

enhancing income



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The Statutory Annual Report for 2008 is available on Djerriwarrh's website www.djerri.com.au or by contacting the Company on (03) 9650 9911.



Summary of Results

Net Operating Profit After Tax

Net operating profit after tax was \$45.6 million (last year \$53.6 million). Dividends received from the investment portfolio and option income were up over the year but these were offset by the fall in value of the trading portfolio.

Earnings Per Share

Earnings per share based on net operating profit were 22.4 cents compared with 28.1 cents last year.

Reported Profit After Tax

Reported profit after tax was \$66.7 million (last year \$90.7 million). This figure includes realised gains on sales of investments. As such it varies significantly from year to year depending primarily on the exercise of option contracts and sale of investments as a result of takeovers.

A Fully Franked Final Dividend

A fully franked final dividend of 16 cents per share was declared. This final dividend is unchanged from last year. The final dividend of 16 cents brings total dividends for the year to 26 cents per share, the same as last year.

Part of the final dividend is sourced from pre tax Listed Investment Company capital gains of 14.3 cents per share (last year 3 cents per share). Certain shareholders may be able to claim some of this amount as a tax deduction.

Total Portfolio Return

Total portfolio return after tax and management fees (change in net asset backing per share plus dividends reinvested) was negative 13.9 per cent for the year.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the 12 month period was negative 9.6 per cent.

Management Expense Ratio

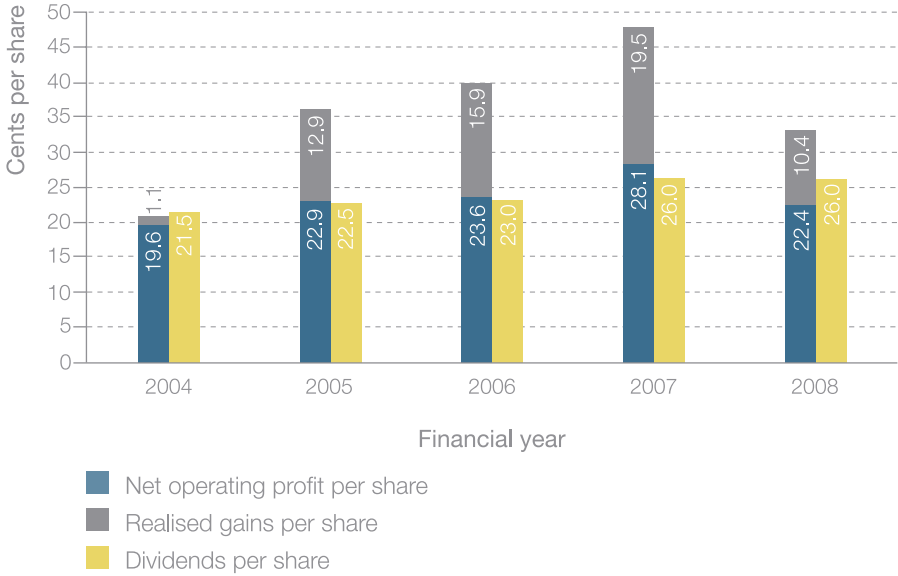
Management expense ratio was 0.26 per cent.

Net Asset Backing Per Share at 30 June 2008

Net asset backing per share at 30 June 2008 was \$4.28 (before providing for the 16 cent final dividend).

