

Enhancing Income
Half-Yearly Review to 31 December

09

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Summary of Results for Six Months to 31 December 2009

Net Operating Profit

Net operating profit was \$20.1 million down from \$37.0 million over the previous 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. It does not include realised gains and losses on the sale of investments and is indicative of the income generated by the Company's portfolios. The decline was primarily as a result of the substantial fall in dividends paid by the companies Djerriwarrh invests in and in income received from options activity.

Reported Profit

Reported profit was \$15.1 million (last year \$29.7 million). These figures include realised losses up to 7 December 2009 when the Company adopted the new accounting standard dealing with amongst other things the treatment of realised gains and losses, this being the earliest possible date for adoption.

Earnings Per Share

Earnings per share based on net operating profit were 9.6 cents compared with 18.0 cents last year.

A Fully Franked Interim Dividend

A fully franked interim dividend of 10 cents per share was determined. This interim dividend is unchanged from last year.

The Dividend Reinvestment Plan

The Dividend Reinvestment Plan for the interim dividend was maintained with a discount of 5 per cent.

Summary of Results for Six Months to 31 December 2009 continued

Total Portfolio Return

Total portfolio return after tax and management fees over the half-year to 31 December 2009 (change in net asset backing per share plus dividends reinvested) was an increase of 26.9 per cent whereas the S&P/ASX 200 Accumulation Index increased 25.6 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 24.9 per cent.

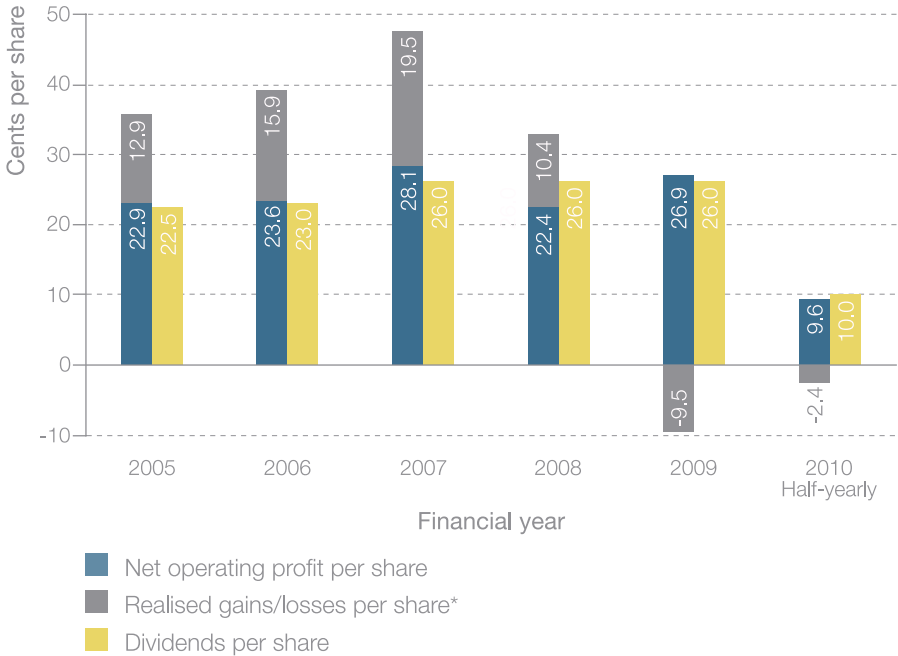
Management Expense Ratio

Management expense ratio on an annualised basis was 0.37 per cent.

Net Asset Backing at 31 December 2009

Net asset backing at 31 December 2009 was \$4.06 (before providing for the 10 cent interim dividend). At 31 December 2008 the net asset backing was \$3.16 (before providing for the 10 cent interim dividend).

