

Half-Yearly Review
To 31 December 2007

ENHANCING
INCOME

COMPANY HIGHLIGHTS

Net Operating Profit

Net Operating Profit was \$23.9 million (last year \$22.0 million), up 8.7 per cent from the previous corresponding period. This operating profit is made up primarily of dividends received from the investment portfolio, option income and revenue from the trading portfolio. It does not include realised gains on the sale of investments and is indicative of the income generated by the Company's portfolios.

Profit After Tax

Profit after tax was \$56.2 million (last year \$26.1 million). This includes realised gains on sale of investments and a revaluation of open option positions. Sales of investments fluctuate greatly from period to period depending primarily upon the level of takeover activity and the sale of securities to meet call option obligations.

Earnings Per Share

Earnings per share based on net operating profit were 11.8 cents compared with 12.1 cents last year. This outcome was largely a result of the increase in the number of the Company's shares on issue from the capital raising in late 2006. Operating earnings per share is the key measure used in the Company's dividend considerations.

Fully Franked Interim Dividend

A fully franked interim dividend of 10 cents per share will be paid on 16 February. This interim dividend is unchanged from last year.

Total Portfolio Return

Total portfolio return after tax and management fees over the half (change in net asset backing per share plus dividends reinvested) was an increase of 1.6 per cent; and 15.0 per cent over the 12 months to 31 December 2007.

Total Shareholder Return

Total shareholder return measured by change in share price plus dividends over the six month period was 10 per cent; and 16.6 per cent over the 12 months to 31 December 2007.

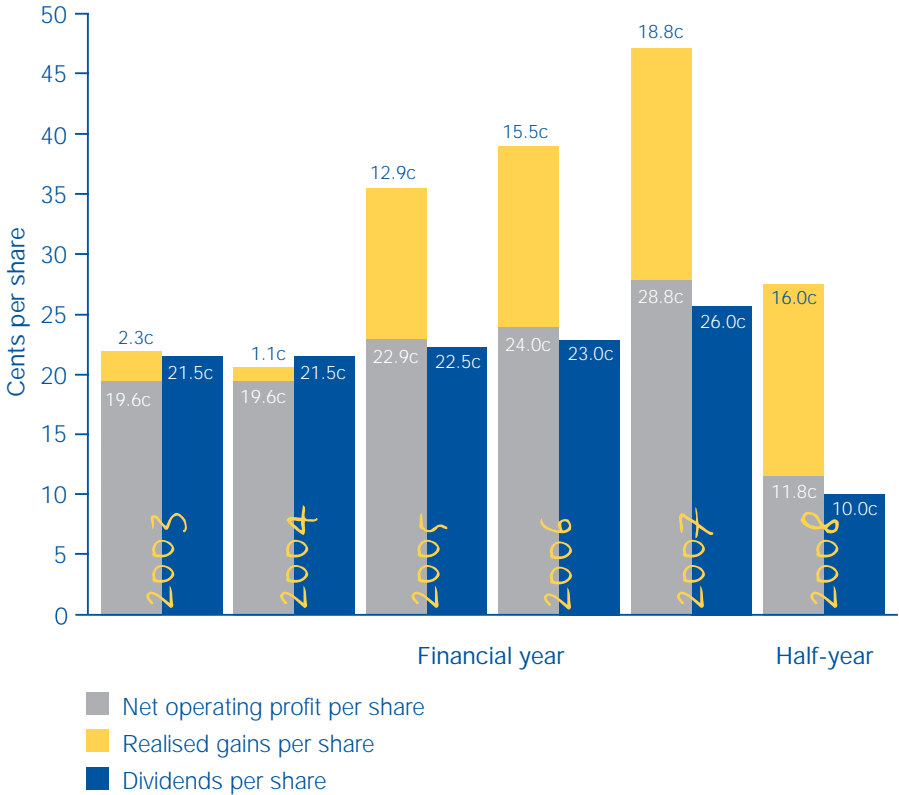
Management Expense Ratio

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

Net Asset Backing

Net asset backing at 31 December 2007 was \$5.16 (before providing for the 10 cent interim dividend).

Realised Earnings Per Share vs Dividends Per Share



Portfolio Performance



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

REVIEW OF OPERATIONS AND ACTIVITIES

Profit Performance and Dividends

The market has experienced significant volatility over the past six months as investors dealt with the upheaval in sub-prime credit markets in the United States. This heightened uncertainty is against the background of an Australian equity market that has produced significant gains over the past few years. The extent of the volatility during the period was evidenced by the market reaching a significant low for the period in August and then an all time high in November.