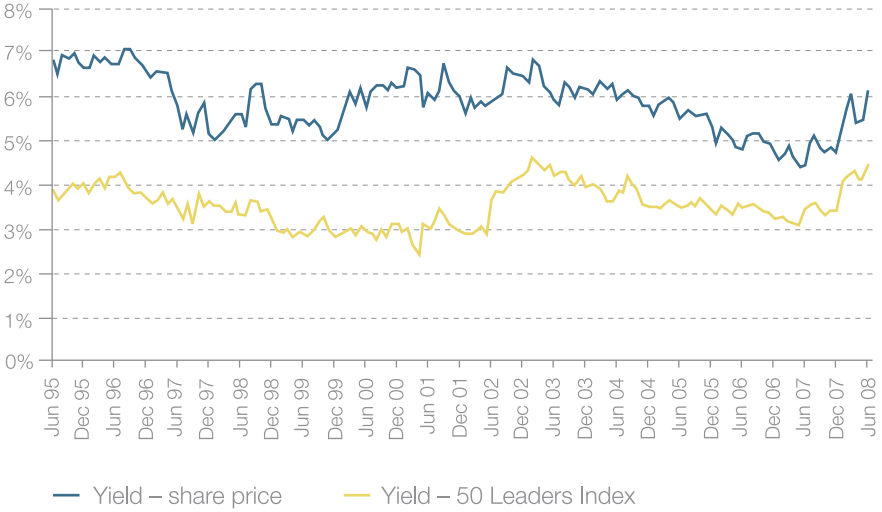
Summary of Results continued

Earnings Per Share v Dividends Per Share



Note: 2004 is calculated using AGAAP whilst 2005 to 2008 use AIFRS.

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 79 per cent franked) since the Company was listed.

Review of Operations

Chairman's Comments

Equity market conditions have been extremely volatile during the 2008 financial year. The market had an initial fall in August as the sub-prime credit crisis in the United States started to unfold. However it then recovered and went to record highs in November 2007 as if the sub-prime woes in credit markets were not a major issue in Australia.

From November 2007 the reality and extent of the sub-prime problems hit equity markets. Concerns about the stability of the financial system and the possibility of recession began to be seriously considered. At the same time commodity prices were rising strongly, particularly the oil price. In Australia the Reserve Bank was lifting interest rates to cope with uncomfortably high rises in the costs of living and inflationary expectations. These conditions have led to the financial and industrial sectors of the Australian market being down significantly toward the end of the financial year. On the other hand the energy and resources sectors of the market have performed well benefiting strongly from rising commodity prices.

For Djerriwarrh these divergent and volatile markets have provided many opportunities despite the challenges

of a generally falling market. The much higher volatility has allowed us to generate higher premiums from our option writing activities. We have also maintained a relatively high level of option coverage during the year. In a falling market for the share prices of many companies, the generation of good levels of option premiums across the portfolio has been a partial offset to declining capital values.

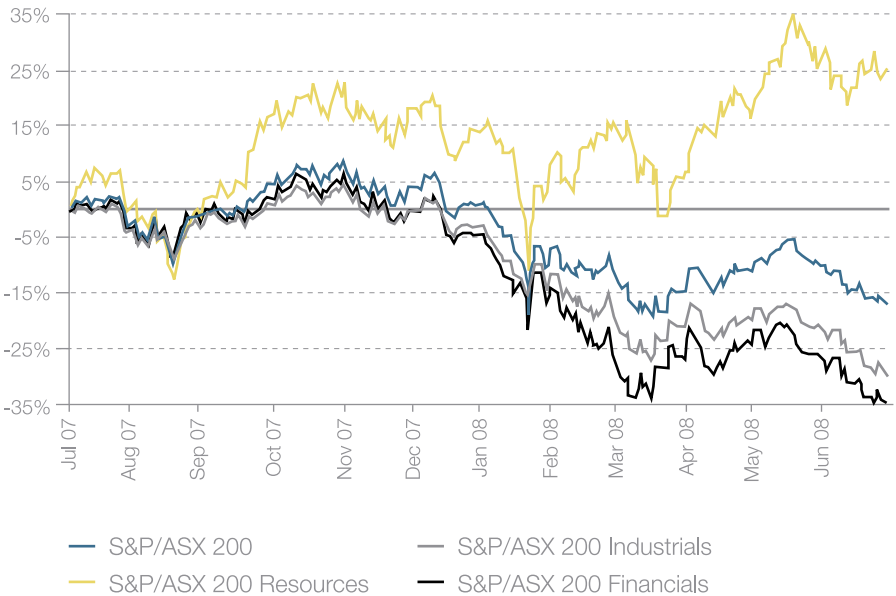
The performance of the total portfolio for the year was negative 13.9 per cent on an accumulation basis whereas the S&P/ASX 50 Leaders Accumulation Index was down 11.8 per cent over the corresponding period. It should be noted that our performance figures are after expenses and tax paid on income and realised gains, whereas the index performance is before these costs. The outcome was also affected by the borrowings in the Company's capital structure and the fact for much of the year we were underweight resource stocks and overweight the banking sector.

The very strong rise in resource stocks meant that we were at risk of having some of our holdings sold as the result of the exercise of call options. However, another outcome of the higher volatility than normal was that

we could buy back call option positions in selected investments such as BHP Billiton and re-establish them at much higher exercise prices in the new financial year. This had the effect of moving some option income into this 2009 financial year. We did not do this in every case and toward the end of the financial year some call option positions in Rio Tinto and Queensland Gas were exercised.

