



INCOME UP IN VOLATILE MARKET

MEDIA RELEASE - HALF YEAR RESULT TO 31 DECEMBER 2008

19 January 2009

Volatile conditions in equities stemming from the dislocation in global credit markets provided a significant boost to Djerriwarrh's income.

The writing of call options forms a significant part of Djerriwarrh's enhanced income activity. Option premiums during the period benefited from the high levels of volatility available on these call options. In addition, the general decline in share prices meant that very few option positions were bought back by the Company during the period.

The Company's income also benefited from participating in the Santos share buy back in early October 2008.

Net Operating Profit was up substantially by 55% to \$37.0 million from \$23.9 million last year.

Djerriwarrh's interim dividend has been held at 10 cents per share.

The present yield on the share price is just over 7% fully franked. We believe the enhanced income characteristic of Djerriwarrh together with its diversified portfolio should be an attractive proposition for many investors in these uncertain times.

The Company's portfolio performance declined by 23% over the December half year compared to the 27% decline in the general market. This outperformance was brought about by the avoidance or removal from the portfolio of stocks, which Djerriwarrh perceived as having heightened investment risks and a move to improve the cash holding of the Company during the period.

Purchases were predominately from participation in capital raisings by the Commonwealth Bank, Incitec Pivot, National Australia Bank, QBE Insurance and Westpac (including shares from its takeover of St George Bank).

The Company sold its entire holdings in ConnectEast, CFS Retail Property, James Hardie Industries, Macquarie Airports, Suncorp Metway and Westfield Group. Other major sales arose because of takeovers, Queensland Gas by British Gas and St George Bank by Westpac.

Djerriwarrh will look to continue to operate with relatively high levels of call option coverage whilst volatility remains high. It will also seek further opportunities to invest in companies with strong business franchises offering high fully franked dividend yields, acknowledging company dividends in general are likely to come under pressure as the economy moves through a period of subdued activity.

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DJERRIWARRH INVESTMENTS LIMITED

TOP 20 INVESTMENTS - Ordinary shares - AS AT 31/12/2008

Valued at closing prices at 31 December 2008

Total Value
\$ million

1	*	BHP	BHP Billiton	83.6
2	*	WBC	Westpac Banking Corporation	65.9
3	*	NAB	National Australia Bank	54.9
4	*	TLS	Telstra Corporation	50.2
5	*	CBA	Commonwealth Bank of Australia	45.1
6	*	WPL	Woodside Petroleum	30.1
7	*	ANZ	Australia and New Zealand Banking Group	28.2
8	*	QBE	QBE Insurance Group	24.3
9	*	OSH	Oil Search	20.8
10	*	BXB	Brambles	20.2
11	*	AMP	AMP	19.3
12	*	WOW	Woolworths	19.0
13	*	STO	Santos	16.0
14	*	NWS	News Corporation	15.7
15	*	TCL	Transurban Group	15.1
16	*	WAN	West Australian Newspapers Holdings	14.4
17	*	RIO	Rio Tinto	14.2
18	*	ORG	Origin Energy	13.7
19	*	AXA	AXA Asia Pacific Holdings	13.0
20	*	AMC	Amcor	10.5

574.4

As % of Total Portfolio Value
(excludes Cash & Bank Bills)

82.2%

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

Income Statement for the Half-Year Ended 31 December 2008

	Half-year 2008 \$'000	Half-year 2007 \$'000
Dividends and distributions	28,832	23,709
Revenue from deposits and bank bills	439	178
Net gains on trading portfolio	208	35
Income from options written portfolio	20,864	7,568
Total income	50,343	31,490
Finance costs	(3,580)	(4,625)
Administration expenses	(1,640)	(1,423)
Operating profit	45,123	25,442
Income tax expense	(8,154)	(1,579)
Net operating profit	36,969	23,863
 Net capital gains/(losses) on investments		
Net gains/(losses) on ordinary securities sold from the investment portfolio	(15,119)	29,524
Net gains/(losses) on open options positions	9,128	8,090
Tax (expense)/credit on above	(1,260)	(5,259)
	(7,251)	32,355
Profit for the half year (including capital gains)	29,718	56,218
	Cents	Cents
Net operating profit per share	18.03	11.77
Profit for the half year (including capital gains) per share	14.49	27.74

Balance Sheet As at 31 December 2008

	31 Dec 2008 \$'000	30 June 2008 \$'000
Current assets		
Cash	44,041	298
Receivables	1,783	22,354
Trading portfolio	3,659	29,337
Interest-rate hedging contracts	-	1,044
Total current assets	49,483	53,033
Non-current assets		
Investment portfolio	701,370	959,370
Shares in associate	170	92
Deferred tax assets	3,989	8,505
Deferred tax asset - investment portfolio	4,689	-
Total non-current assets	710,218	967,967
Total assets	759,701	1,021,000
Current liabilities		
Payables	1,974	2,610
Tax payable	4,702	8,909
Borrowings – bank debt	60,000	78,000
Borrowings – convertible notes	31,919	-
Interest-rate hedging contracts	574	-
Options written portfolio	6,069	25,760
Total current liabilities	105,238	115,279
Non-current liabilities		
Borrowings	-	32,587
Deferred tax liabilities - investment portfolio	-	63,842
Total non-current liabilities	-	96,429
Total liabilities	105,238	211,708
Net Assets	654,463	809,292
Shareholders' equity		
Share Capital	584,607	579,243
Revaluation Reserve	(95,562)	60,076
Realised Capital Gains Reserve	113,580	134,010
Interest-rate Hedging Reserve	(574)	1,044
Retained Profits	52,412	34,919
Total shareholders' equity	654,463	809,292

Statement of Changes in Equity for the Half-Year ended 31 December 2008

	Half-year 2008 \$'000	Half-year 2007 \$'000
Total equity at the beginning of the half-year	809,292	935,942
Dividends paid	(32,655)	(32,238)
Dividend Reinvestment Plan	4,623	4,772
Exercise of convertible notes	752	3,581
On-market share buy-backs	(11)	(10)
Costs of issue	-	(1)
Total transactions with share-holders	(27,291)	(23,896)
Revaluation of investment portfolio	(224,169)	(39,685)
Provision for tax on unrealised gains	68,531	3,562
Net unrealised losses on investment portfolio	(155,638)	(36,123)
Net movement in fair value for interest rate swaps	(1,618)	231
Profit for the half-year	29,718	56,218
Total equity at the end of the half-year	654,463	932,372