



Djerriwarrh Investments Limited
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9 March 2007

The Manager
Company Announcements Office
Australian Securities Exchange Limited
Exchange Centre
Level 4
20 Bridge Street
Sydney NSW 2000

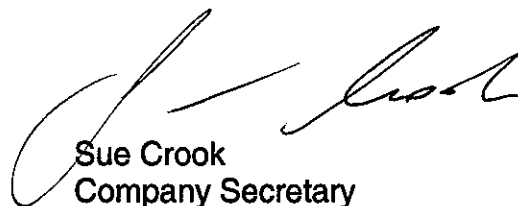
Electronic Lodgement

**Djerriwarrh Investments Limited
Half year report to shareholders**

Dear Sir or Madam

Please find attached the half year report which is being mailed with dividend cheques to shareholders today.

Yours faithfully,



Sue Crook
Company Secretary

“enhancing income”

Half-Year Report to 31 December 2006

Summary of Results

Net Operating Profit

Net operating profit after tax was \$23.3 million (last year \$20.4 million), up 14.1 per cent from the previous corresponding period.

AIFRS Reported Profit

AIFRS reported profit after tax was \$26.1 million (last year \$29.7 million). This includes realised gains on sale of investments and a revaluation of open option positions.

Earnings Per Share

Earnings per share based on net operating profit were 12.9 cents compared with 12.8 cents last year.

Fully Franked Interim Dividend

A fully franked interim dividend of 10 cents per share has been declared. This dividend is unchanged from last year.

Rights Issue

Rights issue successfully completed raising \$140.3 million of new capital. The new shares issued under the rights issue are entitled to a five cent interim fully franked dividend and will rank equally with ordinary shares after the ex dividend date of 20 February 2007.

Total Portfolio Return

Total portfolio return over the half (change in net asset backing per share plus dividends reinvested) was an increase of 12.2 per cent after tax and management fees and 22.4 per cent over the 12 months to 31 December 2006.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the six month period was 8.5 per cent and 23.0 per cent over the 12 months to 31 December 2006.

Management Expense Ratio

Management expense ratio on an annualised basis was 0.24 per cent.

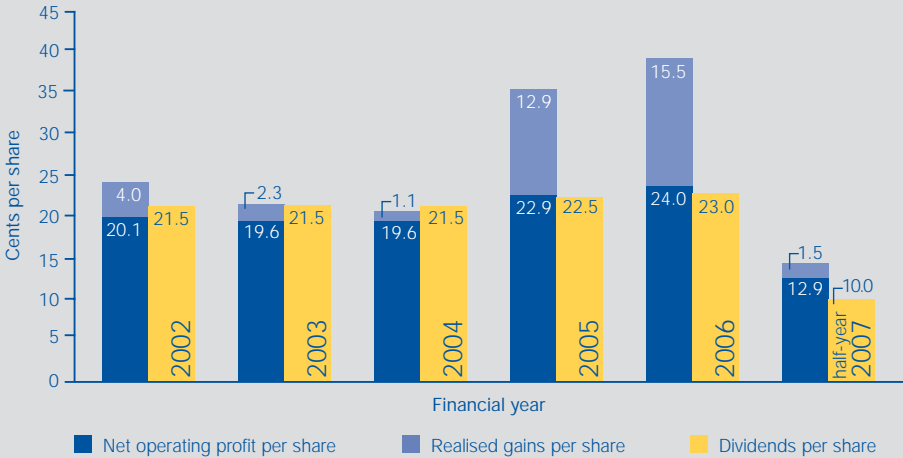
Total Assets

Total assets exceeded \$1.0 billion for the first time in the Company's history.

Net Asset Backing

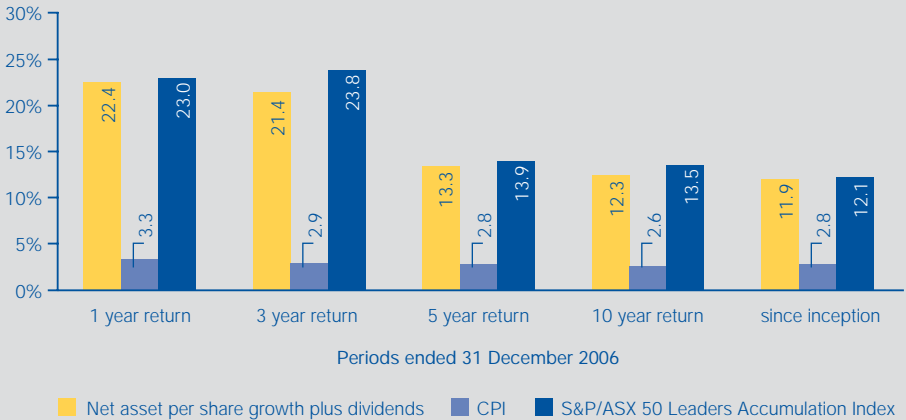
Net asset backing at 31 January 2007 was \$4.84 (before providing for the 10 cent interim dividend).