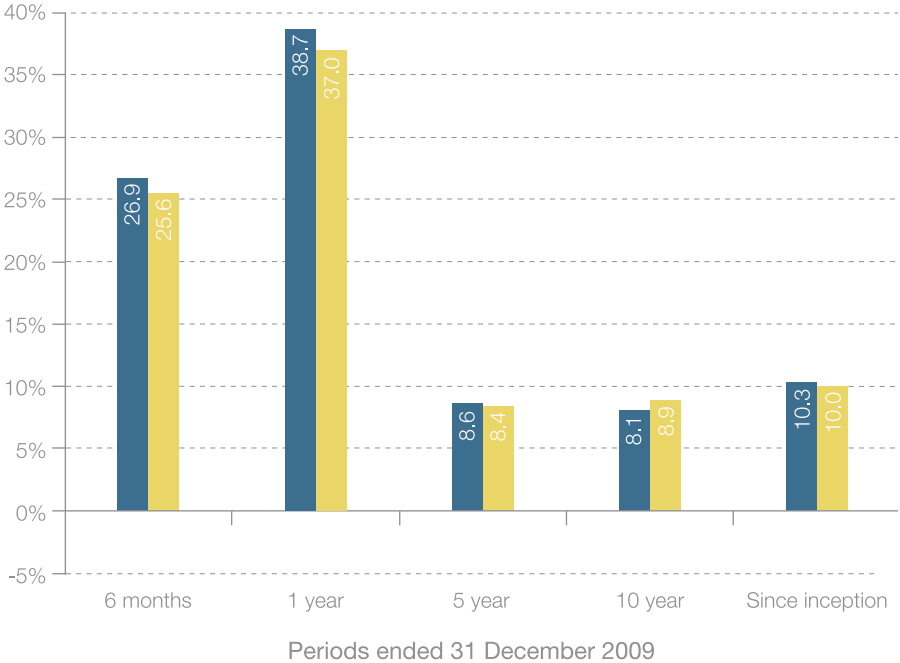
Earnings Per Share v Dividends Per Share



* Note: Realised gains/losses include gains or losses on open option positions.

Summary of Results for Six Months to 31 December 2009 continued

Portfolio Performance Percentage Per Year*

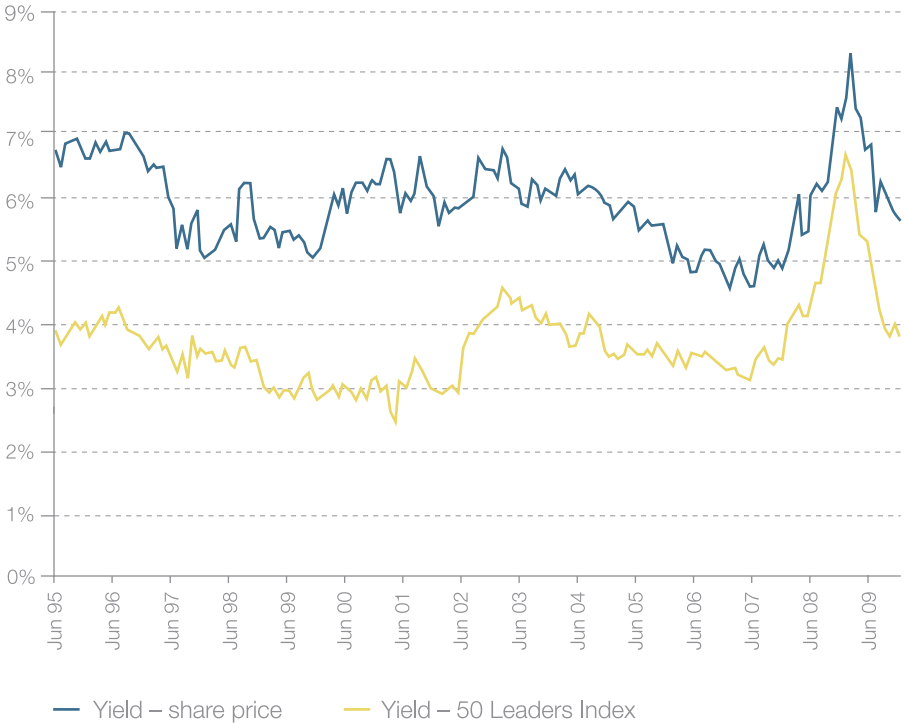


- Net asset per share growth plus dividends
- S&P/ASX 200 Accumulation Index

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 impact of management expenses and tax on their performance.

* Excluding six month figures.

