

enhancing income

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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).

Directors' Report

This report in relation to the financial year to 30 June 2008 is presented by the Directors of Djerrriwarr Investments Limited ("the Company") in accordance with a resolution of Directors.

About the Company

Djerrriwarr is a listed investment company investing in Australian equities with a focus on the top 50 ASX shares by market capitalisation. The Company also uses Exchange Traded Options to enhance income return to investors.

The Company pays out a high percentage of profits as fully franked dividends. Dividends are able to be sourced from current year profits, retained profits and profits from the sale of investments.

Djerrriwarr has been in operation since December 1989. The Company was listed in June 1995.

Investment Aims

Djerrriwarr aims to provide shareholders with attractive investment returns through access to a steady stream of fully franked dividends and enhancement of capital invested.

In this regard the primary goals are:

- to pay an enhanced level of dividends; and
- to provide attractive total returns over the medium to long term.

Approach to Investing

The investment philosophy is built on taking a medium to longer term view of value which means we tend to buy and hold individual stocks for the long term based on selection criteria which, in summary, comprises a focus on:

- formulation and execution of the business strategy of the companies in which we invest and their underlying business value; and
- key financial indicators, including prospective price earnings relative to projected growth, sustainability of earnings and dividend yield (including franking) and balance sheet position including gearing, interest cover and cash flow.

At the same time we concentrate on stocks in the S&P/ASX 50 Leaders Index where there is an active options market. This is intended to give scope for the writing of Exchange Traded Options with the level of the portfolio 'covered' by call options typically ranging between 20 to 50 per cent of the total portfolio at any one time.

Djerrriwarr has also issued convertible notes and has access to lines of credit which allows the Company to gear its balance sheet when appropriate investment returns are available to enhance shareholder returns.

Our Structure

The Company has a 'closed end' structure which means that the number of shares on issue is fixed and set by the Board from time to time. As a result, Djerrriwarr does not issue new shares or cancel them as investors enter and leave. This allows us to concentrate on the performance of the funds invested over the longer term without having to consider any inflow or outflow of monies. The nature of the listed investment company structure and our continued focus on the efficiency of our business also ensures administration costs and management fees are maintained at extremely competitive levels. In the financial year for 2007-08, this was 0.26 per cent of the portfolio's average market value.

By investing in Djerrriwarr, shareholders have access to:

- a diversified portfolio numbering over 50 of Australia's major companies and to a Board and Investment Committee with extensive investment skills and practical business experience; and
- capabilities in option trading which are not readily available to retail investors to generate additional income providing the opportunity for a higher fully franked dividend yield than is typically available in the Australian market.

The portfolio and option positions are continually monitored with the Investment Committee meeting regularly (normally weekly) to review all option trades and to approve investment decisions.

Investing in Djerrriwarr

As a listed investment company, Djerrriwarr shares can be bought or sold through the stock market (ASX Code: DJW). The Company does not charge entry or exit fees when shareholders acquire or dispose of their holdings although transaction costs will be borne when buying or selling through a stockbroker.

Transparency

We take an active approach to keeping shareholders informed about the Company's activities and performance, including yearly and half yearly profit announcements, regular shareholder briefings and access to all company announcements, including net tangible asset announcements, through the Australian Securities Exchange and our website www.djerri.com.au

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. These costs are not borne by the index. 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 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).

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.

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. Last year the trading portfolio contributed \$13.8 million

before tax whereas for the financial year ended 30 June 2008 the 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 capital 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.

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.

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.

Capital Changes

Pursuant to the Dividend Reinvestment Plan for the August dividend in 2007, 933,787 shares were issued at \$5.11 per share and, in the Dividend Reinvestment Plan in February 2008, 594,082 shares were issued at \$5.05 per share. The Company also undertook some on-market buy-backs with 5,000 shares being bought back and cancelled at an average share price of \$4.75. In addition, 1,081,552 \$3.90 convertible notes were converted into ordinary shares. As a result of all of these activities, the Company's paid up capital increased on a net basis by \$11.97 million after costs by year end.

Dividends

A final fully franked dividend of 16.0 cents per share has been declared. This is in line with last year's final dividend.

The dividends paid during the year ended 30 June 2008 were as follows:

	2008 \$'000
Final dividend for the year ended 30 June 2007 of 16.0 cents per share fully franked at 30 per cent, paid on 9 August 2007	32,238
Interim dividend for the year ended 30 June 2008 of 10.0 cents per share fully franked at 30 per cent paid on 16 February 2008	20,334
	<u>52,572</u>

Listed Investment Company Capital Gains

As a result of changes to the Capital Gains Tax legislation, Listed Investment Companies (LIC) which make capital gains on the sale of investments held for more than one year are able to attach to their dividends a LIC capital gains amount which some shareholders are able to use to claim a tax deduction. This is called an 'LIC capital gain attributable part'. The purpose of this change in the tax law was to put shareholders in Listed Investment Companies on an equal footing with holders of managed investment trusts with respect to Capital Gains Tax on the sale of underlying investments.

The tax legislation sets out the definition of a 'Listed Investment Company' which Djerriwarrh satisfies. Furthermore, from time to time we do sell securities out of our investment portfolio held for more than one year which result in capital gains being made and tax being paid. We are therefore in a position to be able to make available to shareholders a LIC capital gain attributable part with our dividends. In respect of this year's final dividend for the year ended 30 June 2008, it carries with it a 14.3 cents per share LIC capital gain attributable part (2007: 3 cents). The amount which shareholders may be able to claim as a tax deduction depends on their individual situation. Further details are provided in the dividend statement.

Financial Condition

The Company's financing consists primarily of shareholders' funds. The Company also has borrowings, in the form of convertible notes of \$32.6 million and agreements with the National Australia Bank and Commonwealth Bank of Australia, for cash advance facilities of \$200 million (see Note 6). As at 30 June 2008, \$78 million had been drawn down (2007: \$61.5 million). The Company's total borrowings of \$110.6 million at balance date represented 13.7 per cent of net assets.

Likely Developments

The Company intends to continue its investment activities in future years as it has done since inception. The results of these investment activities depend upon the performance of the companies and securities in which we invest. Their performance in turn depends on many economic factors. These include economic growth rates, inflation, interest rates, exchange rates and taxation levels. There are also industry and company specific issues such as management competence, capital strength, industry economics and competitive behaviour.

We do not believe it is possible or appropriate to make a prediction on the future course of markets or the performance of our investments. Accordingly, we do not provide a forecast of the likely results of our activities. However, the Company's focus is on results over the medium to long term and its twin objectives are to pay an enhanced level of fully franked dividends and to provide shareholders with attractive total returns over the medium to long term.

Significant Changes in the State of Affairs

Directors are not aware of any other significant changes in the operations of the Company or the environment in which it operates that will adversely affect the results in subsequent years.

Events Since Balance Date

The Directors are not aware of any other matter or circumstance not otherwise disclosed in the Financial Report or the Directors' Report which has arisen since the end of the financial year that has affected or may affect the operations, or the results of those operations, or the state of affairs of the Company in subsequent financial years.

Environmental Regulations

The Company's operations are such that they are not materially affected by environmental regulations.

Rounding of Amounts

The Company is of the kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' Report. Unless specifically stated otherwise, amounts in the Directors' Report and Financial Report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

Board and Management

Directors

Bruce B Teele BSc BCom (Melb), Chairman. Chairman of the Investment Committee. Member of the Nomination Committee.

Mr Teele, who has been Chairman since commencement of operations in 1989, is a company Director. He is Chairman of Australian Foundation Investment Company Limited (AFIC) and AMCIL Limited. He was formerly the Executive Chairman of the JBWere Group.

Ross E Barker BSc (Hons) MBA (Melb) F Fin. Managing Director and member of the Investment Committee. Director of the Company's associated entity Australian Investment Company Services Limited (AICS).

Mr Barker was appointed Managing Director in February 2001 and has been a Director since 1989. He is also Managing Director of AFIC, AMCIL Limited and Mirrabooka Investments Limited.

Peter C Barnett FCPA.

Mr Barnett is a company Director who was appointed in October 2007. He is a Director of AMCIL Limited. He is a former Director of Mayne Group Limited and Santos Limited and a former member of the advisory council of ABN Amro Australasia Limited.

Terrence A Campbell AO BCom (Melb). Member of the Investment Committee.

Mr Campbell has been a Director since 1989. He is Senior Chairman and former Chief Executive of Goldman Sachs JBWere; Chairman of Mirrabooka Investments Limited; and a Director of AFIC and AMCIL Limited.

Andrew F Guy LLB MBA FCA. Chairman of the Audit Committee. Member of the Investment Committee and the Nomination Committee. He is also a Director of the Company's associated entity, AICS.

Mr Guy is a company Director who was appointed in 1989. He is a Director of PaperlinX Limited, Aviva Australia Holdings Limited, and an ANZ Bank responsible entity and trustee, ANZ Specialist Asset Management Limited. Mr Guy was formerly a partner of Arthur Robison & Hedderwicks.

Graham J Kraehe AO B Econ (Adel). Chairman of the Nomination Committee. Member of the Audit Committee.

Mr Kraehe is a company Director who was appointed in 2002. He is Chairman of BlueScope Steel Limited and Brambles Limited and a Director of the Reserve Bank of Australia. He is a former Director of News Corporation Limited and is former Chairman of National Australia Bank Limited.

John Paterson BCom (Hons) (Melb) ASA F Fin. Member of the Audit Committee, the Investment Committee and the Nomination Committee. Chairman of the Company's associated entity, AICS.

Mr Paterson is a company Director who was appointed in 2002. He is a Director of Australian Foundation Investment Company Limited and a member of the Board of Guardians of Australia's Future Fund. He was formerly a Director of Goldman Sachs JBWere.

Senior Managers

Sue E Crook LLB BA MBA (Melb) SF Fin FCIS. Company Secretary and General Counsel.

Ms Crook joined the Company in June 2005. Former Associate Company Secretary and Head of Australian Secretariat, National Australia Bank Ltd for five years. A past National President of Chartered Secretaries Australia. She has more than 25 years experience mainly with large corporates in the financial sector.

Geoffrey N Driver B Ec Grad Dip Finance. General Manager Business Development and Investor Relations.

Mr Driver joined the Company in January 2003. Prior to joining the Company, he was with National Australia Bank Ltd for 18 years in various roles covering business strategy, marketing, distribution, investor relations and business operations.

Andrew JB Porter MA (Hons) (St And) FCA, Chief Financial Officer.