Realised Earnings Per Share vs Dividends Per Share



Note: 2002 to 2004 is calculated using AGAAP while 2005 to the 2007 half-year uses AIFRS.

Portfolio Management Performance Percentage Per Year



Note: Djerriwarrh's 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.

Review of Operations and Activities

Profit Performance and Dividends

Djerriwarrh's net operating profit after tax was \$23.3 million up from \$20.4 million or 14.1 per cent over the corresponding period last year. This operating profit is made up primarily of dividends received from the investment portfolio, option income and revenue from the trading portfolio. Directors believe this is the best measure of the Company's activities.

Income from operating activities which is a key outcome of the Company's operations was up 17.5 per cent over the corresponding period last year. There was an improvement in dividends and distributions received to \$19.6 million. We were very pleased with this outcome as last year's figure included \$2.1 million associated with participation in the Westpac buy back of its shares. Excluding this one off, dividend and distributions received rose 18.6 per cent.

Net gains in the trading portfolio increased 81.0 per cent to \$5.5 million over the corresponding period last year. The major contributors to this return were positions in AMCIL Limited, National Australia Bank and Telstra (including the instalment receipts).

There was also an increase in interest received on deposits primarily as a result of the additional cash held from the rights proceeds through the half year period. This was up to \$1.5 million from \$0.5 million last year.

Under Australian equivalents to International Financial Reporting Standards ("AIFRS"), the reported profit after tax of the Company for the six months to 31 December 2006 was \$26.1 million. This figure includes after tax profits on the sale of securities from the investment account 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. The corresponding figure last year was \$29.7 million.

In line with the Company's accounting policy which only recognises income when a disposal of an investment occurs from the investment portfolio, the impact of the re-organisation of assets relating to Brambles Industries Limited, Alinta Limited and Australian Gas Light Company which occurred during the half have not been recognised in reported profit.

Realised gains on the disposal of investments as a result of exercise of call options and the sale of some investments in the investment portfolio were \$7.3 million before tax. Last year this figure was \$16.9 million.

As Directors forecast in the Prospectus to the Rights Issue, a fully franked interim dividend of 10 cents per share has been declared, the same as last year. This will mean holders of the shares issued under the rights issue will receive a fully franked dividend of five cents per share.

Review of Operations and Activities continued

Use of Options

Over the six month period Djerriwarrh operated typically at the higher end of its option coverage range with an option written portfolio well above 40 per cent of the total portfolio (the typical range of option exposure is between 20 to 40 per cent of the portfolio by value). In particular, we took the opportunity to invest the funds raised through the rights issue in a number of positions given the spike in volatility at the time where we could generate higher option premiums in a market which in general looked to be reaching the upper limits of value.

We also took advantage of these conditions toward the end of the reporting period by buying back a number of call options and selling new ones on favourable terms with expiry dates that occur in the second half of the financial year.

Toward the end the six month period option coverage declined to 31 per cent as some option positions were exercised and a number of option contracts expired against major positions in Alumina, BHP Billiton and Rio Tinto.

This level of coverage means we are well positioned with capacity to write more options in a market which has further strengthened since the conclusion of the calendar year. In addition the recent pick up in volatility may also assist in capturing income from option premiums.

Portfolio

As part of the process of deploying funds from the rights issue we made a number of additions to the portfolio during the period. Major net acquisitions in the investment portfolio during the six month period were BHP Billiton, Telstra Instalment Receipts (under the institutional entitlement), Woodside Petroleum, Westpac Banking Group and Rinker Group.

The total return on our portfolio activities over the six months to 31 December 2006 (measured by the change in net asset backing per share plus dividends reinvested) was an increase of 12.2 per cent after tax and management fees, 22.4 per cent over the 12 months to 31 December 2006.

