

enhancing income

Half-Yearly Review to 31 December 2008



Summary of Results

Net Operating Profit

Net operating profit was \$37.0 million (last year \$23.9 million), up 54.9 per cent from the previous corresponding period. This operating profit is made up primarily of dividends received from the investment portfolio, option income and revenue from the trading portfolio. It does not include realised gains on the sale of investments and is indicative of the income generated by the Company's portfolios. Volatile conditions in equity markets stemming from the dislocation in global credit markets provided a significant boost to Djerriwarrh's option income during the period.

Profit After Tax

Profit after tax was \$29.7 million (last year \$56.2 million). This includes realised gains and losses on sale of investments and a revaluation of open option positions. Sales of investments fluctuate greatly from period to period depending primarily upon the level of takeover activity and the sale of securities to meet call option obligations. Given the ongoing fall in share prices during the period few option contracts were exercised during the period.

Earnings Per Share

Earnings per share based on net operating profit were 18.0 cents compared with 11.8 cents last year.

A Fully Franked Interim Dividend

A fully franked interim dividend of 10 cents per share was declared. This interim dividend is unchanged from last year. The present yield on the share price is just over 7 per cent 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.

Summary of Results *continued*

The Dividend Reinvestment Plan

The Dividend Reinvestment Plan for the interim dividend was maintained with the discount increasing from 0 per cent to 5 per cent.

Total Portfolio Return

Total portfolio return after tax and management fees over the half-year to 31 December 2008 (change in net asset backing per share plus dividends reinvested) was a decrease of 23.1 per cent whereas the S&P/ASX 200 Accumulation Index declined 26.8 per cent over the same period.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the six month period was down 13.9 per cent.

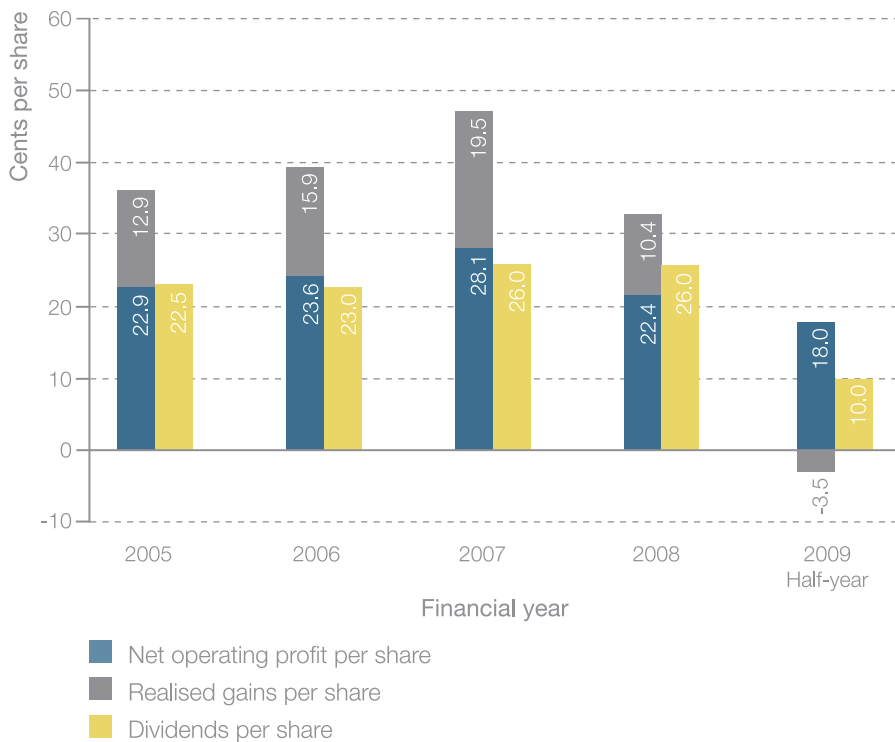
Management Expense Ratio

Management expense ratio on an annualised basis was 0.41 per cent.