Mr Porter joined the Company in January 2005. He is a Chartered Accountant and has had over 16 years experience in accounting and financial management both in the United Kingdom with Andersen Consulting and Credit Suisse First Boston and in Australia where he was Regional Chief Operating Officer for the Corporate and Investment Banking Division of CSFB. He is a member of the User Focus Group of the Australian Accounting Standards Board.

R Mark Freeman BE, MBA, G Dip App Fin (Sec Inst), Chief Investment Officer.

Mr Freeman joined the Company in February 2007. He was a Partner with Goldman Sachs JBWere for five of the 12 years he was employed by them. His primary role during that time was assisting investment companies with their investment and dealing activities. As such he has a depth of knowledge and experience of the Company's investment approaches, policies and processes.

Board and Management *continued*

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2008 and the numbers of meetings attended by each Director were:

	Board		Investment		Audit		Nomination	
	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended	Eligible to Attend	Attended
BB Teele	14	14	45	45	-	-	1	1
RE Barker	14	14	45	43	-	4 [#]	-	-
PC Barnett	8 [*]	8 [*]	-	30 [#]	-	-	-	-
TA Campbell	14	8	45	33	-	-	-	-
RJ Fynmore	8 [~]	8 [~]	22	19	2 [~]	2 [~]	1	1
AF Guy	14	13	45	36	4	4	1	1
GJ Kraehe	14	12	-	31 [#]	4	3	1	1
J Paterson	14	14	45	43	4	3	1	1

Attended meetings by invitation.

* PC Barnett was appointed as a Director on 18 October 2007.

~RJ Fynmore retired as a Director on 31 December 2007.

Retirement, Election and Continuation in Office of Directors

Messrs GJ Kraehe and J Paterson are the Directors retiring by rotation who, being eligible, offer themselves for re-election. Mr PC Barnett is a Director appointed since the last Annual General Meeting and, being eligible, offers himself for election.

Insurance of Directors and Officers

During the financial year, the Company paid insurance premiums to insure the Directors and officers named in this report. Directors contributed a combined one per cent of the total insurance premium. The terms of the insurance contract preclude disclosure of further details.

Remuneration Report

(a) Principles Used to Determine Nature and Amount of Remuneration

The constitution of Djerriwarrh requires approval by the shareholders in general meeting of a maximum amount of remuneration per year to be allocated between and paid to Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors, together with such factors as the general level of fees paid to Australian corporate Directors. The amount of remuneration for each Director excludes amounts owing when the Directors' retirement allowances were frozen at 30 June 2004. At the 2007 Annual General Meeting, the total aggregate amount approved by shareholders for Non-Executive Director remuneration was \$650,000.

Directors hold office until such time as they retire by rotation, resign or are removed from office under the terms set out in the constitution of the Company.

Djerriwarrh does not pay any performance-based remuneration.

RE Barker is made available as Managing Director of Djerriwarrh by Australian Investment Company Services ("AICS"). The fees to which he is entitled as a Director of the Company are paid directly to AICS pursuant to his remuneration arrangements with them. Also as part of these remuneration arrangements with AICS, RE Barker receives an 'at risk' component which is based on performance, as do other executives. The performance criteria includes quantitative and qualitative assessments which include, amongst other things, the services that they have provided to Djerriwarrh and for which AICS is paid.

All current Directors have entered into a Directors' Deed in a form approved by shareholders.

The Directors and the Company have agreed to freeze Directors' retiring allowances at the 30 June 2004 level. This frozen amount will be paid to the respective Directors when they ultimately retire, without further adjustment. The Company continues to pay a superannuation guarantee contribution (SGC) on Directors fees.

(b) Remuneration of Directors

Details of the nature and amounts of each Director's remuneration in respect of the year to 30 June 2008 were as follows:

	Primary Fee \$	Post Employment Superannuation \$	Total Remuneration \$
BB Teele – Chairman (Non-Executive)			
2008	121,100	10,900	132,000
2007	14,900	105,100	120,000
RE Barker* – Director (Executive)			
2008	60,550	5,450	66,000
2007	55,046	4,954	60,000
PC Barnett – Director (Non-Executive) (appointed 18 October 2007)			
2008	42,751	3,848	46,599
2007	-	-	-
TA Campbell – Director (Non-Executive)			
2008	60,550	5,450	66,000
2007	1,000	59,000	60,000
RJ Fynmore# – Director (Non-Executive) (retired 31 December 2007)			
2008	33,000	-	33,000
2007	60,000	-	60,000
AF Guy – Director (Non-Executive)			
2008	60,550	5,450	66,000
2007	1,000	59,000	60,000
GJ Kraehe – Director (Non-Executive)			
2008	60,550	5,450	66,000
2007	55,046	4,954	60,000
J Paterson – Director (Non-Executive)			
2008	60,550	5,450	66,000
2007	55,046	4,954	60,000
Total Remuneration: Directors			
2008	499,601	41,998	541,599
2007	242,038	237,962	480,000

* Directors fees for RE Barker are paid to AICS as part of his employment arrangements.

Upon reaching age 70, Directors no longer receive superannuation guarantee contributions (SGC) and this amount is paid as other fees in lieu of SGC.

Remuneration Report *continued*

(c) Directors' Retirement Allowances

The Board proposed and shareholders approved discontinuing the practice of paying Directors' retirement allowances.

The Directors' retirement allowance provided in past years was equal to the total emoluments that the Director received in the three years immediately preceding retirement, where a Director had held office for five or more years and a proportionate part for less than five years service.

For Directors in office at 30 June 2004, the amounts accrued as at that date will be paid to them upon their ultimate retirement. No further accruals of Directors retiring allowances will be made after 30 June 2004. New Directors appointed to the Company after that date will not be entitled to any Directors Retirement Allowance. The amounts payable to the respective current Directors who were in office at 30 June 2004, which will be paid when they retire, are set out below. These amounts were expensed in prior years as the retirement allowances accrued. It is not expected that any of these Directors will retire within the next 12 months.

Following his retirement, RJ Fynmore was paid \$114,500 which was the amount accrued at 30 June 2004.

	Amount Payable on Retirement \$
BB Teele	229,000
RE Barker	114,500
TA Campbell	114,500
AF Guy	114,500
GJ Kraehe	44,468
J Paterson	44,468
	661,436

Directors' Holdings of Securities Issued by the Company

As at the date of this report, Directors who hold shares or convertible notes issued by the Company for their own benefit or who have an interest in holdings in the name of another party and the total number of such securities, are as follows:

	Shares	DJWG Convertible Notes (6.5% 30/09/09)
BB Teele	1,603,850	-
RE Barker	363,705	-
PC Barnett	20,000	-
TA Campbell	387,602	-
AF Guy	180,241	-
GJ Kraehe	35,910	-
J Paterson	154,484	-

It is the Company's policy that no Djerriwarrh shares owned by Directors are held subject to margin loans.

(d) Executives

Executives are officers who are involved in, concerned with, or who take part in, the management of the affairs of the Company. The Company has five executives, RE Barker, Managing Director; GN Driver, General Manager Business Development and Investor Relations; RM Freeman, Chief Investment Officer; AJB Porter, Chief Financial Officer; and SE Crook, Company Secretary and General Counsel (2007: five executives).

Other than the Managing Director whose Director's fees are paid directly to AICS, no remuneration is paid to the executives as their services are provided pursuant to an arrangement with AICS as outlined in the Notes to the Financial Statements.

Non-Audit Services

Details of non-audit services performed by the auditors may be found in Note 26 of the Financial Report.

The Board of Directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in the Corporations Act 2001 including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the Company, acting as advocate for the Company, or jointly sharing economic risk and rewards.

A copy of the Auditor's Independence Declaration is set out on page 12.

This report is made in accordance with a resolution of the Directors.



Bruce B Teele
Chairman

Melbourne
21 July 2008



Auditor's Independence Declaration

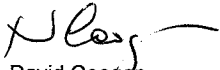
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As lead auditor for the audit of Djerriwarrh Investments Limited for the year ended 30 June 2008, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Djerriwarrh Investments Limited during the period.


David Coogan
Partner
PricewaterhouseCoopers

Melbourne
21 July 2008

Corporate Governance Statement

The Board of Djerriwarrh is committed to the highest standards of ethical behaviour and corporate governance.

Djerriwarrh aims to provide shareholders with an enhanced level of dividend income and attractive investment returns over the medium to long term. The Company's approach to corporate governance principles and practices reflects its specialised nature and the limited scope of its activities.

In accordance with ASX Listing Rule 4.10.3, the ASX's Corporate Governance Council's 10 principles of good corporate governance and the Company's compliance with those principles are set out below.

Principle 1: Laying Solid Foundations for Management and Oversight

The first Principle requires the Company to recognise and publish the respective roles and responsibilities of both the Board and management.

The role of the Board is set out both below and on the Company's website together with a statement of the Corporate Principles of Conduct.

The role of the Board of Directors is to set goals and policies for the operation of the Company, to oversee the Company's management, to regularly review both Board and management performance, and to generally monitor the Company's affairs in the best interests of shareholders. For these responsibilities, the Board is accountable to shareholders.

All of the Directors have entered into an Agreement with the Company covering the terms of their appointment, access to documents, Director's indemnity against liability, and Directors and Officers insurance.

The Company's primary activities are the investment of its capital in a diversified portfolio of listed Australian securities and the enhancement of the income from that portfolio.

The Company's investments are subject to the oversight of the Investment Committee. The Directors of the Company have a close involvement with this Committee either as formal members or attending whenever available.

For day-to-day administrative, investment support and dealing activities, Djerriwarrh uses the services of Australian Investment Company Services Limited ("AICS") in which it has a 25 per cent ownership interest. AICS staff are provided to Djerriwarrh on a non-exclusive basis further to a Service Agreement in which they take responsibility for the conduct of the Company's operations in accordance with the Board's objectives, policies and directions. They also provide investment research information and implement decisions of the Investment Committee. AICS is paid a fee based on its costs in providing these services.

The Managing Director is responsible and accountable to the Board for the Company's management.

The Board believes that the Company is fully compliant with Principle 1.

Principle 2: Structuring the Board to Add Value

The Principle requires the Company to have a Board of effective composition, size and commitment to adequately discharge its responsibilities and duties.

See the Directors' Report for details of the skills, experience and expertise of each Director. The number of meetings held during the year and attendance by Directors are set out on page 8. The Directors normally meet as a Board each month.