We enter the year with \$19.3 million of written premium on our open options positions (at a market value of \$25.8 million) covering some 33 per cent of the portfolio (last year this was \$15.9 million of premium at a market value of \$17.6 million covering 27 per cent of the portfolio).

Relative Performance of Sectors of the Australian Market



Review of Operations *continued*

Profit Performance

Underlying income from investments of \$46.1 million increased marginally over last year's contribution of \$45.8 million. This was a strong performance given the absence of income from special dividends and buy-backs which last year contributed an additional \$7.1 million of income to Djerriwarrh's total income. Income from the Company's option writing activities was also up given increased level of option premium because of the heightened levels of market volatility evident throughout the financial year. Income from options written was \$19.8 million for the 12 months to 30 June 2008 in contrast to \$7.9 million over the corresponding period last year.

Despite the rise in income from the investment and options written portfolios, the net operating profit after tax was down from \$53.6 million from last year to \$45.6 million this year. This decline was primarily as a result of a fall in contribution from the trading portfolio given negative capital returns in the majority of the market over the last six months of the financial year. Over the corresponding last year the trading portfolio contributed \$13.8 million before tax whereas for the financial year ended 30 June 2008 the same contribution was negative \$5.7 million. It should be noted that the trading portfolio is marked to market on an ongoing basis and the changes in value are taken directly through the Company's income.

The AIFRS reported profit after tax of the Company for the 12 months to 30 June 2008 was \$66.7 million. This figure includes after tax profits 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 primarily as a result of takeovers and the number of option exercises during the year. The corresponding figure last year was \$90.7 million. Given the market fell during the latter part of the financial year there were fewer holdings sold because of the exercise of call option positions.

Dividends

A final fully franked dividend of 16 cents per share has been declared. This is in line with last year's final dividend. Part of the final dividend is sourced from pre-tax Listed Investment Company capital gains of 14.3 cents per share (last year 3 cents per share). Certain shareholders may be able to claim some of this amount as a tax deduction.

Portfolio

The total return of the portfolio after tax and management fees over the 12 months to 30 June 2008 (measured by the change in net asset backing per share plus dividends reinvested) was a decrease of 13.9 per cent. This was against a fall in the S&P/ASX 50 Leaders Accumulation Index of 11.8 per cent

over the period. However the market had very divergent components. The S&P/ASX 200 Industrial Accumulation Index and the S&P/ASX 200 Bank Accumulation Index produced negative returns in excess of 25 per cent, whereas the S&P/ASX 200 Resources Accumulation Index delivered a very strong positive return of just over 27 per cent. In this environment the best contributors to Djerriwarrh's investment portfolio over the 12 month period to 30 June 2008 were BHP Billiton, Rio Tinto, Woodside Petroleum, Oil Search, Santos, Origin Energy and Queensland Gas.

The strength of these companies' share prices at certain stages during the period meant that some call options were exercised against these stocks as the options became too expensive to buy back. However on other occasions, we were able to take advantage of the higher volatility and short term dips to buy back and sell new option positions with a higher exercise price for little or no cost. By doing this, Djerriwarrh

maintained some of its desired exposure to these companies and concurrently transferred option premium that was potentially available this financial year into the 2008-09 financial year.

Major net acquisitions for the investment portfolio over the year were Commonwealth Bank, National Australia Bank, QBE Insurance, Brambles and ANZ Banking Group.