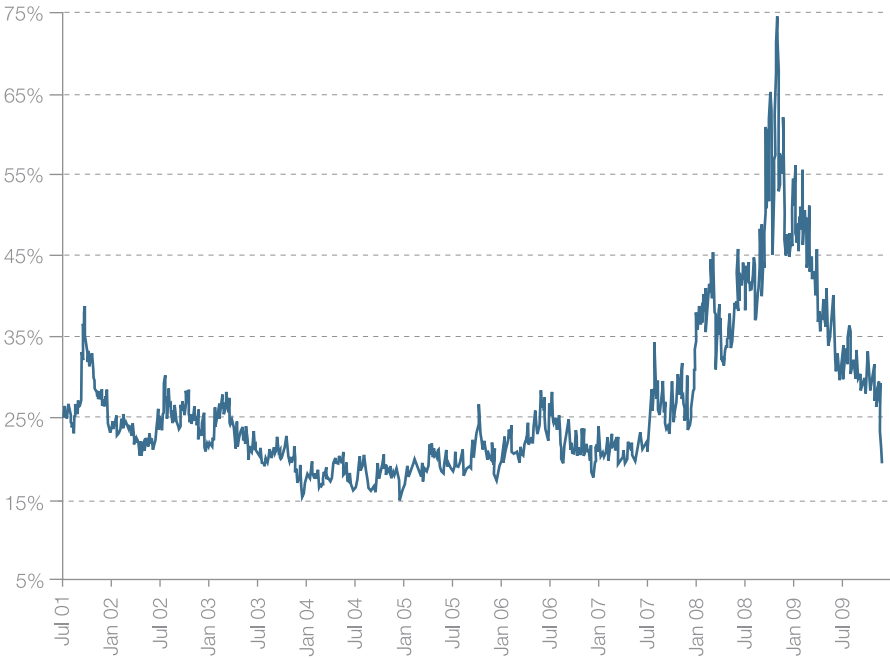
Djerriwarrh Yield v Market Yield



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 82 per cent franked) since the Company was listed.

Summary of Results for Six Months to 31 December 2009 continued

Market Implied Volatility of Call Options



Option Coverage of the Portfolio v Movement in the All Ordinaries Index



Review of Operations

Investment Portfolio

In line with the general rise in the market the Company's portfolio return (measured by the change in net asset backing per share plus dividends reinvested and after tax and management fees) was positive 26.9 per cent over the half-year compared to the 25.6 per cent rise in the S&P/ASX 200 Accumulation Index. The strongest contributors to the investment portfolio over the six month period were BHP Billiton, Westpac Banking Group, Commonwealth Bank, National Australia Bank, ANZ Banking Group and Western Australia Newspapers.

Purchases in the investment portfolio were confined predominantly to participation in capital raisings or dividend reinvestment plans where attractive prices were available. The largest of these were Hastings Diversified Utilities, Woodside Petroleum, National Australia Bank, Westpac Bank and Amcor.

The extent of the market rise did mean call option positions being exercised across a number of holdings resulting in the sale of some shares. The largest of these were in the Commonwealth Bank, National Australia Bank, Westpac Bank, ANZ Banking Group and Rio Tinto.

The other notable feature during the period was the level of gearing in the portfolio was reduced as bank debt was repaid and the convertible notes were redeemed or converted to shares at the end of September.

The Company had a cash position of \$40.2 million at 31 December 2009.

Profit Performance and Dividends

Net operating profit which measures the underlying income generated from the investment and trading portfolios was \$20.1 million, down from \$37.0 million over the corresponding period last year. This is in line with the advice provided to the market by Directors in late November 2009.

Reflecting market conditions, Djerriwarrh's decline in income was consistent with the substantial cuts in dividends made by companies following the global financial crisis last year. Income from option activity was also down as volatility levels fell, interest rates remained low and markets recovered.

Income from investments which is driven by dividends and distributions received in the investment portfolio was down \$12.9 million or 44.6 per

cent over the corresponding period last year. The fall also reflects the absence of any share buy backs this half, such as the Santos share buy back in which Djerriwarrh participated 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 \$8.4 million compared with \$21.0 million last year. Whilst there was an increase from the trading portfolio as market prices improved, call option premium declined. Shareholders will be aware that it was during the corresponding period last year that markets fell and the global banking crisis reached its peak. As a result option volatility which impacts option premiums was well down on the levels reached last year. The speed at which the market recovered also meant where it was sensible from an investment perspective, quite a number of options positions were bought back and moved to positions with higher exercise prices. This has had the effect of moving some option income into the second half of the financial year.