The Board comprises a Chairman (BB Teele), Managing Director (RE Barker) and five Non-Executive Directors (TA Campbell, PC Barnett, AF Guy, GJ Kraehe and J Paterson) all of whom have a personal financial interest in the Company. During the year, RJ Fynmore retired as a Director and PC Barnett was appointed as a Director of the Company. Four of the five Non-Executive Directors are regarded as independent, that is, PC Barnett, AF Guy, GJ Kraehe and J Paterson.

Independence of Directors

BB Teele, the Chairman of the Company, has a continuing close involvement in the management of the portfolio. Accordingly, he is not considered an independent Director. Given that Djerriwarrh is a Listed Investment Company, it is of great assistance to have a Chairman with a depth of experience and skills in the securities industry who is actively involved in the investment decisions. Given the specialised nature of the Company, an independent Chairman is not regarded as necessary.

Corporate Governance Statement *continued*

TA Campbell is not considered an independent Director because of his current involvement as Senior Chairman, former Chief Executive and a shareholder of Goldman Sachs JBWere with whom the Company has had a strong relationship over its life and in consequence of the related party transactions (refer Note 25 to the Accounts).

The other four Non-Executive Directors, PC Barnett, AF Guy, GJ Kraehe and J Paterson are considered independent. The Board does not consider that J Paterson's past involvement with Goldman Sachs JBWere as a Director and shareholder compromises his independence as a Director.

Details of the term of office held by each Director in office as at the date of this report are as follows:

BB Teele	– 18 years
RE Barker	– 20 years
TA Campbell	– 18 years
AF Guy	– 18 years
GJ Kraehe	– 6 years
J Paterson	– 6 years
PC Barnett	– appointed 18 October 2007

A number of these Directors are also Directors of companies in which Djerrivarrh invests. Any real or potential conflicts of interest are dealt with by procedures consistent with Corporations Act requirements which are designed to ensure that conflicted Directors do not take part in the decision-making on a relevant issue. On this basis, it is believed that their independence on all other issues is not compromised.

To assist Directors to fully meet their responsibilities to bring an independent view to matters coming before them, the Board has agreed a procedure in appropriate situations for Directors to take independent professional advice, at the expense of the Company, after advising the Chairman of their intention to do so.

Consideration is also given to the issue of Director independence in any situation where an individual Director may be a partner in, controlling shareholder of, or executive of an entity which has a material commercial relationship with the Company. The Board would consider whether the relevant Director remained independent in any situation where, as a result of the commercial relationship with Djerrivarrh, an amount in excess of \$200,000 per annum is paid or received and the Director had a direct or indirect material interest. This threshold is considered by the Board on an annual basis.

Nomination Committee

The Board has a Nomination Committee which comprises four members of the Board with GJ Kraehe as the Chairman and the members being AF Guy, J Paterson and BB Teele. RJ Fynmore was a member of the Nomination Committee until his retirement in December 2007. The Charter of the Nomination Committee is set out on the Company's website.

The Committee considers matters relating to the orderly renewal of the Board and the attraction and retention of Directors of high calibre with the appropriate experience and skill to contribute effectively to the oversight of the Company.

The Board believes that Djerrivarrh is fully compliant with Principle 2 but acknowledges that, for the reasons given above, it does not comply with Recommendation 2.2 that the Chairman of the Company should be an independent Director.

Principle 3: Promotion of Ethical and Responsible Decision-making

The Principle requires that the Board should actively promote ethical and responsible decision-making.

The Company, including its Directors and key executives, is committed to maintaining the highest standards of integrity and seeks to ensure all its activities are undertaken with efficiency, honesty and fairness. The Company also maintains a high level of transparency regarding its actions consistent with the need to maintain the confidentiality of commercial-in-confidence material and, where appropriate, to protect its shareholders' interests.

The Company has published a Corporate Principles of Conduct Statement and a Trading Policy for Directors which are available on the website together with the Trading Policy that the Company has for dealing in its own shares by its officers or those working on the Company's behalf. These documents are provided to management and new Directors as they join the Company and any updates are provided to all employees and Directors. In accordance with the Company's policy, no Djerrivarrh shares held by Directors are held subject to margin loans.

The Board believes that the Company is fully compliant with Principle 3.

Principle 4: Safeguarding Integrity in Financial Reporting

The Principle requires that the Company has a structure to independently verify and safeguard the integrity of the Company's reporting.

The Company has an Audit Committee to oversee the integrity of the financial reporting process and which reports to the Board. The Audit Committee comprises three Directors: AF Guy (Chairman), GJ Kraehe and J Paterson, all of whom are independent Directors. In December 2007, RJ Fynmore retired as a member of the Committee. The number of meetings held during the year and attendance by committee members are set out on page 8. All members of the Audit Committee have the requisite financial experience and understanding to effectively discharge its mandate. The Board has obtained from the Managing Director and the Chief Financial Officer written affirmation concerning the Company's financial statements as set out in the Directors' Declaration.

The Company has a process to ensure the independence and competence of the Company's external auditors including the Audit Committee reviewing any non-audit work to ensure that it does not conflict with audit independence. Information on procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners is set out on the website. Policies relating to rotating external audit engagement partners are set by the external audit firm in accordance with Corporations Act requirements.

The Board believes that the Company is fully compliant with Principle 4.

Principle 5: Making Timely and Balanced Disclosure

The Principle requires that the Company promote timely and balanced disclosure of all material matters concerning the Company.

As a listed entity, the Company has an obligation under the ASX Listing Rules to maintain an informed market in its securities. Accordingly, the market is kept advised of all information required to be disclosed under the Listing Rules which it is believed would or may have a material effect on the price or value of the Company's securities.

The Company's Continuous Disclosure Policy is publicly available on its website.

The Board believes that the Company is fully compliant with Principle 5.

Principle 6: Respecting the Rights of Shareholders

The Principle requires that the Company respect the rights of shareholders and facilitate the effective exercise of those rights.

The Company is owned by its shareholders and the Board's primary responsibility to them is to do its utmost to meet the Company's objectives and so increase the Company's value for all shareholders. The Board maintains active communication with shareholders as owners of the Company.

In addition to the Annual and Half Year Reports, the Company holds an Annual General Meeting of shareholders to fulfil statutory requirements, to provide shareholders with the opportunity to meet with representatives of the Board and management, to learn more about the Company's activities and, particularly, to provide an opportunity to question the Board and Management about any aspect of the Company's activities.

The Company also conducts Shareholder Information Meetings in the Australian capital cities, some of which follow the full year results and some of which follow the half year results. This year, shareholder meetings were held in Sydney, Melbourne, Adelaide, Brisbane, Canberra and Perth.

The Company's website contains all ASX announcements, Annual Reports, Half Year Reports, details of corporate governance practices, presentations to shareholders, and related material for shareholders and investors.

The Board believes that the Company is fully compliant with Principle 6.

Principle 7: Recognising and Managing Risk

The Principle requires that the Board establish a sound system of risk oversight, management and internal control.

The Company has established and maintains a sound system of risk oversight, management and internal control.

Investment Risk

The Board's Investment Committee is primarily responsible for dealing with issues arising from investment risk. By its nature, as a Listed Investment Company the Company will always carry investment risk because it invests its capital in securities which are not risk free. However, the Company seeks to reduce this investment risk by a policy of diversification of investments across industries and companies operating in various sectors of the market.

Other Risks

The Company's management is primarily responsible for recognising and managing all other risk issues such as operational risk, disaster recovery, occupational health and safety, credit and counter-party risk. This is in the context that most of Djerriwarrh's administrative functions have been outsourced to AICS using its systems and staff. Accordingly, risk issues associated with these activities are handled in accordance with the policies and procedures adopted by AICS for dealing with them.

The Company has received a report from AICS outlining the control objectives for AICS and the specific policies and procedures established to meet these procedures. AICS has stated that these have been in place throughout the period, and have been effective in meeting the control objectives. This statement and verification have been confirmed by AICS's internal auditors, Ernst & Young, under the requirements of Auditing Guidance Standard 1026.

The Audit Committee has specific oversight of management's role in identifying and responding to risk issues.

The Risk Management Framework adopted by the Board is available on the Company's website.

The Board has obtained from the Managing Director and the Chief Financial Officer written affirmation that, to the best of their knowledge and belief, the integrity of the financial statements is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects insofar as they relate to the financial reporting risks.

The Board believes that the Company is fully compliant with Principle 7.

Principle 8: Encouraging Enhanced Performance

The Principle requires that the Board fairly review and actively encourage Board and management effectiveness.

In order to provide a specific opportunity for performance matters to be discussed with each Director, the Board Chairman has established a formal Director review process. The Chairman meets with each Director individually to discuss issues including performance and effectiveness of the Board as a whole, individual Directors and the Chairman with the intention of providing mutual feedback. Given the nature of the Company's activities, it is considered that this process of evaluation of the Board, individual Directors and the Chairman is sufficiently formal.

Each Director of the Company is encouraged to have a financial interest in the Company. All Directors have a meaningful shareholding in the Company. These security holdings were acquired from their own resources. (For details of the Directors' holdings refer to the Financial Report.) As shareholders in the Company, Directors benefit in the same way as all other shareholders in improving shareholder value.

The Board believes that the Company is fully compliant with Principle 8.

Principle 9: Remunerating Fairly and Responsibly

The Principle requires that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

The Board has not established a Remuneration Committee given the size of the Company and the nature of its activities. Other than the Board members, which includes the Managing Director, the Company has no formal employees. The Board is able to deal with matters relating to the remuneration of Directors itself and a separate Remuneration Committee is not considered necessary.

Directors' Remuneration

The Constitution of Djerriwarrh requires approval by the shareholders in general meeting of a maximum amount of remuneration to be allocated between Non-Executive Directors as they determine. In proposing the maximum amount for consideration in general meeting, and in determining the allocation, the Board takes account of the time demands made on Directors together with such factors as the general level of fees paid to Australian corporate Directors. The amount of remuneration for each Director excludes amounts that were owing to them when the Directors' retirement allowances were frozen at 30 June 2004.

Djerriwarrh does not pay any performance-based remuneration.

Management Remuneration Approach

Because the Company has outsourced its administrative functions, it has not adopted any 'at risk' remuneration arrangements for the Managing Director or any other person involved in the activities of the Company.

RE Barker is made available as Managing Director of Djerriwarrh by AICS. The fees to which he is entitled as a Director of the Company are paid directly to AICS pursuant to his remuneration arrangements with them. Also as part of these remuneration arrangements with AICS, RE Barker receives an 'at risk' component determined by AICS which is based on performance. The performance criteria includes quantitative and qualitative assessments which include, amongst other things, the services that he has provided to Djerriwarrh and for which AICS is paid.

Further information on Directors and Executives remuneration is set out in the Financial Report.