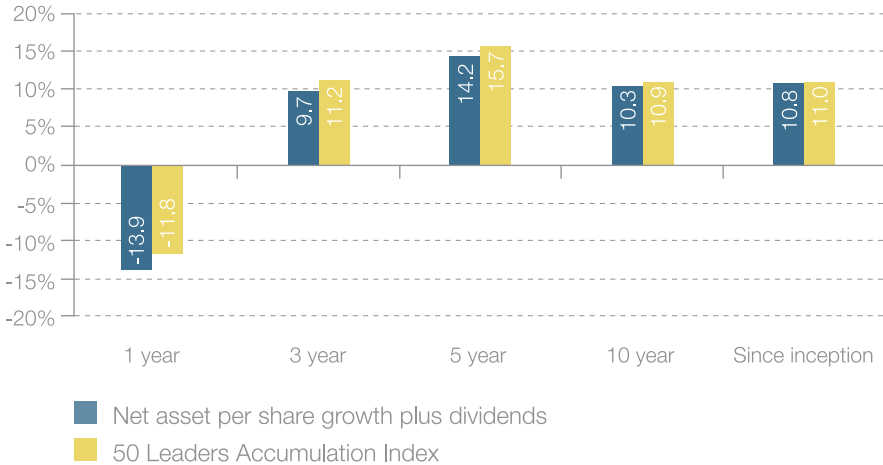
Major sales from the investment portfolio arising from takeovers were Coles Group by Wesfarmers, Dyno Nobel by Incitec Pivot and Rinker because of the bid by Cemex S.A.B. de C.V. Other major sales were the Company's entire holdings in News Corporation Non-Voting Common Stock, Macquarie Group and Asciano Group.

During the year the Company added a number of small holdings in companies exposed to the energy, resources and agriculture sectors. These were:

Geodynamics	A renewable energy company involved in the development of geothermal energy generation from hot fractured rocks in Australia.
Hexima Limited	An agriculture-biotech company engaged in the research and development of technology for the genetic modification of crops, primarily to enhance their resistance to insects and fungal pathogens.
Metex Resources	A company seeking to develop and commercialise the gasification of underground coal deposits.
PanAust Limited	A minerals explorer, developer and miner. The company produces copper-gold concentrate at its Phu Kham operations in Laos.

Review of Operations *continued*

Portfolio Performance to 30 June 2008 Percentage Per Year



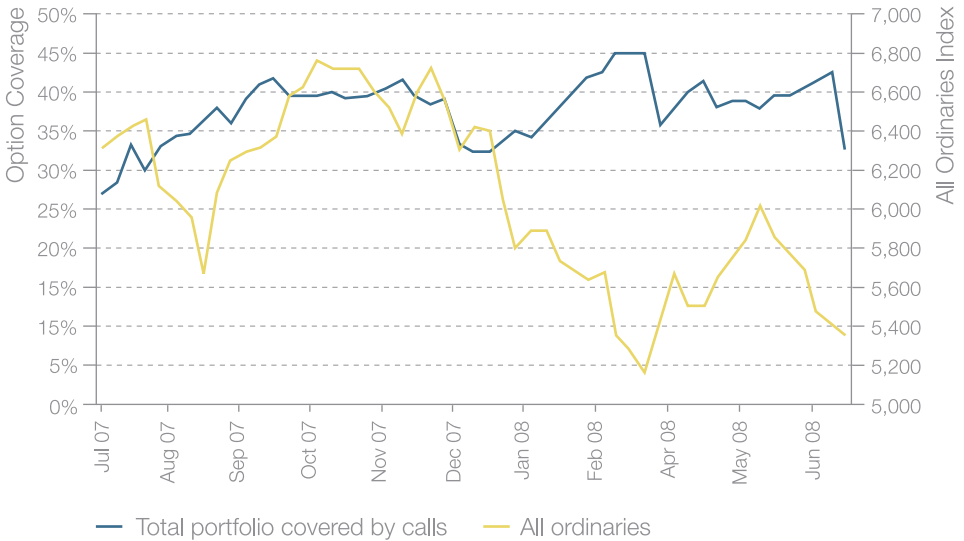
Note: Djerriwarrh net asset per share growth plus dividend series is calculated after management fees, income tax and capital gains tax on realised sales of investments and does not reflect the value of franking credits or LIC gains attached to the dividends. It should be noted that index returns for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

Market Implied Volatility of Call Options



Review of Operations continued

Option Coverage v All Ordinaries Index



Outlook

Market conditions are likely to remain uncertain at least in the near term. The ongoing problems in the banking and financial sector in the US and Europe and the pervasive impact of higher oil and other commodity prices are likely to continue to have a negative effect

across a number of economies. These conditions are fuelling concerns about subdued economic growth or even recession in developed countries whilst at the same time creating inflationary concerns. As a result, equity markets remain wary.

Australia has also been impacted by these conditions, as a result higher input costs are likely to place pressure on corporate profitability across a range of industries and businesses other than those able to readily pass on their cost increases to customers.