Reported profit for the half-year was \$15.1 million versus \$29.7 million last year. These figures include realised losses up to 7 December 2009 when

the Company adopted the new accounting standard dealing with amongst other things the treatment of realised gains and losses, this being the earliest possible date for adoption. This figure also includes 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.

Djerriwarrh's interim dividend has been held at 10 cents per share fully franked despite the fall in net operating profit. This outcome reflects the strong reserves position of the Company. It is the Board's current intention, in the absence of any unforeseen events, to maintain the final dividend for the period ending 30 June 2010 at last year's level of 16 cents per share.

Review of Operations continued

Trading Portfolio

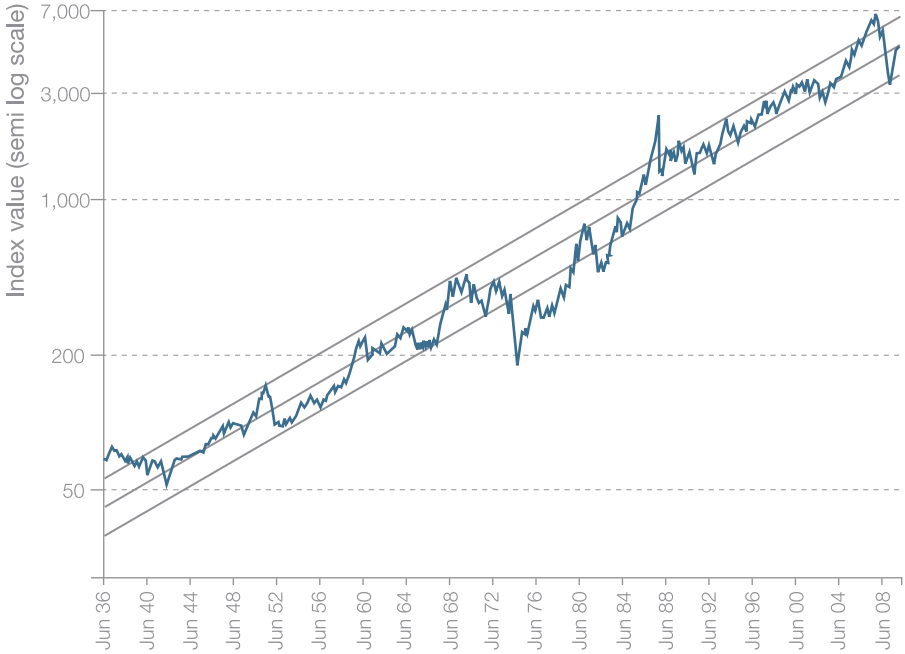
The Company was slightly more active in using the trading portfolio during the period as market conditions improved. As a result, the trading portfolio contributed \$1.6 million to income whereas last year the contribution was \$0.2 million. At 31 December 2009, there was \$6.8 million of securities in the portfolio, or 0.8 per cent of the total assets.

Outlook

The lower level of option volatility may provide some challenges for generating option income in the second half of the year although it is expected this will be offset to a degree by a small recovery in dividends as Company earnings improve.

The following chart of the All Ordinaries Price Index measures the share price return of the Australian market since 1936. It shows a compound average return over this period of approximately 7 per cent per annum in price terms. It is interesting for shareholders to note that the very recent performance of the market has moved it back to the long term average. We remain somewhat guarded about the recent strength of the market recovery and are therefore likely to restore call option coverage over the portfolio during the second half of the year to a relatively higher position from the level of 28 per cent at 31 December 2009.

All Ordinaries Price Index – Long Term Performance



Note: Semi log scale has been used to better show a comparison of the relative size of the percentage changes over the period.

Top 20 Investments

As at 31 December 2009

Includes investments held in both the investment and trading portfolios.