The Board believes that the Company is fully compliant with Principle 9, but acknowledges that, for the reasons given above, it does not comply with Recommendation 9.2 that a separate Remuneration Committee be established.

Principle 10: Recognising Legitimate Interests of Stakeholders

The Principle requires that the Company recognises legal and other obligations to all legitimate stakeholders.

Because of Djerriwarrh's operation as a Listed Investment Company, its key stakeholders are its shareholders, agents and the small number of creditors connected with the administration of the Company's affairs. As noted above, the Company has published its Corporate Principles of Conduct which are intended to guide the activities of Directors, senior executives and agents and are designed to ensure that the legal requirements and the obligations to the Company's stakeholders are complied with at all times.

The Board believes that Djerriwarrh is fully compliant with Principle 10.

Financial Report

Income Statement

For the Year Ended 30 June 2008

	Note	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
Income from options written		19,830	7,935
Net gains/(losses) on trading portfolio		(5,712)	13,777
Income from operating activities before net gains on investments		60,498	69,684
Finance costs		(8,708)	(7,115)
Administration expenses		(2,864)	(2,267)
Share of net profit from Associate		42	-
Operating profit before income tax expense and net gains on investments	4	48,968	60,302
Income tax expense*	5	(3,377)	(6,698)
Net operating profit before net gains on investments		45,591	53,604
Net gains on investments			
Net gains on ordinary securities sold from the investment portfolio		29,938	41,584
Net (losses)/gains on open options positions		(4,763)	130
Tax expense on net gains on investments*	5	(4,083)	(4,645)
		21,092	37,069
Profit for the year		66,683	90,673

	Cents	Cents
Basic earnings per share	32.81	47.56
Diluted earnings per share	32.18	45.89

Information on earnings per share, including net operating profit before net gains on investments per share, can be found in Note 23.

	2008 \$'000	2007 \$'000
* Total tax expense	7,460	11,343

This Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet

As at 30 June 2008

	Note	2008 \$'000	2007 \$'000
Current assets			
Cash	6	298	545
Receivables	7	22,354	48,652
Trading portfolio	8	29,337	50,794
Interest rate hedging contracts	9	1,044	805
Total current assets		53,033	100,796
Non-current assets			
Investment portfolio	10	959,370	1,086,700
Shares in Associate		92	-
Deferred tax assets	11	8,505	2,347
Total non-current assets		967,967	1,089,047
Total assets		1,021,000	1,189,843
Current liabilities			
Payables	12	2,610	10,923
Tax payable		8,909	6,702
Borrowings	6	78,000	61,500
Options written portfolio	13	25,760	17,585
Total current liabilities		115,279	96,710
Non-current liabilities			
Borrowings	14	32,587	37,242
Deferred tax liabilities – investment portfolio	15	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	16	579,243	567,278
Revaluation reserve	17	60,076	213,041
Realised capital gains reserve	18	134,010	113,815
Retained profits	19	34,919	41,003
Interest rate hedging reserve	9	1,044	805
Total shareholders' equity		809,292	935,942

This Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the Year Ended 30 June 2008

	Note	2008 \$'000	2007 \$'000
Total equity at the beginning of the year		935,942	653,260
Dividends paid	22	(52,572)	(39,408)
Dividend Reinvestment Plan	16	7,772	6,183
Share buy-backs	16	(24)	(570)
Exercise of convertible notes	16	4,218	7,906
Rights Issue	16	-	140,326
Cost of Issue	16	(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) recognised directly in equity	17	(152,965)	78,080
Profit for the year		66,683	90,673
Net movement in fair-value for interest rate swaps	9	239	443
Total recognised income (including unrealised gains) and expense for the year		(86,043)	169,196
Total equity at the end of the financial year		809,292	935,942

This Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Cash Flow Statement

For the Year Ended 30 June 2008

	Note	2008 \$'000 Inflows/ (Outflows)	2007 \$'000 Inflows/ (Outflows)
Cash flows from operating activities			
Sales from trading portfolio		40,971	41,932
Purchases for trading portfolio		(19,029)	(35,108)
Proceeds from entering into options in options written portfolio		64,534	54,586
Payment to close out options in options written portfolio		(41,292)	(43,380)
Interest received		257	2,106
Dividends and distributions received		46,394	41,501
		91,835	61,637
Other receipts		15	52
Administration expenses		(2,912)	(2,224)
Finance costs paid		(7,992)	(7,358)
Income taxes paid		(5,153)	(7,375)
Net cash inflow/(outflow) from operating activities	27	75,793	44,732
Cash flows from investing activities			
Investment in Associate		(50)	-
Sales from investment portfolio		165,912	216,569
Purchases for investment portfolio		(208,548)	(341,684)
Taxes paid on capital gains		(4,974)	(7,085)
Net cash inflow/(outflow) from investing activities		(47,660)	(132,200)
Cash flows from financing activities			
Proceeds from borrowings		409,400	414,000
Repayment of borrowings		(392,900)	(432,500)
Share issues		-	140,326
Share issue transaction costs		(1)	(949)
Share buy-backs		(24)	(570)
Dividends paid		(44,855)	(33,222)
Net cash inflow/(outflow) from financing activities		(28,380)	87,085
Net increase/(decrease) in cash held		(247)	(383)
Cash at the beginning of the financial year		545	928
Cash at the end of the financial year	6	298	545

This Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

This general purpose Financial Report has been prepared in accordance with Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. This Financial Report has been authorised for issue as per the Directors' Declaration and is presented in the Australian currency. The Company has the power to amend and reissue the Financial Report.

The Company has attempted to improve the transparency of its reporting by adopting 'plain English' where possible. Key 'plain English' phrases and their equivalent AASB terminology are as follows:

Phrase	AASB Terminology
Market Value	Fair Value for Actively Traded Securities
Cash	Cash and Cash Equivalents
Share Capital	Contributed Equity

This Financial Report has been prepared in accordance with AIFRS (Australian equivalents to International Financial Reporting Standards).

Compliance with AIFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards (IFRS).

The Company has not applied any Australian Accounting Standards or AASB interpretations that have been issued as at balance date but are not yet operative for the year ended 30 June 2008 ("the inoperative standards"). The impact of the inoperative standards has been assessed and the impact has been identified as not being material. The Company only intends to adopt the inoperative standards at the date at which their adoption becomes mandatory.

(a) Basis of Accounting

The financial statements are prepared using the valuation methods described below for holdings of securities including options. All other items have been treated in accordance with the historical cost convention.

(b) Holdings of Securities

(i) Balance Sheet Classification

The Company has three discrete portfolios of securities: the investment portfolio, the trading portfolio and the options written portfolio. The purchase and the sale of securities are accounted for at the date of trade.

The investment portfolio relates to holdings of securities which the Directors intend to retain on a long term basis.

The trading portfolio comprises securities held for short term trading purposes, including exchange traded options contracts that are entered into, as described in Note 8.

The options written portfolio contains exchange traded options contracts that are entered into as described in Note 13.

Ordinary securities within the investment portfolio are classified as 'assets available for sale', whereas securities that contain a derivative element (e.g. Convertible Notes) and the trading portfolio are classified as 'assets measured at fair value through the Income Statement'.

(ii) Valuation of Investment Portfolio

Securities, including listed and unlisted shares and notes, are initially brought to account at market value, which is the cost of acquisition including transaction costs, and are revalued to market values continuously. Increments and decrements on ordinary securities are taken to the Revaluation Reserve.

Where disposal of an investment occurs, any revaluation increment or decrement relating to it is transferred from the Revaluation Reserve to the Income Statement.

Increments and decrements on the value of the securities that contain a derivative element (known as 'Hybrids') are taken directly through the Income Statement.

(iii) Valuation of Trading Portfolio

Securities, including listed and unlisted shares, notes and options, are initially brought to account at market value, which is the cost of acquisition, or proceeds in the case of options written, and are revalued to market values continuously.

Increments and decrements on the value of securities in the trading portfolio are taken directly through the Income Statement.

(iv) Valuation of Options Written Portfolio

Options written are initially brought to account at the amount received upfront for entering into the contract (the premium) and subsequently revalued to current market value. Increments and decrements are recognised as per the policy in Note 1(b)(v).

(v) Income from Holdings of Securities

Distributions relating to listed securities are recognised as income when those securities are quoted in the market on an ex-distribution basis and distributions relating to unlisted securities are recognised as income when received unless the distributions are capital returns on ordinary shares in which case the amount of the distribution is treated as an adjustment to the carrying value of the shares.

Djerriwarrh writes options in the options written portfolio to enhance income. Income from options in the options written portfolio is only recognised in net operating profit when the option is closed out, expires or is exercised. The income is the difference between the premium received on the option less any cost to close out the option.

The unrealised gain or loss on open options positions is shown alongside the unrealised gain or loss on Hybrids or 'other securities' in the investment portfolio, which is required under accounting standards to be accounted for through the Income Statement.

(c) Taxation

The income tax expense or credit for the period is the tax payable on the current period's taxable income adjusted by any unused tax losses and changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are offset as all current and deferred taxes relate to the Australian Taxation Office and can legally be settled on a net basis.

A tax provision is made for the unrealised gain or loss on securities valued at fair value through the Income Statement – i.e. Hybrids and the trading and options written portfolios.

A provision has to be made for any taxes that could arise on disposal of securities in the investment portfolio, even though there is no intention to dispose of them. Where the Company disposes of such securities, tax is calculated on gains made according to the particular parcels allocated to the sale for tax purposes offset against any capital losses carried forward.

(d) Cash Flows

For the purpose of the cash flow statement, 'cash' includes cash, deposits held at call, investment grade promissory notes and discounted bills of exchange.

(e) Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, and non-interest bearing monetary financial assets and liabilities of the Company approximates their carrying value.

The fair value for assets that are actively traded on market is defined by AASB 139 as 'last bid price'.

(f) Convertible Notes

On issue of convertible notes, the Company estimates the fair value of the liability component, being the obligation to make future payments of principal and interest to noteholders, using a market interest rate for an equivalent non-convertible note. The residual amount is included in equity as other equity securities with no recognition of any change in the value of the option in subsequent periods. The liability is then included in borrowings and carried on an amortised cost basis with interest on the notes recognised as borrowing costs on an effective yield basis until the liability is extinguished on conversion or maturity of the notes.

Notes to the Financial Statements *continued*

(g) Interest Rate Swap

The Company has hedged a proportion of its short term borrowings against changes in interest rates by entering into interest rate swap agreements. Interest rate swaps are shown at 'fair value' on the Balance Sheet representing the cost of unwinding the swap. For that portion of the Company's swap agreements that are effective hedges, the fair value of the unused portion of the swap agreement is recognised in equity. Otherwise the fair value is recognised in net profit.