Given the strength of the market and additional funds raised, the investment portfolio at the end of the calendar year stood at close to \$941 million up from \$785 million over the corresponding period last year. Total assets exceeded \$1.0 billion for the first time in the Company's history.

Outlook

It is interesting to note that the trend in market volatility has been increasing perhaps reflecting some uncertainty about the immediate outlook and the relative high valuation of the market.

The Company is well positioned as we move into the second half of the financial

year. Whilst the level of option coverage declined over the half year as the market reached record highs, the level of option coverage was just over 31 per cent at the end of December 2006. We will be looking for opportunities to increase this. This provides a sound basis for further capturing income from option premiums and dividend income in line with the Company's objectives. We also have available to us approximately \$55 million in cash from the rights issue to further invest as appropriate opportunities arise.

Investment Team

An investment team has recently been appointed to support the Investment Committee's of listed investment companies Australian Foundation Investment Company, Djerriwarrh Investments, Mirrabooka Investments

and AMCIL Limited. The establishment of these investment management, research and dealing skills internally further strengthens our capabilities.

Mr Mark Freeman has accepted an invitation to join as Chief Investment Officer, Mr Alan Dunn as Senior Investment Analyst/Dealer and Mr Kieran Kennedy returns to the Company and is taking up the position of Investment Analyst/Dealer. We intend to grow the team further over time. Both Mr Freeman and Mr Dunn have been assisting the investment companies with their investment and dealing activities as employees of Goldman Sachs JBWere for some time. As such they have a depth of knowledge and experience of the companies' investment approaches, policies and processes.

“Total assets exceeded \$1.0 billion for the first time in the Company's history.”

Top 20 Investments

As at 31 December 2006

Valued at Closing Prices at 29 December 2006			Total Value \$ Million
1	*BHP	BHP Billiton	77.2
2	*NAB	National Australia Bank	75.4
3	*WBC	Westpac Banking Corporation	68.6
4	*CBA	Commonwealth Bank of Australia	66.7
5	*TLS	Telstra Corporation ^(a)	48.5
6	*SGB	St. George Bank	44.2
7	*NWS	The News Corporation ^(b)	42.3
8	*ANZ	Australia and New Zealand Banking Group	35.4
9	*RIO	Rio Tinto	34.6
10	*AWC	Alumina	24.4
11	*TCL	Transurban Group	24.2
12	*WAN	West Australian Newspapers Holdings	23.8
13	*AMP	AMP	23.0
14	*WES	Wesfarmers	22.6
15	*WPL	Woodside Petroleum	22.5
16	*BXB	Brambles	20.0
17	*WOW	Woolworths	18.5
18	*RIN	Rinker Group	17.3
19	*TOL	Toll Holdings	15.2
20	*CPU	Computershare	15.0
Total			719.5

As a percentage of Total Portfolio Value (excludes cash and bank bills) 74.1%

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

(a) Includes \$15.0 million TLSCA instalment receipts.

(b) Includes \$20.3 million News Corporation Class A Non-Voting Common Stock.

Income Statement

For the Half-Year Ended 31 December 2006

	Half-Year 2006 \$'000	Half-Year 2005 \$'000
Dividends and distributions	19,596	18,621
Revenue from deposits and bank bills	1,457	550
Net gains on trading portfolio	5,494	3,035
Income from options written portfolio	4,909	4,559
Total income	31,456	26,765
Finance costs	(3,584)	(3,929)
Administration expenses	(1,185)	(948)
Operating profit	26,687	21,888
Income tax	(3,428)	(1,511)
Net operating profit	23,259	20,377
Net capital gains/(losses) on investments		
Net gains on ordinary securities sold from the investment portfolio	7,311	16,876
Net losses on open options positions	(6,395)	(2,669)
Net gains/(losses) on other securities	(7)	202
Tax (expense)/credit on above	1,914	(5,056)
	2,823	9,353
Profit for the half year (including capital gains)	26,082	29,730
	Cents	Cents
Net operating profit per share	12.85	12.79
Profit for the half-year (including capital gains) per share	14.41	18.66