Net Asset Backing at 31 December 2008

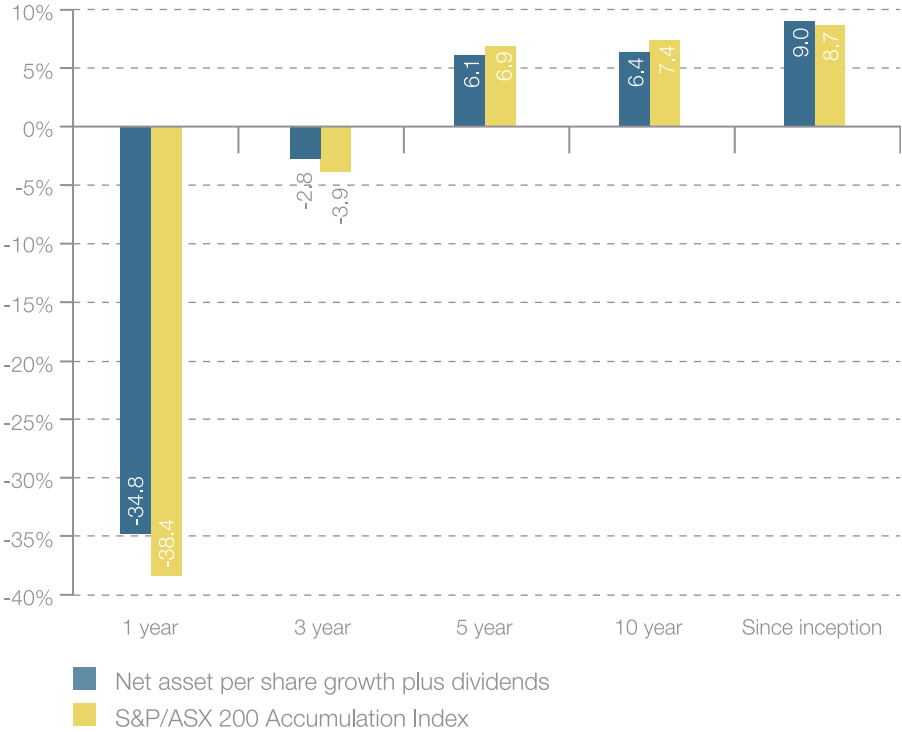
Net asset backing at 31 December 2008 was \$3.16 (before providing for the 10 cent interim dividend).

Earnings Per Share v Dividends Per Share



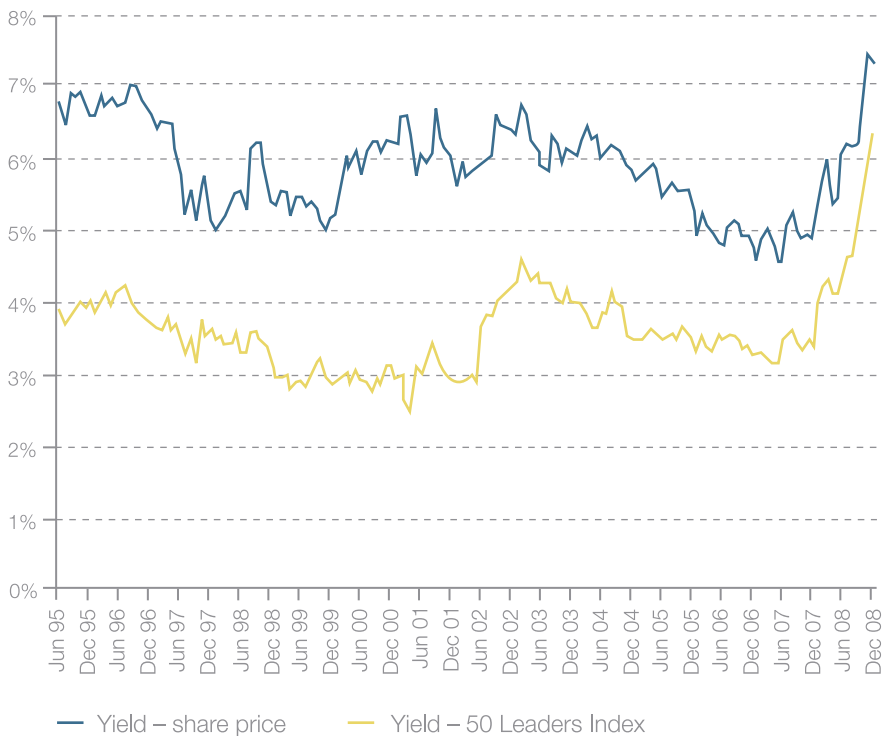
Summary of Results continued

Portfolio Performance to 31 December 2008



Note: Djerriwarrh net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax on realised sales of investments and does not reflect the value of franking credits attached to the dividends. It should be noted that Index returns for the market do not include the negative impact of management expenses and tax on their performance.