Accumulated amounts in equity are recycled in the Income Statement as the interest on the borrowings becomes due and payable and the hedge is used. The amount recognised is accounted for as finance costs during the period along with the interest on the borrowings. The net amount receivable or payable under interest rate swap agreements is also recognised at this time and is included in 'other receivables' or 'other payables' at each balance date.

(h) Directors' Retirement Allowances

The Company recognises as 'amounts payable' Directors' retirement allowances that have been crystallised. No further amounts will be expensed as retirement allowances.

(i) Rounding of Amounts

The Company is of the kind referred to in Class Order 98/0100, issued by the Australian Securities and Investment Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order, to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(j) Associate Accounting Policy

Associates are entities over which the Company has significant influence but not control, generally accompanied by a shareholding of between 20 per cent and 50 per cent of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost, in the Company's financial statements.

The Company's share of its associate's post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment.

2. Critical Accounting Estimates and Judgements

The preparation of financial reports in conformity with AIFRS requires the use of certain critical accounting estimates. This requires the Board and management to exercise their judgement in the process of applying the Company's accounting policies. The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. In accordance with AASB112 *Income Taxes*, deferred tax liabilities have been recognised for Capital Gains Tax (CGT) on the unrealised gain in the Investment Portfolio at current tax rates. As the Directors do not intend to dispose of the portfolio, this tax liability may not be crystallised at the amount disclosed in Note 15. In addition, the tax liability that arises on disposal of these securities may be impacted by changes in tax legislation relating to treatment of capital gains and the rate of taxation applicable to such gains at the time of disposal.

Apart from this, there are no key assumptions or sources of estimation uncertainty that have a risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

3. Financial Reporting by Segments

The Company operates as a Listed Investment Company in Australia. It has no reportable business or geographic segments.

4. Operating Profit Before Income Tax Expense and Net Gains on Investments

	2008 \$'000	2007 \$'000
Dividends and distributions (excluding interest)		
- securities held in investment portfolio	44,192	43,404
- securities held in trading portfolio	1,916	2,281
	46,108	45,685
Interest income		
- securities held in investment portfolio	-	129
- deposits and income from cash investments	257	2,106
	257	2,235
Net gains/(losses) and write downs		
- net gains from trading portfolio sales	3,299	3,863
- realised gains on options written portfolio	19,830	7,935
- unrealised gains/(losses) in trading portfolio	(9,011)	9,914
	14,118	21,712
Other income	15	52
Income from operating activities before net gains on investments	60,498	69,684
Finance costs	(8,708)	(7,115)
Administration fees paid to Australian Investment Company Services Ltd (AICS)	(1,453)	(917)
Share of net profit from Associate	42	-
Other administration expenses	(1,411)	(1,350)
Operating profit before income tax expense and net gains on investments	48,968	60,302

Further information relating to remuneration of auditors is set out in Note 26, and Directors in Note 24. The administration fees paid to AICS are pursuant to an arrangement covering the Company's day-to-day management and administration.

5. Income Tax Expense

	2008 \$'000	2007 \$'000
(a) Reconciliation of Income Tax Expense to Prima Facie Tax Payable		
Operating profit before income tax expense and net gains/(losses) on investments	48,968	60,302
Tax at the Australian tax rate of 30 per cent (2007 – 30 per cent)	14,690	18,090
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Tax offset for franked dividends	(11,258)	(10,271)
Sundry items	846	(509)
	4,278	7,310
Under (over) provision in prior years	(901)	(612)
Income tax expense on operating profit before net gains/(losses) on investments	3,377	6,698
Net gains from investments (before tax)	25,175	41,714
Tax at the Australian tax rate of 30 per cent (2007 – 30 per cent)	7,553	12,514
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Impact of parcel selection for capital gains purposes	(4,134)	(8,505)
Accounting gains rolled-over for taxation purposes	-	(634)
Accounting losses not allowable for taxation purposes	-	1,111
Tax effect of reversing previous years gains on Hybrids	151	-
Under (over) provision in prior years	513	159
Income tax expense on net gains from investments	4,083	4,645
Total income tax expense	7,460	11,343

Notes to the Financial Statements *continued*

	2008 \$'000	2007 \$'000
(b) Income Tax Expense Composition		
Charge for tax payable relating to the current year	12,663	9,607
Under (over) provision in prior years	(388)	(453)
Charge for tax on scrip-for-scrip acquisitions	1,343	-
(Increase) decrease in deferred tax assets	(6,158)	2,189
	7,460	11,343

(c) Amounts Recognised Directly in Equity

Increase/(decrease) in deferred tax liabilities relating to capital gains tax on the movement in unrealised gains in ordinary securities in the investment portfolio	(57,450)	47,325
	(57,450)	47,325

6. Current Assets – Cash

	2008 \$'000	2007 \$'000
Cash at bank and in hand	4	3
Deposits at call	294	542
	298	545

Deposits at call yield an average floating interest rate of 7.3 per cent (2007: 6.2 per cent).

(a) Credit Risk Exposure

The credit risk exposure of the Company in relation to cash and deposits is the carrying amount and any accrued unpaid interest. Purchased bills of exchange are carried on the balance sheet at an amount less than the amount realisable at maturity. The credit risk exposure of the Company regarding purchased bills of exchange is the carrying value, which comprises the cost of the bank bills and the income accrued to balance date.

Cash investments are made with Goldman Sachs JBWere's Australian Dollar Cash Reserves Fund – Institutional Class which is rated AAAM by Standard & Poor's and Aaa/MR1+ by Moody's.

(b) Standby Arrangements and Credit Facilities

The Company is party to agreements under which Commonwealth Bank of Australia will extend a cash advance facility (formerly the Company had an agreement to accept, or accept and discount, bills of exchange) and the National Australia Bank will extend a cash advance facility and has agreed to accept, or accept and discount, bills of exchange.

	2008 \$'000	2007 \$'000
Commonwealth Bank of Australia – cash advance facility	100,000	60,000
Amount drawn down	15,500	41,000
Undrawn facilities	84,500	19,000
National Australia Bank – cash advance/floating rate bill facility	100,000	60,000
Amount drawn down	62,500	20,500
Undrawn facilities	37,500	39,500
Total short term loan facilities	200,000	120,000
Total drawn down	78,000	61,500
Total undrawn facilities	122,000	58,500

The above borrowings are unsecured. Repayment of facilities is done either through the use of cash received from distributions or the sale of securities, or by rolling existing facilities into new ones. Facilities are normally drawn down for no more than three months.

7. Current Assets – Receivables

	2008 \$'000	2007 \$'000
Dividends and distributions receivable	7,953	9,524
Outstanding settlements – investment portfolio	13,540	31,260
Outstanding settlements – trading portfolio	-	6,251
Outstanding settlements – options written portfolio	-	934
Other receivables	861	683
	22,354	48,652

Receivables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

The credit risk exposure of the Company in relation to receivables is the carrying amount.

8. Current Assets – Trading Portfolio

	2008 \$'000	2007 \$'000
Listed securities at market value (designated as 'assets held for trading')		
- shares and trust units	29,947	51,712
- options written by the Company		
- Calls	(204)	(889)
- Puts	(406)	(29)
	29,337	50,794

(a) Credit Risk Exposure

Credit risk exposures of the Company arise in relation to converting and convertible notes and other interest-bearing securities to the extent of their carrying values, in the event of a shortfall on winding-up of the issuing companies.

Credit risk exposure also arises in relation to options bought by the Company, if any, to the extent of their carrying value.

(b) Options Sold

The Company enters into option contracts in the trading portfolio as part of its trading activities to generate profits on dealing in securities. Options are only written over stocks that are in the trading portfolio. Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. Whereas if the Company sells a put option it is obligated to buy the underlying shares at an agreed price if the taker exercises the option. Options are valued at a theoretical price which is obtained via an independent third-party data provider.

As at balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of \$14.9 million (2007: \$19.2 million) held by the Company in its trading portfolio, and put options outstanding which potentially required the Company if they were exercised to purchase securities to the value of \$1.7 million (2007: \$1.4 million).

As at balance date all of these contracts are exchange-traded options and are entered into within the constraints and controls imposed by the Australian Securities Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily. The Investment Committee meets regularly (normally weekly) to consider, review and approve the investment, trading and sub-underwriting transactions of the Company and related matters.

9. Interest Rate Swaps

	2008 \$'000	2007 \$'000
Current assets	1,044	805
	1,044	805

Notes to the Financial Statements *continued*

The Company has hedged a proportion of its short term borrowings against changes in interest rates by entering into interest rate swap agreements. The Company's swap agreements have been assessed as an effective hedge for the Company's short term borrowings and therefore the fair value of the unused portion of the swap agreements is recognised in the interest rate hedging reserve in equity.

Swaps currently in place cover approximately 77 per cent (2007 – 98 per cent) of the loan principal outstanding. The fixed interest rates are 5.735 per cent and 5.940 per cent.

	2008 \$'000	2007 \$'000
At 30 June 2008, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:		
Less than 1 year	-	-
1-2 years	60,000	60,000

10. Non-Current Assets – Investment Portfolio

Listed securities		
- shares at market value	959,370	1,086,700
	959,370	1,086,700

Credit risk exposures of the Company arise in relation to converting and convertible notes and other interest-bearing securities to the extent of their carrying values, in the event of a shortfall on winding-up of the issuing companies. Ordinary securities (i.e. non-Hybrids) are designated as 'assets available for sale'.

11. Non-current Assets – Deferred Tax

The Company's deferred tax assets ("DTA") arise from temporary differences in the recognition of items for taxation and accounting purposes, as described in Note 1(c). The key components are:

	2008 \$'000	2007 \$'000
(a) Tax on unrealised (gains)/losses or write-downs on the trading portfolio	220	(3,567)
(b) Tax on unrealised losses in the options written portfolio	1,946	517
(c) Tax paid up front on sold option premiums which are not included as accounting income until they lapse, are exercised or closed out	6,058	5,089
(d) Provisions and expenses charged to the accounting profit which are not yet tax deductible	312	398
(e) Interest and dividend income receivable which is not assessable for tax until receipt	(31)	(90)
	8,505	2,347

Movements:

Opening balance at 1 July	2,347	4,536
Credited/(charged) to Income Statement	6,158	(2,189)
	8,505	2,347

The net DTA arising from provisions and expenses charged but not yet tax deductible, will be obtained when the relevant items become tax deductible, provided that the Company derives sufficient assessable income to enable the benefit from the deductions to be taken in that year and there are no intervening changes in tax legislation adversely affecting the Company's ability to claim the tax deduction.

