: (03) 9694 6414

Dividend and Interest Timetable

Next payment	Shares	Convertible Notes
Record date	26 July 2000	14 September 2000
Payment date	16 August 2000	29 September 2000
Following payment (expected dates)	Shares	Convertible Notes
Record date	22 February 2001	16 March 2001
Payment date	8 March 2001	30 March 2001

D | J | E | R | R | I | W | A | R | R | H |
I | N | V | E | S | T | M | E | N | T | S