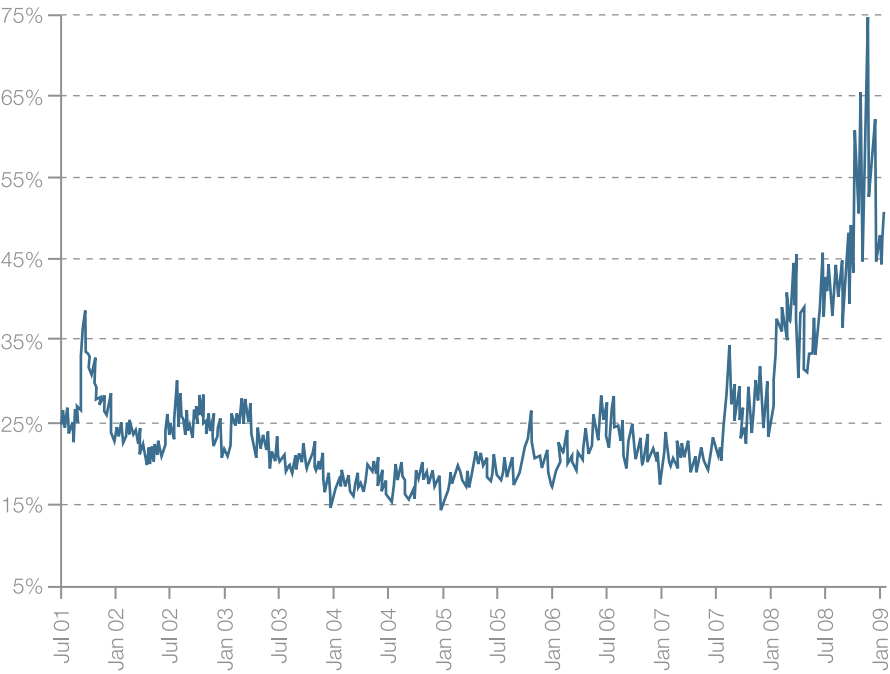
Djerriwarrh Yield v Market Yield



The chart above highlights the relative dividend yield on Djerriwarrh shares (which is fully franked) in comparison to the dividend yield on the S&P/ASX 50 Leaders Index (which is only 73 per cent franked) since the Company was listed.

Summary of Results continued

Market Implied Volatility of Call Options



Review of Operations and Activities

Profit Performance and Dividends

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 stemming from the impact of the dislocation in global credit markets over the period.

Net operating profit after tax was \$37.0 million (last year \$23.9 million), up 54.9 per cent from the previous corresponding period.

Income from investments which is driven by dividends and distributions received in the investment portfolio were up \$5.1 million over the corresponding period last year. The Company's investment income also benefited from participating in the Santos share buy-back in early October 2008.

Income from dealing in securities and derivatives which includes the revenue outcomes from the Company's option writing activities and the net gains in the trading portfolio was up to \$21.1 million from \$7.6 million last year. This was driven by the strong increase in call option premium received as a result of increased volatility and the fact that very few option positions were bought back by the Company during

the period given the general decline in the market. Typically in past years we have decided to buy back some close to the money call options and roll them into the second half of the year in order to hold onto the underlying stock. This did not occur this year. We have also operated at a relatively high level of option coverage during the six months to 31 December 2008 at close to 40 per cent coverage which is toward the upper end of our historical range to take advantage of more volatile conditions.

The reported profit after tax of the Company for the six months to 31 December 2008 was \$29.7 million versus \$56.2 million over the corresponding figure last year. This figure includes after tax profits or losses on the sale of securities from the investment portfolio and the marking to market of open option positions (i.e. the amount it would cost to buy back open option positions). It can therefore vary considerably between periods. Given the ongoing fall in share prices during the period few option contracts were exercised and therefore there were few realised gains. Other sales from the portfolio were also generally below their accounting cost.

Review of Operations and Activities *continued*

An interim fully franked dividend of 10 cents per share has been declared. This is in line with last year's interim dividend. Directors felt that given the level of uncertainty surrounding general economic conditions over the coming 12 months and more specifically the potential for company dividends to come under pressure it was prudent to hold the dividend steady despite the strong increase in net operating profit for the half.

Investment Portfolio

The Company has been adopting a cautious approach to managing the portfolio during this period. In general the focus has been on reducing the modest level of debt in the portfolio, reducing the size of the trading portfolio and selling some holdings in order to access better opportunities given higher fully franked dividend yields were on offer elsewhere. When combined with higher option volatility these dividend yields can potentially deliver very good income returns, particularly through a period where capital growth is under pressure or even negative.