The portion of DTA likely to be reversed within the next 12 months is \$7.7 million (2007: \$1.6 million). This relates primarily to items described in Notes (a), (b), (c) and (e) above.

12. Current Liabilities – Payables

	2008 \$'000	2007 \$'000
Outstanding settlements – investment portfolio	37	8,629
Outstanding settlements – trading portfolio	-	69
Outstanding settlements – options written portfolio	-	918
Director retirement benefits	661	776
Other payables and accruals	1,912	531
	2,610	10,923

Payables are non-interest bearing and unsecured. Outstanding settlements are on the terms operating in the securities industry, which usually require settlement within three days of the date of a transaction.

13. Options Written Portfolio

The Company enters into option contracts in the options written portfolio for the purpose of enhancing returns via the premiums that it earns from the writing of these contracts. It is separate from both the trading portfolio and the investment portfolio, and the options are designated as 'assets measured at fair value through the profit and loss statement'. Where the Company sells a call option it is obligated to deliver securities at an agreed price if the taker exercises the option. Whereas if the Company sells a put option it is obligated to buy the underlying shares at an agreed price if the taker exercises the option. Options are valued at a theoretical price which is obtained via an independent third-party data provider.

As at balance date the Company had sold put options which at the option of the purchaser may require the Company to buy prior to the respective expiry dates if they were exercised, certain securities at prices which in aggregate totalled \$10.5 million (2007: \$26.3 million). As at balance date there were call options outstanding which potentially required the Company if they were exercised to deliver securities to the value of \$310.0 million (2007: \$288.3 million). The total income for the year of \$19.8 million (2007: \$7.9 million) plus the unrealised losses on the open options position of \$4.8 million (2007: \$0.1 million gain), both before tax, was a net pre-tax 'profit' of \$15.0 million (2007: \$8.1 million).

As at balance date all of these contracts are exchange-traded options and are entered into within the constraints and controls imposed by the Australian Securities Exchange Limited. Dealing and administrative (including settlement) functions are separated. The total exposure position is determined daily. The Investment Committee meets regularly (normally weekly) to consider, review and approve the investment and trading transactions of the Company and related matters. \$85.5 million of shares are held by the Australian Clearing House (ACH) as collateral for sold option positions written by the Company (2007: \$71.6 million). These shares are held by ACH under the terms of ACH Pty Ltd which require participants in the Exchange Traded Option market to lodge collateral, and are recorded as part of the Company's investment portfolio.

14. Non-Current Liabilities – Payables

	2008 \$'000	2007 \$'000
Non-current unsecured		
- convertible notes at amortised cost	32,587	37,242

There were 8,398,577 convertible notes outstanding at 30 June 2008 (2007: 9,480,129). These notes have a face value of \$3.90 and carry an interest entitlement of 6.5 per cent per annum. They may be converted at the option of the holder into ordinary shares at a rate of one share per note on 31 March or 30 September each year until 30 September 2009. Notes not converted will be redeemed at their face value on 30 September 2009. At 30 June 2008, the face value of the convertible notes was \$32.8 million (2007: \$37.0 million). Terms of the notes are regulated under a trust deed between the Company and Permanent Nominees (Aust) Ltd.

As per accounting policy Note 1(g), at issuance the residual value of the equity component of the convertible notes was calculated as nil.

Notes to the Financial Statements *continued*

15. Deferred Tax Liabilities – Investment Portfolio

	2008 \$'000	2007 \$'000
Deferred tax liabilities on unrealised gains in the investment portfolio	63,842	119,949
Movements		
Opening balance at 1 July	119,949	72,624
(Credited)/charged to Income Statement for securities that contain a derivative element (e.g. Convertible Notes)	-	-
Charged to Income Statement for scrip-for-scrip rollover	1,343	-
(Credited)/charged to equity for ordinary securities	(57,450)	47,325
	63,842	119,949

Refer to Note 2 for further detail on the nature of the deferred tax liabilities on the investment portfolio.

16. Shareholders' Equity – Share Capital

Movements in share capital of the Company during the past two years were as follows:

Date	Details	Note	Number of Shares '000	Price \$	Paid-up Capital \$'000
1/07/2006	Balance		163,184		414,384
10/08/2006	Dividend Reinvestment Plan	(i)	736	4.62	3,402
30/09/2006	Convertible Note conversion	(ii)	479	3.90	1,869
11/10/2006	1 for 5 renounceable Rights Issue	(iv)	35,082	4.00	140,326
12/03/2007	Dividend Reinvestment Plan	(i)	582	4.78	2,781
11/04/2007	Convertible Note conversion	(ii)	1,547	3.90	6,037
Various	On-market share buy-backs	(iii)	(120)		(570)
	Costs of Rights Issue		-		(951)
30/06/2007	Balance		201,490		567,278
09/08/2007	Dividend Reinvestment Plan	(i)	934	5.11	4,772
30/09/2007	Convertible Note conversion	(ii)	919	3.90	3,581
16/02/2008	Dividend Reinvestment Plan	(i)	594	5.05	3,000
31/03/2008	Convertible Note conversion	(ii)	163	3.90	637
	On-market share buy-backs	(iii)	(5)		(24)
	Costs of Rights Issue		-		(1)
			204,095		579,243

- (i) The Company has a Dividend Reinvestment Plan (DRP) under which shareholders elected to have all or part of their dividend payment reinvested in new ordinary shares. Pricing of the new DRP shares was based on the average selling price of shares traded on the Australian Securities Exchange in the five days from the day the shares begin trading on an ex-dividend basis.
- (ii) The Company issued shares with effect from 30 September 2007 and 31 March 2008, as a result of the conversion of convertible notes (see Note 14).
- (iii) The Company introduced an on-market Buy-Back Program in December 2000. During year ended 30 June 2008 the Company had bought back 5,000 shares at an average price of \$4.75. During the corresponding period in 2007, 120,042 shares were bought back also at an average price of \$4.75.
- (iv) The Company issued 35,081,581 shares at \$4.00 as a result of a 1 for 5 Rights Issue.

17. Revaluation Reserve

	2008 \$'000	2007 \$'000
Opening balance at 1 July	213,041	134,961
Revaluation of investment portfolio	(210,415)	125,405
Provision for tax on unrealised gains	57,450	(47,325)
	60,076	213,041

This reserve is used to record increments and decrements on the revaluation of the investment portfolio as described in accounting policy Note 1(b)(ii).

18. Realised Capital Gains Reserve

	2008 \$'000	2007 \$'000
Opening balance at 1 July	113,815	79,122
Dividends paid	(4,231)	(2,285)
Transfer from retained profits	24,426	36,978
	134,010	113,815

This reserve records gains or losses after applicable taxation arising from disposal of securities in the investment portfolio. As the balance relates to net realised gains it may be distributed as cash dividends at the discretion of Directors.

19. Retained Profits

	2008 \$'000	2007 \$'000
Opening balance at 1 July	41,003	24,431
Dividends paid	(48,341)	(37,123)
Transfer to Realised Capital Gains Reserve	(24,426)	(36,978)
Profit for the year	66,683	90,673
	34,919	41,003

20. Capital Management

The Company's objectives in managing capital is to continue to provide shareholders with attractive investment returns through access to a steady stream of fully-franked dividends and enhancement of capital invested, with goals of paying an enhanced level of dividends and providing attractive total returns over the medium to long term.

The Company recognises that its capital will fluctuate in accordance with market conditions, and may adjust the amount of dividends paid, issue new shares from time to time or buy back its own shares or sell assets to reduce debt.

The Company's capital consists of its shareholders equity, plus any net debt. The change in this capital is as noted in Notes 6, 14, 16, 17, 18 and 19.

21. Financial Risk Management

AASB 7 – *Financial Instruments: Disclosures* identifies three types of risk associated with financial instruments (i.e. the Company's investments, receivables, payables and borrowings):

Credit Risk

The standard defines this as the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Credit risk is managed as noted in Notes 6(a), 7, 8(a) and 10 with respect to cash, receivables, securities in the trading portfolio and securities in the investment portfolio respectively. None of these assets are overdue or considered to be impaired.

Liquidity Risk

The standard defines this as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company monitors its cash flow requirements daily. Furthermore, the Investment Committee monitors the level of contingent payments on a weekly basis by reference to known sales and purchases of securities, dividends and distributions to be paid or received, put options that may require the Company to purchase securities and facilities that need to be repaid. The Company ensures that it has either cash or access to short term borrowing facilities sufficient to meet these contingent payments.

The relatively low level of gearing that the Company has ensures that covenant levels associated with facilities are unlikely to be breached. In the unlikely event that a fall in the value of the stock market is such that a breach would appear possible, the Company would amend its cash flows through the sale of securities and the cessation of purchases to ensure that any short term debt is extinguished.

The Company's inward cash flows depend upon the level of distributions received. Should these drop by a material amount, the Company would amend its outwards cash flows accordingly. As the Company's major cash outflows are the purchase of securities and dividends paid to shareholders, the level of both of these is manageable by the Board and management.

Furthermore, the assets of the Company are largely in the form of readily tradeable securities which can be sold on-market if necessary.

The Company has access to \$200 million of cash advance facilities, and any borrowing facilities are normally drawn for a period no longer than three months.

Market Risk

The standard defines this as the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

By its nature as a Listed Investment Company that invests in tradeable securities, the Company can never be free of market risk as it invests its capital in securities which are not risk free – the market price of these securities can fluctuate.

A general fall in market prices of 5 per cent and 10 per cent, if spread equally over all assets in the trading and investment portfolios, would lead to a reduction in the Company's equity of \$34.6 million and \$69.2 million respectively, assuming a tax rate of 30 per cent.

A fall in the market value of the trading portfolio of 5 per cent and 10 per cent equally across all securities held within the portfolio, would lead to a reduction in the trading result of \$1.0 million and \$2.1 million respectively.

The Revaluation Reserve at 30 June 2008 was \$60.1 million. It would require a fall in the value of the investment portfolio of 13 per cent to fully deplete this. In accordance with Accounting Standards, any further falls in value would continue to be recognised in equity as unrealised losses, thereby impacting the shareholders' equity of the Company.

The Company seeks to minimise market risk at the investment portfolio level by ensuring that it is not, in the opinion of the Investment Committee, overly exposed to one company or one particular sector of the market. The relative weightings of the individual securities and the relevant market sectors are reviewed by the Investment Committee, normally weekly, and risk can be managed by reducing exposure where necessary. The Company does not have set parameters as to a minimum or maximum amount of the portfolio that can be invested in a single company or sector.