Valued at Closing Prices at 31 December 2009

	Total Value \$ Million
1 BHP Billiton*	106.0
2 Westpac Banking Corporation*	81.1
3 National Australia Bank*	47.5
4 Telstra Corporation	45.5
5 Woodside Petroleum*	43.4
6 Commonwealth Bank of Australia*	41.5
7 Oil Search*	31.9
8 Australia and New Zealand Banking Group*	31.3
9 QBE Insurance Group*	26.8
10 Santos*	23.7
11 AMP*	23.6
12 Rio Tinto*	20.3
13 Woolworths*	20.1
14 Brambles*	19.5
15 AXA Asia Pacific Holdings*	19.4
16 West Australian Newspapers Holdings*	19.1
17 Transurban Group*	15.3
18 Origin Energy*	14.3
19 Amcor*	13.1
20 Hastings Diversified Utilities Fund	12.9
Total	656.3
As percentage of total portfolio (excludes cash)	82.5%

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

Income Statement

For the Half-Year Ended 31 December 2009

	Half-Year 2009 \$'000	Half-Year 2008 \$'000
Dividends and distributions	15,973	28,832
Revenue from deposits and bank bills	321	439
Net gains on trading portfolio	1,586	208
Income from options written portfolio	6,829	20,864
Other income	93	-
Total income	24,802	50,343
Finance costs	(2,015)	(3,580)
Administration expenses	(1,494)	(1,640)
Operating profit	21,293	45,123
Income tax expense	(1,152)	(8,154)
Net operating profit	20,141	36,969
Net capital gains/(losses) on investments		
Net gains/(losses) on ordinary securities sold from the investment portfolio	(11,050)	(15,119)
Net gains/(losses) on open options positions	(4,647)	9,128
Tax (expense)/credit on above	10,688	(1,260)
	(5,009)	(7,251)
Profit for the half-year (including capital losses)	15,132	29,718
	Cents	Cents
Net operating profit per share	9.62	18.03
Profit for the half-year (including capital gains/losses) per share	7.23	14.49

Balance Sheet

As at 31 December 2009

	31 Dec 2009 \$'000	30 June 2009 \$'000
Current assets		
Cash	40,205	57,905
Receivables	1,130	6,228
Trading portfolio	6,818	-
Income tax credit receivable	1,643	-
Total current assets	49,796	64,133
Non-current assets		
Investment portfolio	801,885	730,165
Shares in associate	371	274
Deferred tax assets	20,868	12,230
Total non-current assets	823,124	742,669
Total assets	872,920	806,802
Current liabilities		
Payables	692	8,719
Tax payable	-	4,286
Borrowings – bank debt	-	60,000
Borrowings – convertible notes	-	32,002
Interest-rate hedging contracts	-	279
Options written portfolio	12,859	12,678
Total current liabilities	13,551	117,964
Non-current liabilities		
Deferred tax liabilities - investment portfolio	68,165	11,162
Total non-current liabilities	68,165	11,162
Total liabilities	81,716	129,126
Net assets	791,204	677,676
Shareholders' equity		
Share capital	608,317	587,649
Revaluation reserve	51,180	(58,767)
'Impairment' revaluation charge reserve	-	(2,273)
Realised capital gains reserve	74,842	86,600
Interest-rate hedging reserve	-	(279)
Retained profits	56,865	64,746
Total shareholders' equity	791,204	677,676

Summarised Statement of Changes in Equity

For the Half-Year Ended 31 December 2009

	Half-Year 2009 \$'000	Half-Year 2008 \$'000
Total equity at the beginning of the half-year	677,676	809,292
Dividends paid	(33,025)	(32,655)
Dividend Reinvestment Plan	4,916	4,623
Exercise of convertible notes	15,752	752
On-market share buy-backs	-	(11)
Total transactions with shareholders	(12,357)	(27,291)
Revaluation of investment portfolio	165,067	(224,169)
Provision for tax on revaluation	(55,120)	68,531
Net revaluation of investment portfolio	109,947	(155,638)
Realised gains not taken through the Income Statement	1,641	-
Tax expense on realised gains not taken through the Income Statement	(1,114)	-
Net realised gains not taken through the Income Statement	527	-
Net movement in fair value for interest rate swaps	279	(1,618)
Total Other Comprehensive Income	110,753	(157,256)
Profit for the half-year	15,132	29,718
Total equity at the end of the half-year	791,204	654,463

This half-yearly review is not a full set of statutory interim financial statements. The full statutory interim financial report is available on the Company's website.