Purchases in the investment portfolio were confined predominately to 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.

Sales from the portfolio meant the Company had cash of \$44.0 million at 31 December 2008.

In general the portfolio was heavily impacted by the general decline in the market. The strongest contributors to the investment portfolio over the six month period were QBE Insurance, Transurban Group, Coca-Cola Amatil, Woolworths and Amcor. The total return on the portfolio over the six months to 31 December 2008 (measured by the change in net asset backing per share plus dividends reinvested and after tax and management fees) was down 23.1 per cent or 34.8 per cent over the 12 months to 31 December 2008. The corresponding figures for the S&P/ASX 200 Accumulation Index were 26.8 per cent and 38.4 per cent respectively. 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.

If shareholders take into account the incremental benefits of receiving an enhanced fully franked dividend yield from Djerriwarrh the relative portfolio performance improves by an additional 0.9 per cent over the index returns.

Trading Portfolio

Given our caution towards the market, the trading portfolio has been reduced. At 31 December 2008, there was \$3.7 million of securities in the portfolio, or 0.5 per cent of the total assets. This was down from \$29.3 million at 30 June 2008.

Outlook

The benefit to Djerriwarrh's income of extraordinarily high levels of volatility is likely to dissipate to some extent over the second half of the financial year as markets begin to look to the potential economic benefits arising from the significant reduction in interest rates, lower oil prices and more stimulatory fiscal policy.

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.

Top 20 Investments

As at 31 December 2008

Includes investments held in both the investment and trading portfolios.

Valued at Closing Prices at 31 December 2008

Investments		Total Value \$ Million
1	BHP Billiton*	83.6
2	Westpac Banking Corporation*	65.9
3	National Australia Bank*	54.9
4	Telstra Corporation*	50.2
5	Commonwealth Bank of Australia*	45.1
6	Woodside Petroleum*	30.1
7	Australia and New Zealand Banking Group*	28.2
8	QBE Insurance Group*	24.3
9	Oil Search*	20.8
10	Brambles*	20.2
11	AMP*	19.3
12	Woolworths*	19.0
13	Santos*	16.0
14	News Corporation*	15.7
15	Transurban Group*	15.1
16	West Australian Newspapers Holdings*	14.4
17	Rio Tinto*	14.2
18	Origin Energy*	13.7
19	AXA Asia Pacific Holdings*	13.0
20	Ancor*	10.5
Total		574.4

As a percentage of total portfolio value (excludes cash and 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 Decemter 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 shareholders	(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

Holdings of Securities

As at 31 December 2008

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 Securities 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.

Ordinary shares, trust units or stapled securities (unless otherwise stated).

Code	Company Name	Number Held '000	Market Value \$'000
AGK*	AGL Energy	527	7,837
AIX	Australian Infrastructure Fund	1,540	2,927
AMC*	Amcor	1,822	10,531
AMH	AMCIL	12,257	6,006
AMP*	AMP	3,565	19,294
ANZ*	Australia and New Zealand Banking Group	1,860	28,234
APN	APN News & Media	1,919	4,760
AWC*	Alumina	3,918	5,446
AXA*	AXA Asia Pacific Holdings	2,644	13,031
BHP*	BHP Billiton	2,787	83,641
BLD*	Boral	1,001	4,602
BSL	BlueScope Steel	102	357
BXB*	Brambles	2,790	20,199
CBA*	Commonwealth Bank of Australia	1,574	45,136
CCL*	Coca-Cola Amatil	1,135	10,271
CNX	Carbon Energy	970	286

Code	Company Name	Number Held '000	Market Value \$'000
CPU*	Computershare	1,237	9,518
CSR	CSR	939	1,653
ESG	Eastern Star Gas	2,000	1,150
FGL*	Foster's Group	1,350	7,311
FXJ	Fairfax Media	1,567	2,562
GDY	Geodynamics	460	515
GWT	GWA International	966	2,800
HDF	Hastings Diversified Utilities Fund	4,304	9,383
HXL	Hexima	280	119
IAG*	Insurance Australia Group	1,777	6,897
IPL*	Incitec Pivot	800	1,975
MIR	Mirrabooka Investments	4,607	6,127
MTS	Metcash	1,050	4,599
NAB*	National Australia Bank	2,656	54,876
NWS*	News Corporation	1,178	15,670
ORG*	Origin Energy	858	13,722
ORI*	Orica	163	2,280
OSH*	Oil Search	4,506	20,770
OST*	OneSteel	1,550	3,813
PMV	Premier Investments	838	3,317
PNA	Panaust	2,983	254
PPC	Peet	1,272	1,959
QBE*	QBE Insurance Group	950	24,294
RIO*	Rio Tinto	381	14,219
STO*	Santos	1,102	16,000
TCL*	Transurban Group	2,842	15,121