The Company's investment by sector is as below:

	2008 %	2007 %
Energy	14.09	7.78
Materials	23.34	21.23
Industrials	6.05	10.65
Consumer discretionary	4.89	8.73
Consumer staples	8.17	6.36
Banks	22.95	23.98
Other financials (including property trusts)	9.07	13.09
Telecommunications	6.01	4.74
Other – healthcare, information technology, utilities	5.43	3.44

Securities representing 5 per cent or more of the combined investment and trading portfolio at 30 June 2008 were:

	Percentage of Portfolio
BHP Billiton	12.3%
National Australia Bank	6.7%
Telstra Corporation	6.0%
Westpac Banking Corporation	5.5%
Commonwealth Bank of Australia	5.4%
Rio Tinto	5.3%
Woodside Petroleum	5.0%

No other security represents 5 per cent or more of the Company's investment and trading portfolios.

The writing of put and call options in the options written portfolio (Note 13) and the trading portfolio (Note 8) is undertaken to enhance income. The writing of call options also provides some protection against a fall in market prices as it generates income to partially compensate for a fall in capital values. The Company does not write options where it does not own sufficient securities to meet any call obligations, and not more than 50 per cent of the investment portfolio is at risk of being sold to meet call options.

The Company is not directly exposed to currency risk as all its investments are quoted in Australian dollars. The Company has hedged a portion of its short term borrowings to protect against short term interest rates – see Note 9. Any borrowings in excess of the hedged amount of \$60 million have a floating interest rate which is fixed for no more than three months. The Company has on issue convertible notes (see Note 14) which have a fixed interest rate payable of 6.5 per cent.

Notes to the Financial Statements *continued*

22. Dividends

	2008 \$'000	2007 \$'000
(a) Dividends Paid During the Year		
Final dividend for the year ended 30 June 2007 of 16.0 cents fully franked at 30 per cent paid on 9 August 2007 (2007: 13.0 cents fully franked at 30 per cent paid on 10 August 2006)	32,238	21,214
Interim dividend for the year ended 30 June 2008 of 10 cents per share fully franked at 30 per cent, paid 16 February 2008 (2007: 10.0 cents fully franked at 30 per cent paid on 12 March 2007)	20,334	18,194
	52,572	39,408

(b) Franking Credits

Balance on the franking account after allowing for tax payable in respect of the current year's profits and the receipt of dividends recognised as receivables:	34,668	29,114
Impact on the franking account of dividends declared but not recognised as a liability at the end of the financial year:	(13,995)	(13,816)
Net available	20,673	15,298

These franking account balances would allow the Company to frank additional dividend payments up to an amount of:	48,237	35,695
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The Company's ability to continue to pay franked dividends is dependent upon the receipt of franked dividends from the trading and investment portfolios and the Company paying tax.

(c) Dividends Declared after Balance Date

Since the end of the year Directors have declared a final dividend of 16 cents per share fully franked at 30 per cent. The aggregate amount of the final dividend for the year to 30 June 2008 to be paid on 15 August 2008, but not recognised as a liability at the end of the financial year	32,655	
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(d) Listed Investment Company Capital Gain Account

Balance of the Listed Investment Company (LIC) capital gain account	34,446	28,429
This would equate to an attributable amount of:	49,209	40,613

Distributed LIC capital gains may entitle certain shareholders to a special deduction in their taxation return, as set out in the dividend statement.

LIC capital gains available for distribution are dependent upon the disposal of investment portfolio holdings which qualify for LIC capital gains or the receipt of LIC distributions from LIC securities held in the portfolios.

23. Earnings Per Share

	2008	2007
Basic Earnings Per Share	Number	Number
Weighted average number of ordinary shares used as the denominator	203,264,501	190,638,573
	\$'000	\$'000
Profit for the year	66,683	90,673
	Cents	Cents
Basic earnings per share	32.81	47.56
Diluted Earnings Per Share	Number	Number
Weighted average number of ordinary shares used as the denominator (as above)	203,264,501	190,638,573
Weighted average number of convertible notes used as the denominator	8,755,067	10,809,538
	212,019,568	201,448,111
	\$'000	\$'000
Profit for the year	66,683	90,673
Interest on convertible notes (net of tax)	1,553	1,777
	68,236	92,450
	Cents	Cents
Diluted earnings per share	32.18	45.89
Basic Net Operating Profit Before Net Gains on Investments Per Share	Number	Number
Weighted average number of ordinary shares used as the denominator	203,264,501	190,638,573
	\$'000	\$'000
Net operating profit before net gains on investments	45,591	53,604
	Cents	Cents
Basic net operating profit before net gains on investments	22.43	28.12
Diluted Net Operating Profit Before Net Gains on Investments	Number	Number
Weighted average number of ordinary shares used as the denominator (as above)	203,264,501	190,638,573
Weighted average number of convertible notes used as the denominator	8,755,067	10,809,538
	212,019,568	201,448,111
	\$'000	\$'000
Net operating profit before net gains on investments	45,591	53,604
Interest on convertible notes (net of tax)	1,553	1,777
	47,144	55,381
	Cents	Cents
Diluted net operating profit before net gains on investments	22.24	27.49

Notes to the Financial Statements *continued*

24. Directors and Executives

Persons who were Directors of Djerriwarrh Investments Limited for part or all of the financial year ended 30 June 2008 were:

BB Teele
 RE Barker
 PC Barnett (appointed 18 October 2007)
 TA Campbell
 RJ Fynmore (retired 31 December 2007)
 AF Guy
 GJ Kraehe
 J Paterson

Persons who were executives with authority for the strategic direction and management of the Company for part or all of the financial year ended 30 June 2008 were:

RE Barker – Managing Director
 GN Driver – General Manager Business Development and Investor Relations
 RM Freeman – Chief Investment Officer
 AJB Porter – Chief Financial Officer
 SE Crook – Company Secretary and General Counsel

Other than the Managing Director whose Directors fees are paid directly to AICS no remuneration is paid to the executives as their services are provided pursuant to an arrangement with AICS.

	Short Term Benefits \$	Post-employment Benefits \$	Total \$
2008			
Directors	499,601	41,998	541,599
2007			
Directors	242,038	237,962	480,000

Holdings of Securities

At balance date, shares issued by the Company and held directly, indirectly or beneficially by Non-Executive Directors and executives of the Company, or by entities to which they were related were:

	Opening Balance	Net Changes	Closing Balance
BB Teele	1,603,850	-	1,603,850
RE Barker	363,705	-	363,705
PC Barnett	N/A	-	20,000
TA Campbell	254,840	132,762	387,602
AF Guy	171,374	8,867	180,241
RJ Fynmore	487,420	-	N/A
GJ Kraehe	35,910	-	35,910
J Paterson	131,428	23,056	154,484
GN Driver	15,000	-	15,000
RM Freeman	35,000	1,810	36,810
SE Crook	14,520	1,100	15,620

At balance date, 6.5 per cent unsecured convertible notes issued by the Company and held directly, indirectly or beneficially by Non-Executive Directors and executives of the Company, or by entities to which they were related were:

	Opening Balance	Net Changes	Closing Balance
TA Campbell	128,205	(128,205)	-
J Paterson	20,000	(20,000)	-

25. Related Parties

All transactions with deemed related parties were made on normal commercial terms and conditions and approved by independent Directors.

	2008 \$'000	2007 \$'000
Director TA Campbell had or has an interest in the following transactions as Director, employee and shareholder of Goldman Sachs JBWere Group Holdings Pty Ltd, Goldman Sachs JBWere Pty Ltd, Goldman Sachs JBWere Services Pty Ltd and Goldman Sachs JBWere Capital Markets Limited.		
(a) The Company invests surplus funds in deposits at call with Goldman Sachs JBWere		
- net interest revenue received or receivable	257	2,106
- expense paid or payable for management of the cash and bill portfolio	-	32
- deposits at call (at balance date)	294	542
(b) The Company buys and sells securities through Goldman Sachs JBWere Pty Ltd amongst other brokers		
- brokerage expenses paid or payable	690	1,641
The Company has paid administrative fees to its associated entity, Australian Investment Company Services Ltd, in which it has a 25 per cent shareholding (nil shareholding last year):	1,453	N/A

26. Remuneration of Auditors

	2008 \$	2007 \$
During the year the auditor earned the following remuneration:		
PricewaterhouseCoopers		
Audit or review of financial reports	101,860	109,637
Non-audit services		
Audit of trust deed reporting	4,510	4,180
Taxation compliance services	17,930	17,325
Other assurance services	-	22,000
Total remuneration	124,300	153,142

'Other assurance services' relates to the work done in relation to the 1 for 5 Rights Issue during the year ended 30 June 2007. The Company's Audit Committee oversees the relationship with the Company's External Auditors. The Audit Committee reviews the scope of the audit and the proposed fee. It also reviews the cost and scope of other audit related tax compliance services provided by the audit firm to ensure they do not compromise independence. Other non-audit services would not normally be provided by the external audit firm. However, if for special reasons such services were to be proposed, the Audit Committee would review the proposal to also ensure they did not affect the independence of the external audit function. The Company also conforms to legal requirements regarding audit partner rotation every five years.

Notes to the Financial Statements *continued*

27. Reconciliation of Net Cash Flows from Operating Activities to Profit

	2008 \$'000	2007 \$'000
Profit for the year	66,683	90,673
- Net (gains) losses on investments before tax	(29,938)	(41,584)
- Accounting adjustment for tax on Hybrids	(151)	-
- Net decrease (increase) in trading portfolio	21,457	(11,000)
- Net profit from Associate	(42)	-
- Accounting adjustment for tax on scrip-for-scrip gains	1,343	-
- Increase (decrease) in options written portfolio	8,175	3,142
- Dividends received as securities under DRP investments	(1,230)	(556)
- Decrease (increase) in current receivables	26,298	1,910
- Less increase (decrease) in receivables for investment portfolio	(17,720)	(2,664)
- Less movement in provisions	-	(79)
- Increase (decrease) in deferred tax liabilities	(62,265)	49,514
- Less decrease (increase) in deferred tax liabilities for investment portfolio	56,107	(47,325)
- Increase (decrease) in current payables	(8,313)	7,699
- Less decrease (increase) in payables for investment portfolio	8,592	(6,671)
- Less decrease (increase) in other provisions	50	(241)
- Less interest included on convertible notes liability	(601)	-
- Increase (decrease) in tax payable	2,207	(5,338)
- Less capital gains tax paid	4,974	7,085
- Amortisation of borrowing costs	167	167
Net cash flows from operating activities	75,793	44,732

28. Contingencies

At balance date Directors are not aware of any material contingent liabilities or contingent assets other than those already disclosed elsewhere in the Financial Report.