However the direct exposure of its resources and energy markets to China and other developing economies has meant economic activity has been generally sound. In fact these sectors of the market have helped cushion the impact of a slowdown in other areas of the Australian market, particularly discretionary consumer spending and parts of the housing market.

Djerriwarrh enters the new financial year with a very good level of written option premium. We are also conscious that a number of companies in our portfolio have suffered large falls in their share prices. We will be selective in increasing the level of options written against the portfolio, taking care not to lock in exercise prices that are too low.

In addition, whilst Djerriwarrh is close to fully invested, it has available to it some borrowing capacity to further invest in selected companies that are starting to present good long term value at current prices.

Board Matters

As previously advised to shareholders, Russell Fynmore announced his retirement from the Board with effect from 31 December 2007. Mr Fynmore has been a Director of the Company for 15 years since April 1992.

Mr Fynmore has made an outstanding contribution to the Board over the past 15 years, initially when Djerriwarrh was a private company, and since June 1995 as a publicly listed company. Mr Fynmore has played an important role in the development of the Company over its formative period as the model of seeking to enhance income from a portfolio of leading listed Australian companies was established.

Mr Peter Barnett was appointed to the Board on 18 October 2007.

Mr Barnett brings a depth of experience as a Company Director and from his involvement in the resources industry. He is currently on the Board of AMCIL Limited. He was formerly a Director of Mayne Group Limited and Santos Limited.

Top Investments

As at 30 June 2008

Includes investments held in both the investment and trading portfolios.

Valued at Closing Prices at 30 June 2008

Investments	Total Value \$ Million
1 BHP Billiton*	118.4
2 National Australia Bank*	64.8
3 Telstra Corporation*	57.8
4 Westpac Banking Corporation*	53.4
5 Commonwealth Bank of Australia*	52.4
6 Rio Tinto*	51.0
7 Woodside Petroleum*	48.5
8 Australia and New Zealand Banking Group*	33.0
9 Santos*	30.8
10 Wesfarmers*(a)	29.5
11 Oil Search*	28.0
12 Brambles*	23.7
13 AMP*	21.6
14 Alumina*	21.1
15 West Australian Newspapers Holdings*	20.0
16 Origin Energy*	17.6
17 Woolworths*	17.5
18 St. George Bank*	17.5
19 QBE Insurance Group*	17.3
20 News Corporation*	16.8
Total	740.7

As a percentage of total portfolio value (excludes cash and bank bills) 76.9%

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

(a) Includes \$4.9 million WESN partially protected securities.

Income Statement

For the Year Ended 30 June 2008

	2008 \$'000	2007 \$'000
Dividends and distributions	46,108	45,814
Revenue from deposits and bank bills	257	2,106
Other revenue	15	52
Total revenue	46,380	47,972
Net gains/(losses) on trading portfolio	(5,712)	13,777
Income from options written portfolio	19,830	7,935
Income from operating activities before net gains on investments	60,498	69,684
Finance costs	(8,708)	(7,115)
Administration expenses	(2,822)	(2,267)
Operating profit before income tax expense and net gains on investments	48,968	60,302
Income tax expense	(3,377)	(6,698)
Net operating profit before net gains on investments	45,591	53,604
Net capital gains/(losses) on investments		
Net gains on ordinary securities sold from the investment portfolio	29,938	41,584
Net gains/(losses) on open options positions	(4,763)	130
Tax expense on net gains on investments	(4,083)	(4,645)
	21,092	37,069
Profit for the year (including capital gains)	66,683	90,673
	Cents	Cents
Net operating profit per share	22.43	28.12
Profit for the year (including capital gains) per share	32.81	47.56

Balance Sheet

As at 30 June 2008

	2008 \$'000	2007 \$'000
Current assets		
Cash	298	545
Receivables	22,354	48,652
Trading portfolio	29,337	50,794
Interest rate hedging contracts	1,044	805
Total current assets	53,033	100,796
Non-current assets		
Investment portfolio	959,370	1,086,700
Shares in Associate	92	-
Deferred tax assets	8,505	2,347
Total non-current assets	967,967	1,089,047
Total assets	1,021,000	1,189,843
Current liabilities		
Payables	2,610	10,923
Tax payable	8,909	6,702
Borrowings	78,000	61,500
Options written portfolio	25,760	17,585
Total current liabilities	115,279	96,710
Non-current liabilities		
Borrowings	32,587	37,242
Deferred tax liabilities – investment portfolio	63,842	119,949
Total non-current liabilities	96,429	157,191
Total liabilities	211,708	253,901
Net assets	809,292	935,942
Shareholders' equity		
Share capital	579,243	567,278
Revaluation reserve	60,076	213,041
Realised capital gains reserve	134,010	113,815
Retained profits	34,919	41,003
Interest rate hedging reserve	1,044	805
Total shareholders' equity	809,292	935,942