Holdings of Securities *continued*

As at 31 December 2008

Code	Company Name	Number Held '000	Market Value \$'000
TLS*	Telstra Corporation	13,124	50,231
TOL*	Toll Holdings	798	4,882
VIR	Viridis Clean Energy Group	3,565	2,139
WAN*	West Australian Newspapers Holdings	2,600	14,430
WBC*	Westpac Banking Corporation	3,903	65,864
WES*	Wesfarmers	361	6,444
WESN	Wesfarmers Partially Protected Shares	130	2,350
WOW*	Woolworths	718	19,042
WPL*	Woodside Petroleum	828	30,117
Total			698,961

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

Major Transactions in the Investment and Trading Portfolios

Acquisitions (Above \$5 Million)	Cost \$'000
Westpac Banking Corporation ^(a)	20,859
Commonwealth Bank of Australia	7,809

Disposals (Above \$5 Million)	Proceeds \$'000
St.George Bank Limited ^(b)	14,636
Westfield Group	12,057
Queensland Gas Company Limited ^(c)	10,514
ConnectEast Group	7,231
CFS Retail Property	6,739
Santos Limited	6,514
Suncorp-Metway Limited	6,224
Foster's Group	5,767
Origin Energy	5,472
Wesfarmers Limited	5,404

(a) Includes \$14.6 million takeover of St.George Bank.

(b) Takeover by Westpac Banking Corporation.

(c) Sold on-market into BG takeover.

Company Particulars

Djerriwarrh Investments Limited
ABN 38 006 862 693

Directors

Bruce B Teele, Chairman
Ross E Barker, Managing Director
Peter C Barnett
Terrence A Campbell AO
Andrew F Guy
Graham J Kraehe AO
John Paterson

Company Secretary

Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office

Level 21
101 Collins Street
Melbourne Victoria 3000

Mailing Address

GPO Box 2114
Melbourne Victoria 3001

Contact Details

Telephone (03) 9650 9911
Facsimile (03) 9650 9100
Email invest@djerrri.com.au
Website www.djerrri.com.au

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

Telephone 1800 780 784 (toll free)

Shareholder Information

Share Registrar

Name Computershare Investor Services Pty Limited
Address Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067

Shareholder

Enquiry Line 1300 653 915
+613 9415 4190 (from overseas)
Facsimile (03) 9473 2500
Email web.queries@computershare.com.au
Internet www.computershare.com.au

Trustee for Noteholders

Name Permanent Nominees (Aust) Limited
Address 35 Clarence Street
Sydney New South Wales 2000
Telephone (02) 8295 8100

Securities Exchange Code

DJW Ordinary shares
DJWGA 6.5% Unsecured convertible notes
Interest payment date: 31 March 2009
Record date: 24 March 2009

Notice of Conversion to Ordinary Share
needs to be received by the Company
by 15 March 2009.

Shareholder Meetings

Melbourne Meeting

Time 2.30pm
Date Monday 16 March 2009
Venue The Hilton on the Park
Location 192 Wellington Parade
East Melbourne

Sydney Meeting

Time 2.30pm
Date Wednesday 18 March 2009
Venue Four Seasons Hotel
Location 199 George Street
Sydney

Perth Meeting

Time 2.30pm
Date Wednesday 25 March 2009
Venue Duxton Hotel
Location 1 St Georges Terrace
Perth

Canberra Meeting

Time 2.30pm
Date Monday 30 March 2009
Venue Hyatt Hotel
Location Commonwealth Avenue
Yarralumla Canberra

Brisbane Meeting

Time 2.30pm
Date Thursday 2 April 2009
Venue Stamford Plaza
Location Cnr Edward and Margaret Streets
Brisbane

Other Meetings

Meetings of shareholders will be arranged in other centres later in the financial year. Shareholders with addresses within reasonable proximity will be notified well ahead of the meeting date.