Balance Sheet

As at 31 December 2006

	31 Dec 2006 \$'000	30 Jun 2006 \$'000
Current assets		
Cash	69,658	928
Receivables	2,421	50,562
Trading portfolio	51,115	39,794
Interest-rate hedging contracts	654	362
Total current assets	123,848	91,646
Non-current assets		
Investment portfolio	940,981	784,706
Deferred tax assets	4,714	4,536
Total non-current assets	945,695	789,242
Total assets	1,069,543	880,888
Current liabilities		
Payables	2,857	3,224
Tax payable	1,459	12,040
Borrowings	60,000	80,000
Options written portfolio	20,528	14,443
Total current liabilities	84,844	109,707
Non-current liabilities		
Borrowings	43,291	45,297
Deferred tax liabilities – investment portfolio	94,141	72,624
Total non-current liabilities	137,432	117,921
Total liabilities	222,276	227,628
Net assets	847,267	653,260
Shareholders' equity		
Share capital	558,884	414,384
Revaluation reserve	179,308	134,961
Realised capital gains reserve	84,385	79,122
Interest-rate hedging reserve	654	362
Retained profits	24,036	24,431
Total shareholders' equity	847,267	653,260

Statement of Changes in Equity

For the Half-Year Ended 31 December 2006

	Half-Year 2006 \$'000	Half-Year 2005 \$'000
Total equity at the beginning of the half-year	653,260	568,987
Dividends paid	(21,214)	(19,841)
Shares issued		
- Dividend Reinvestment Plan	3,402	3,287
- 1-for-5 Rights Issue	140,326	-
Cost of share issue	(1,082)	-
On-market share buy-backs	(14)	(4)
Other share capital adjustments	1,868	120
Total transactions with share-holders	123,286	(16,438)
Revaluation of investment portfolio	65,866	32,944
Provision for tax on unrealised gains	(21,519)	(10,664)
Net unrealised gains on investment portfolio	44,347	22,280
Net movement in fair value for interest rate swaps	292	134
Profit for the half-year	26,082	29,730
Total equity at the end of the half-year	847,267	604,693

Holdings of Securities

As at 31 December 2006

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.

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

Code	Company Name	Number Held '000	Market Value \$'000
AAN*	Alinta	218	2,376
ADT	Advent	400	340
AGK*	AGL Energy	377	5,839
AIX	Australian Infrastructure Fund	500	1,350
AMC*	Amcor	1,511	10,900
AMH	Amcil	12,472	8,418
AMP*	AMP	2,386	23,032
ANZ*	Australia and New Zealand Banking Group	1,263	35,381
APN	APN News & Media	1,919	11,613
AWC*	Alumina	3,871	24,415
AXA*	AXA Asia Pacific Holdings	1,744	12,278
BHP*	BHP Billiton	3,063	77,193
BLD*	Boral	601	4,530
BSL	BlueScope Steel	102	879
BWP	Bunnings Warehouse Property Trust	1,700	3,672
BXB*	Brambles	1,640	20,008
CBA*	Commonwealth Bank of Australia	1,386	66,734
CCL*	Coca-Cola Amatil	1,554	11,408
CEU	ConnectEast Group	4,931	7,051
CFX	CFS Retail Property Trust	3,375	7,864
CGJ*	Coles Group	998	13,877
CPU*	Computershare	1,737	14,972
CSR	CSR	689	2,585
DXL	Dyno Nobel	1,497	3,563
FGL*	Foster's Group	1,975	13,361

Code	Company Name	Number Held '000	Market Value \$'000
FXJ*	Fairfax Media	2,113	9,911
GWT	GWA International	897	3,389
HDF	Hastings Diversified Utilities Fund	3,530	10,767
IAG*	Insurance Australia Group	1,475	9,087
JHX*	James Hardie Industries N.V.	450	3,895
MAP*	Macquarie Airports	1,250	4,471
MBL*	Macquarie Bank	168	12,666
MCG	Macquarie Communications Infrastructure Group	420	2,646
MGR	Mirvac Group	367	2,050
MIG*	Macquarie Infrastructure Group	625	2,048
MIR	Mirrabooka Investments	4,639	9,742
MLT	Milton Corporation	51	1,112
MTS	Metcash	550	2,569
NAB*	National Australia Bank	1,927	75,382
NWS*	News Corporation	798	21,958
NWSLV*	News Corporation – Class A Non-Voting	775	20,333
ORG*	Origin Energy	648	5,249
OSH*	Oil Search	4,154	13,859
PFL	Patties Foods	620	1,277
PMN*	Promina Group	975	6,711
PMV	Premier Investments	728	4,164
PPC	Peet	1,272	4,935
QAN	Qantas Airways	50	263
QBE*	QBE Insurance Group	133	3,529
QGC	Queensland Gas Company	1,000	1,330
RIN*	Rinker Group	1,105	17,344
RIO*	Rio Tinto	470	34,631
SBC	Southern Cross Broadcasting (Australia)	197	3,153
SGB*	St. George Bank	1,372	44,216
STO*	Santos	200	1,908
TCL*	Transurban Group	3,250	24,165
TEN*	Ten Network Holdings	97	310
TLS*	Telstra Corporation	8,083	33,438
TLSCA	Telstra Instalment Receipts	5,594	15,049
TOL	Toll Holdings	883	15,228
(unlisted)	UCMS	974	25
VIR	Viridis Clean Energy Group	1,849	1,729