Statement of Changes in Equity

For the Year Ended 30 June 2008

	2008 \$'000	2007 \$'000
Total equity at the beginning of the year	935,942	653,260
Dividends paid	(52,572)	(39,408)
Shares issued		
- Dividend Reinvestment Plan	7,772	6,183
- Exercise of convertible notes	4,218	7,906
- 1 for 5 Rights Issue	-	140,326
On-market share buy-backs	(24)	(570)
Cost of share issues	(1)	(951)
Total transactions with shareholders	(40,607)	113,486
Revaluation of investment portfolio	(210,415)	125,405
Provision for tax on unrealised gains/(losses)	57,450	(47,325)
Net unrealised gains/(losses) on investment portfolio	(152,965)	78,080
Net movement in fair-value for interest rate swaps	239	443
Profit for the year	66,683	90,673
Total equity at the end of the financial year	809,292	935,942

Holdings of Securities

As at 30 June 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.

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

Code	Company	Number	Number	Market
		Shares Held	Shares Held	Value
		2007	2008	2008
		'000	'000	\$'000
AGK*	AGL Energy	527	527	7,253
AIX	Australian Infrastructure Fund	1,500	1,541	3,420
AMC*	Amcor	1,922	1,922	9,702
AMH	AMCIL	12,472	12,277	8,226
AMP*	AMP	3,089	3,245	21,641
ANZ*	Australia and New Zealand Banking Group	1,344	1,764	32,958
APN	APN News & Media	1,919	1,919	5,720
AWC*	Alumina	4,271	4,471	21,119
AXA*	AXA Asia Pacific Holdings	2,144	2,694	12,585
BHP*	BHP Billiton	3,162	2,787	118,438
BLD*	Boral Limited	801	1,001	5,648
BSL	BlueScope Steel	102	102	1,157

Code	Company	Number Shares Held 2007 '000	Number Shares Held 2008 '000	Market Value 2008 \$'000
BXB*	Brambles	1,662	2,790	23,664
CBA*	Commonwealth Bank of Australia	941	1,311	52,448
CCL*	Coca-Cola Amatil	1,104	1,339	9,361
CEU	ConnectEast Group	8,106	9,000	7,740
CFX	CFS Retail Property Trust	3,375	3,375	6,244
CPU*	Computershare	1,237	1,237	11,221
CSR*	CSR	689	939	2,273
ESG	Eastern Star Gas	1,000	2,000	1,460
FGL*	Foster's Group	2,375	2,375	11,976
FXJ	Fairfax Media	1,713	1,567	4,591
GDY	Geodynamics	0	460	690
GWT	GWA International	897	966	2,414
HDF	Hastings Diversified Utilities Fund	3,530	4,200	8,610
HXL	Hexima	0	280	196
IAG*	Insurance Australia Group	1,777	1,977	6,860
JHX*	James Hardie Industries N.V.	400	800	3,085
MAP*	Macquarie Airports	1,650	1,650	3,397
MEE	Metex Resources	0	970	795
MIR	Mirrabooka Investments	4,639	4,607	8,523
MTS	Metcash	1,050	1,050	3,885
NAB*	National Australia Bank	2,032	2,452	64,751
NWS*	News Corporation	978	1,053	16,814

Holdings of Securities *continued*

As at 30 June 2008

Code	Company	Number Shares Held 2007 '000	Number Shares Held 2008 '000	Market Value 2008 \$'000
ORG*	Origin Energy	1,198	1,298	17,631
ORI*	Orica	0	145	4,216
OSH*	Oil Search	4,556	4,506	27,958
OST*	OneSteel	600	1,200	8,478
PMV	Premier Investments	858	838	6,450
PNA	PanAust	0	1,250	1,275
PPC	Peet	1,272	1,272	2,646
QBE*	QBE Insurance Group	208	778	17,349
QGC*	Queensland Gas Company	2,084	1,834	9,436
RIO*	Rio Tinto	606	381	50,978
SGB*	St.George Bank	875	650	17,456
STO*	Santos	1,565	1,765	30,808
SUN*	Suncorp-Metway	733	811	10,542
TCL*	Transurban Group	2,542	2,542	10,751