Directors' Declaration

In the Directors' opinion:

- (1) the financial statements and notes set out on pages 18 to 38 are in accordance with the Corporations Act 2001 including:
 - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
 - (b) giving a true and fair view of the entity's financial position as at 30 June 2008 and of its performance for the financial year ended on that date; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

This declaration has been made after receiving the declarations required to be made to the Directors by the Managing Director and the Chief Financial Officer regarding the financial statements in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2008. The declarations received were that, in the opinion of the Managing Director and the Chief Financial Officer and to the best of their knowledge, the financial records of the Company have been properly maintained, that the financial statements comply with accounting standards and that they give a true and fair view.



Bruce Teele
Chairman

Melbourne
21 July 2008



Independent auditor's report to the members of Djerriwarrh Investments Limited

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999
Website: www.pwc.com/au

Report on the financial report

We have audited the accompanying financial report of Djerriwarrh Investments Limited (the company), which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.



**Independent auditor's report to the members of
Djerriwarrh Investments Limited (continued)**

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Djerriwarrh Investments Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 1.


Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Djerriwarrh Investments Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.


PricewaterhouseCoopers


David Coogan
Partner

Melbourne
21 July 2008

Other Information

Information About Shareholders and Noteholders

At 11 July 2008 there were 18,571 holdings of shares and 1,218 holders of 30 September 2009, 6.5 per cent unsecured convertible notes (DJWGA). These holdings were distributed in the following categories:

Size of Holding	Shareholdings (At 11 July 08)	Note Holdings (At 11 July 08)
1 to 1,000	2,106	447
1,001 to 5,000	6,981	542
5,001 to 10,000	4,412	136
10,001 to 100,000	4,924	89
100,000 and over	148	4
20 largest shareholding/note holding (per cent of total)	10.11%	54.64%
Average shareholding/note holding	10,990	6,895

There were 296 shareholdings of less than an economic parcel of \$500 (121 shares).

There were eight note holdings of less than an economic parcel of \$500 (126 notes).

Major Shareholders and Noteholders

The 20 largest holdings of ordinary shares and unsecured convertible notes as at 11 July 2008 are listed below:

Shares	Holding	% Total
Australian Foundation Investment Company Limited	8,596,503	4.21
Bruce B Teele	1,603,850	0.79
RBC Dexia Investor Services Australia Nominees Pty Ltd	1,163,303	0.57
Miss Margaret Frances Erskine	1,000,000	0.49
Tregony Pty Ltd	966,337	0.47
Mr Frederick Joseph Johnson	682,871	0.33
UBS Wealth Management Australia Nominees Pty Ltd	606,171	0.30
Martindale Pty Ltd	582,000	0.29
Melbourne Citymission Inc	580,980	0.28
Mr David John Brownell + Mrs Joanna Margaret Brownell	505,000	0.25
Russell Fynmore	487,420	0.24
Mr Eric Howard Wheatley + Mrs Sylvia Daisy Wheatley	480,000	0.24
Baker Custodian Corporation	450,000	0.22
Australian Executor Trustees Limited	438,005	0.21
Resthaven Incorporated	427,945	0.21
P N B W Pty Ltd	420,156	0.21
Invia Custodian Pty Ltd	414,000	0.20
Mr Geoffrey Ross Harvey & Helen Ruth Harvey	409,415	0.20
Collier Charitable Fund Custodian Corporation	400,000	0.20
Mr Ian Tweedie & Mr Ian Fraser & Mr John Hannaford	396,360	0.19

Convertible Notes – DJWGA (30 September 2009, 6.5 Per Cent Per Annum Interest)

Notes	Holding	% Total
JP Morgan Nominees Australia Limited	3,190,479	37.99
National Australia Trustees Limited	250,000	2.98
MF Custodians Ltd	211,611	2.52
Citicorp Nominees Pty Ltd	209,300	2.49
Mr Geoffrey Heeley + Mrs Dorothy Heeley	97,500	1.16
Mrs Irma Adrienne Deam	75,000	0.89
National Nominees Limited	68,439	0.81
Australian Executor Trustees Limited	64,904	0.77
Mr Alan Finkel	52,000	0.62
Mr David Calvert-Jones	50,000	0.60
Mr John Campbell Macpherson	50,000	0.60
Mrs Kathleen Sherwin Grigg	35,000	0.42
Mr John Theodore Ralph + Mrs Barbara Edna Ralph	34,900	0.42
Merrill Lynch (Australia) Nominees Pty Ltd	34,600	0.41
Mr Alexander Craig McMorrison & Mrs Jennifer Victoria McMorrison	30,000	0.36
Winnel Pty Ltd	30,000	0.36
Mrs Winsome East Davidson	27,400	0.33
Keith David Smith + Nelson Smith	27,000	0.32
Mr Walter Francis Fletcher & Mrs Elizabeth Caroline Fletcher	25,500	0.30
Anglicare SA Incorporated	25,000	0.30

Substantial Shareholders

The Company has not been notified of any substantial shareholders.

Transactions in Securities

During the year ended 30 June 2008, the Company recorded 2,802 transactions in securities (including options). \$2,115,258 (including GST) in brokerage was paid or accrued for the year.

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.

		Number of Shares Held 2007 '000	Number of Shares Held 2008 '000	Market Value 2008 \$'000
Ordinary Shares and Trust Units				
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
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

		Number of Shares Held 2007 '000	Number of Shares Held 2008 '000	Market Value 2008 \$'000
Ordinary Shares and Trust Units				
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
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
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

Disposals (Above \$5 Million)	Total Proceeds \$'000
Rio Tinto*	27,884
BHP Billiton*	24,098
Coles Group ^(b)	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 ^(c)	6,365
Woolworths*	5,657

* Sold primarily to meet call exercise obligations.

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

(b) Takeover by Wesfarmers.

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

Sub-Underwriting

During the year the Company participated as a sub-underwriter of issues of securities. The principal underwriter and securities involved were:

Company	Underwritten By	Description	Quantity Underwritten
Whitefield Limited	Taylor Collison Limited	Share Purchase Plan	\$2,000,000

Issues of Securities

Issue	Type	Price	Remarks
22 December 1989	Initial Allotment	\$2.00	
9 April 1990	New Issue	\$2.00	
18 June 1990	New Issue	\$2.00	
1 January 1992	New Issue	\$2.29	
25 September 1992	DRP	\$2.17	DRP = Dividend Reinvestment Plan
26 March 1993	DRP	\$2.13	
24 September 1993	DRP	\$2.30	
31 March 1994	DRP	\$2.56	
21 June 1994	New Issue	\$2.57	
23 September 1994	DRP	\$2.34	
24 March 1995	DRP	\$2.34	
22 June 1995	New Issue	\$2.60	
27 September 1995	DRP	\$2.47	
29 March 1996	DRP	\$2.73	
13 September 1996	DRP	\$2.58	
27 March 1997	DRP	\$2.76	
11 September 1997	DRP	\$3.35	
30 October 1997	Rights Issue	\$4.00	1 for 5 Rights Issue of Convertible Notes
27 March 1998	DRP	\$3.60	
11 September 1998	DRP	\$3.27	
15 March 1999	DRP	\$3.47	
28 April 1999	SAP	\$3.36	SAP = Share Acquisition Plan
11 August 1999	DRP	\$3.54	
7 March 2000	DRP	\$3.47	
27 April 2000	SAP	\$3.28	
16 August 2000	DRP	\$3.27	
8 March 2001	DRP	\$3.15	
29 June 2001	DRP	\$3.53	
4 October 2001	SAP	\$3.51	
7 March 2002	DRP	\$3.73	
19 August 2002	SAP	\$3.57	
19 December 2002	SAP	\$3.14	
7 March 2003	DRP	\$3.27	
22 August 2003	DRP	\$3.50	
22 December 2003	SAP	\$3.22	
5 March 2004	DRP	\$3.48	
9 July 2004	Convertible Note Issue	\$3.90	Issue of \$3.90 Convertible Notes maturing 30 September 2009
26 August 2004	DRP	\$3.43	
16 March 2005	DRP	\$3.68	
26 August 2005	DRP	\$3.95	
8 March 2006	DRP	\$4.29	
10 August 2006	DRP	\$4.62	
11 October 2006	Rights Issue	\$4.00	1 for 5 Rights Issue
12 March 2007	DRP	\$4.78	
9 August 2007	DRP	\$5.11	
16 February 2008	DRP	\$5.05	

Key Statistics

	2008	2007	2006	2005	2004
Net Profit After Tax (\$ Million) ^(a)	66.7	90.7	63.3	56.7	31.9
Net Operating Profit After Tax (\$ Million) ^(b)	45.6	53.6	38.5	36.3	30.1
Investments at Market Value (\$ Million)	962.9	1,119.9	810.1	672.7	620.0
Net Operating Profit Per Share (Cents) ^(c)	22.4	28.1	23.6	22.9	19.6
Dividends Per Share (Cents) ^(d)	26.0	26.0	23.0	22.5	21.5
Net Asset Backing (Cents) ^(e)	428	524	445	390	340
Number of Shareholders (30 June)	18,591	18,235	16,523	16,506	16,557

Notes

(a) For 2004 this figure is the reported net profit plus net realised gains.

(b) For 2004 this figure is the reported net profit.

(c) For 2004 this figure is the reported earnings per share.

(d) All dividends were fully franked. For 2008, the dividends carried an attributable "LIC gain" of 14.3 cents. For 2007, this attributable gain was 3 cents per share and for 2006 it was 2 cents per share. No LIC gains were paid for 2005 and 2004.

(e) Net asset per share based on year-end data before the provision for the final dividend. The figures do not include a provision for capital gains tax that would apply if all securities held as non current investments had been sold at balance date as Directors do not intend to dispose of the portfolio.

Dividend and Interest Timetable

Interim Payment (Expected Dates Only)	Shares	Convertible Notes (DJWGA)
Record Date	30 January 2009	25 March 2009
Payment Date	13 February 2009	31 March 2009

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 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
Website www.djerri.com.au
Email invest@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

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

For all enquiries relating to shareholdings, dividends and related matters, please contact the share registrar as above.

Securities Exchange Code

DJW Ordinary shares

DJWGA 6.5 per cent 30 September 2009
unsecured convertible notes

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 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