Holdings of Securities continued

As at 31 December 2006

Code	Company Name	Number Held '000	Market Value \$'000
WAN*	West Australian Newspapers Holdings	2,050	23,805
WBC*	Westpac Banking Corporation	2,865	68,569
WDC	Westfield Group	273	5,721
WES*	Wesfarmers	607	22,637
WOW*	Woolworths	818	18,534
WPL*	Woodside Petroleum	598	22,527
Total			969,968

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

		Number Held '000	Market Value \$'000
Convertible Notes, Preference Shares and Other Interest Bearing Securities			
AMZGA	Amcor Investments (New Zealand) Perp.Amcor Convertible Reset Securities	15	1,600
Total			1,600

Major Transactions in the Investment and Trading Portfolios

(a) Acquisitions (Above \$2 Million)	Cost \$'000
Rinker Group	14,217
BHP Billiton	12,670
Telstra Instalment Receipts	11,851
Westpac Banking Corporation	11,301
Woodside Petroleum	9,335
Macquarie Bank	7,418
AMP	7,140
Rio Tinto	7,083
Coles Group	6,284
Hastings Diversified Utilities Fund	4,520
Promina Group	4,316
Commonwealth Bank of Australia	3,397
Dyno Nobel	3,387
Wesfarmers	3,293
Woolworths	3,117
Brambles	3,088
Coca-Cola Amatil	2,825
QBE Insurance Group	2,582
Metcash	2,382
National Australia Bank	2,016

Major Transactions in the Investment and Trading Portfolios continued

(b) Disposals (Above \$2 Million)	Proceeds \$'000
Australia and New Zealand Banking Group	8,111
Commonwealth Bank of Australia	7,626
Promina Group	7,057
Macquarie Infrastructure Group	6,649
Coles Group	6,430
Rinker Group	6,048
Telstra Corporation	4,112

Company Particulars

Djerriwarrh Investments Limited

ABN 38 006 862 693

Directors

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

Company Secretary

Sue Crook

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office

Level 21, 101 Collins Street
Melbourne, Victoria 3000

Contact Details

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Melbourne, Victoria 3001

Telephone (03) 9650 9911

Facsimile (03) 9650 9100

Email invest@djerri.com.au

Website www.djerri.com.au

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

Share Registrar

Name Link Market Services Limited
Mail Locked Bag A14
South Sydney, NSW 1235
Level 12, 680 George Street
Sydney, NSW 2000

Shareholder

Enquiry Line 1300 554 474
+612 8280 7111 (from overseas)
Facsimile (02) 9287 0303
Email registrars@linkmarketservices.com.au
Website www.linkmarketservices.com.au

Trustee for Noteholders

Name Permanent Nominees (Aust) Limited
Address Level 4, 35 Clarence Street
Sydney, NSW 2001
Telephone (02) 8295 8100

Stock Exchange Code

DJW Ordinary shares
DJWGA 6.5% Unsecured convertible notes
Interest Payment date: 2 April 2007
Record Date: 26 March 2007
Notice of Conversion to Ordinary Shares needs to be received by the Company by 15 March 2007.

Shareholder Meetings

Melbourne Meeting

Time 2.30pm
Date Friday 16 March 2007
Venue Hilton on the Park
Location 192 Wellington Parade
East Melbourne

Brisbane Meeting

Time 2.30pm
Date Tuesday 20 March 2007
Venue Stamford Plaza
Location Cnr Edward and Margaret Streets
Brisbane

Sydney Meeting

Time 2.30pm
Date Friday 23 March 2007
Venue Sheraton on the Park
Location 161 Elizabeth Street on Hyde Park
Sydney

Perth Meeting

Time 2.30pm
Date Tuesday 3 April 2007
Venue Duxton Hotel
Location 1 St Georges Terrace
Perth

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.