Code	Company	Number Shares Held 2007 '000	Number Shares Held 2008 '000	Market Value 2008 \$'000
TGG	Templeton Global Growth Fund	840	700	651
TLS*	Telstra Corporation	7,612	13,656	57,845
TOL*	Toll Holdings	731	798	4,802
VIR	Viridis Clean Energy Group	2,050	2,763	1,893
WAN*	West Australian Newspapers Holdings	2,400	2,550	20,022
WBC*	Westpac Banking Corporation	2,536	2,672	53,366
WDC*	Westfield Group	473	799	13,010
WES*	Wesfarmers	532	661	24,611
WESN	Wesfarmers Partially Protected Shares	0	131	4,913
WHF	Whitefield	0	323	1,013
WOW*	Woolworths	768	718	17,531
WPL*	Woodside Petroleum	698	793	48,453
Total				962,947

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

Major Changes to the Investment Portfolio

Acquisitions (Above \$5 Million)	Total Cost \$'000
Commonwealth Bank of Australia	24,076
National Australia Bank	15,543
BHP Billiton	14,201
QBE Insurance Group	14,005
Brambles	13,708
Australia and New Zealand Banking Group	11,255
Telstra 3 Instalment Receipt – final payment	9,351
Westpac Banking Corporation	8,115
Wesfarmers ^(a)	6,075
Macquarie Group	5,645
Santos	5,294
Woodside Petroleum	5,231
Rio Tinto	5,217
Wesfarmers Partially Protected Shares ^(a)	5,188

(a) Largely received as part of the consideration for the takeover of Coles Group.

Disposals (Above \$5 Million)	Total Proceeds \$'000
Rio Tinto	27,884
BHP Billiton	24,098
Coles Group ^(a)	13,980
News Corporation – Class A Non-Voting	10,762
Macquarie Group	10,139
Dyno Nobel	7,948
Asciano Group	6,873
St. George Bank	6,542
Rinker Group ^(b)	6,365
Woolworths	5,657

(a) Takeover by Wesfarmers.

(b) Sold after Cemex, S.A.B. de C.V. surpassed the compulsory acquisition threshold.

Company Particulars

Djerriwarrh Investments Limited
ABN 38 006 862 693

Directors

Bruce B Teele, Chairman
Ross E Barker, Managing Director
Peter C Barnett (appointed 18 Oct 2007)
Terrence A Campbell AO
Andrew F Guy
Graham J Kraehe AO
John Paterson

Company Secretaries

Sue E Crook
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@djjerri.com.au
Website www.djerri.com.au

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

Telephone 1800 780 784 (toll free)

Share Registrar

Computershare Investor Services Pty Ltd

Mail Address

Yarra Falls
452 Johnston Street
Abbotsford Victoria 3067

Shareholder

Enquiry

Line 1300 653 915
+61 3 9415 4190
(from overseas)

Facsimile (03) 9473 2500

Email web.queries@computershare.com.au

Website www.computershare.com.au

Trustee for Noteholders

Permanent Nominees (Aust) Limited
35 Clarence Street
Sydney NSW 2000

Telephone (02) 8295 8100

Securities Exchange Code

DJW Ordinary shares
DJWGA 6.5 per cent unsecured
convertible notes
Interest payment date:
30 September 2008
Record date: 23 September 2008

Notice of Conversion to Ordinary
Share needs to be received by the
Company by 15 September 2008.

Annual General Meeting

Time 2.30pm
Date Monday 29 September 2008
Venue Hilton on the Park
Location 192 Wellington Parade
East Melbourne Victoria

Canberra Shareholder Meeting

Time 2.30pm
Date Tuesday 30 September 2008
Venue The Hyatt Hotel
Location Commonwealth Avenue
Yarralumla Canberra

Sydney Shareholder Meeting

Time 2.30pm
Date Wednesday 1 October 2008
Venue Sydney Convention
& Exhibition Centre
Location Darling Drive
Darling Harbour Sydney

Adelaide Shareholder Meeting

Time 2.30pm
Date Tuesday 7 October 2008
Venue Adelaide Festival Centre
Location King William Road Adelaide