Holdings of Securities

As at 31 December 2009

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	7,398
AIX	Australian Infrastructure Fund	3,600	6,408
AMC*	Amtcor	2,159	13,057
AMH	AMCIL	10,257	7,026
AMP*	AMP	3,546	23,592
ANZ*	Australia and New Zealand Banking Group	1,404	31,285
APN	APN News & Media	1,919	4,453
AWC*	Alumina	3,918	7,055
AXA*	AXA Asia Pacific Holdings	3,078	19,437
BHP*	BHP Billiton	2,500	105,961
BLD*	Boral	951	5,471
BSL	BlueScope Steel	102	317
BXB*	Brambles	2,886	19,525
CBA*	Commonwealth Bank of Australia	761	41,515
CCL*	Coca-Cola Amatil	787	8,943
CNX	Carbon Energy	970	737
CPU*	Computershare	1,087	12,024
CSR	CSR	939	1,695
ESG	Eastern Star Gas	2,000	1,650
FGL*	Foster's Group	1,350	7,424
FXJ	Fairfax Media	1,400	2,436
GDY	Geodynamics	460	384

Code	Company Name	Number Held '000	Market Value \$'000
GWT	GWA International	966	3,080
HDF	Hastings Diversified Utilities Fund	11,696	12,865
HXL	Hexima	280	134
IAG	Insurance Australia Group	1,777	7,163
IPL*	Incitec Pivot	670	2,221
MIR	Mirrabooka Investments	4,607	9,721
MTS	Metcash	1,050	4,694
NAB*	National Australia Bank	1,759	47,491
ORG*	Origin Energy	858	14,325
ORI	Orica	88	2,293
OSH*	Oil Search	5,217	31,851
OST*	OneSteel	1,345	4,461
PMV	Premier Investments	838	6,953
PNA	PanAust	3,646	2,060
PPC	Peet	1,696	3,528
PPT	Perpetual	16	576
QBE*	QBE Insurance Group	1,067	26,839
RIO*	Rio Tinto	307	20,314
STO*	Santos	1,689	23,728
TCL*	Transurban Group	2,771	15,331
TLS	Telstra Corporation	13,264	45,497
TOL*	Toll Holdings	798	6,661
VIR	Viridis Clean Energy Group	3,565	660
WAN*	West Australian Newspapers Holdings	2,400	19,114
WBC*	Westpac Banking Corporation	3,294	81,052
WES*	Wesfarmers	257	7,851
WESN	Wesfarmers Partially Protected Shares	131	4,073
WOW*	Woolworths	718	20,087
WPL*	Woodside Petroleum	922	43,434
Total			795,844

*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
Hastings Diversified Utilities Fund	6,652
National Australia Bank	5,474

Disposals (Above \$5 Million)	Proceeds \$'000
Commonwealth Bank of Australia	27,415
National Australia Bank	23,536
Westpac Banking Corporation	15,687
Australia and New Zealand Banking Group	14,024
Rio Tinto	10,608

Note: All of these disposals were as a result of the exercise of call options.

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, Deputy Chairman

Company Secretaries

Simon M Pordage
Andrew JB Porter

Auditor

PricewaterhouseCoopers
Chartered Accountants

Country of Incorporation

Australia

Registered Office

Level 21
101 Collins Street
Melbourne Victoria 3000

Mail Address

GPO Box 2114
Melbourne Victoria 3001

Contact Details

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

Computershare Investor Services Pty Ltd
GPO Box 2975 EE
Melbourne Victoria 3000

Shareholder

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

Securities Exchange Code

DJW Ordinary shares

Shareholder Meetings

Sydney Meeting

Time 2.30pm
Date Monday 15 March 2010
Venue Four Seasons Hotel
Location 199 George Street
Sydney

Canberra Meeting

Time 2.30pm
Date Tuesday 16 March 2010
Venue Hyatt Hotel
Location Commonwealth Avenue
Yarralumla Canberra

Melbourne Meeting

Time 2.30pm
Date Monday 22 March 2010
Venue The Hilton on the Park
Location 192 Wellington Parade
East Melbourne

Brisbane Meeting

Time 2.30pm
Date Tuesday 30 March 2010
Venue Stamford Plaza
Location Cnr Edward and Margaret Streets
Brisbane

Perth Meeting

Time 2.30pm
Date Tuesday 13 April 2010
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.



Dated 15 February 2010

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