The volatility that has occurred around these market conditions has been conducive to the investment activities of Djerriwarrh in that it has allowed us to generate higher premiums from our option writing activities. In particular, we have operated at a relatively high level of option coverage during the six months to 31 December 2007 at close to 40 per cent coverage which is toward the upper end of our historical range. In addition, we have also been using 'buy-write' strategies to acquire shares in good companies at advantageous prices and good yields given the higher option premium that accompanied these transactions.

Net operating profit after tax was \$23.9 million (last year \$22.0 million), up 8.7 per cent from the previous corresponding period. Income from

investments which is driven by dividends and distributions received in the investment portfolio were up \$4.1 million or 21.0 per cent over the corresponding period last year. This was in part due to the increase in the capital base arising from last year's rights issue and the general increase in company dividends over the period.

Income from dealing in securities and derivatives which includes the revenue outcomes from the Company's option writing activities and the net gains in the trading portfolio was down to \$7.6 million from \$8.5 million last year. This was primarily as a result of a strong increase in option premium because of increased volatility being offset by a fall in contribution from the trading portfolio given subdued capital growth in the market over the six months to 31 December 2007.

The AIFRS reported profit after tax of the Company for the six months to 31 December 2007 was \$56.2 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. The corresponding figure last year was \$26.1 million.

An interim fully franked dividend of 10 cents per share has been declared. This is in line with last year's interim dividend but on the expanded capital base from the rights issue in October 2006.

Investment Portfolio

Despite the fall in markets toward the end of the calendar year, and since, some sectors managed to deliver relatively strong growth over the six months to 31 December 2007. In particular, the resources, energy, health and consumer staples (e.g. Woolworths) sectors all provided double digit returns over this period.

The total return on the portfolio over the six months to 31 December 2007 (measured by the change in net asset backing per share plus dividends reinvested) was an increase of 1.6 per cent after tax and management fees, 15.0 per cent over the 12 months to 31 December 2007. The strongest contributors to the investment portfolio over the six month period were Rio Tinto, BHP Billiton, Commonwealth Bank, Westpac and Woolworths.

The strength in Rio Tinto and BHP Billiton at certain stages during the period meant that some call options were exercised against these stocks. We were however able to replace some of these positions using 'buy-write' strategies through the period given the high level of volatility in these stocks.

Other major net acquisitions over the half-year using a similar investment strategy included Commonwealth Bank, Brambles and National Australia Bank.

Major sales from the investment portfolio as a result of takeovers were Coles Group by Wesfarmers, Rinker because of the bid by Cemex S.A.B. de C.V. and Southern Cross Broadcasting by Fairfax Media & Macquarie Media Group.

Trading Portfolio

Given our caution towards the market, the trading portfolio has been reduced. At 31 December, there was \$36 million of securities in the portfolio, or 3.1 per cent of the total assets. This was down from \$50.8 million at 30 June 2007.

Outlook

At this point it is very difficult to make a prediction about the likely direction of markets over the remainder of the financial year.

At present, there is significant concern about a potential slowdown in the United States because of the disruptions in credit markets, the impact of a falling housing market and the follow-on effects on consumer confidence. In addition, there are also signs that Europe and Japan may encounter more subdued growth than previously expected. More recent geopolitical events are also fuelling heightened caution.

REVIEW OF OPERATIONS AND ACTIVITIES CONTINUED

In Australia, company profitability which has been very strong may come under some pressure because of higher costs of debt funding, capacity constraints and higher inflation that are evident in an economy running strongly.

However as a counter to these concerns, the outlook for growth in China and other emerging markets which has been a key impetus for Australia's recent prosperity remains positive.

Djerriwarrh enters the second half well placed with a higher level of written option premium than this time last year. Market conditions will ultimately dictate how much of this premium will flow through to net operating profit by year end. Since 31 December the market has experienced a significant correction and increased volatility. As has been the case with such corrections in the past, while this has resulted in a decline in the value of the Company's investments, it has also provided opportunities to add to our holdings in quality companies and to write further options to enhance income.

Directorship Matters

As previously advised to the Australian Securities Exchange, 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.

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 and a member of the Advisory Council of ABN Amro Australasia Ltd.

We welcome him to the Board and look forward to his contribution to the Company.

TOP 20 INVESTMENTS

AS AT 31 DECEMBER 2007

Valued at closing prices at 31 December 2007

2007			Total Value \$ Million
1	* BHP	BHP Billiton	106.5
2	* NAB	National Australia Bank	85.9
3	* WBC	Westpac Banking Corporation	70.0
4	* CBA	Commonwealth Bank of Australia	67.0
5	* RIO	Rio Tinto	60.3
6	* TLS	Telstra Corporation ^(a)	55.1
7	* ANZ	Australia and New Zealand Banking Group	44.1
8	* WPL	Woodside Petroleum	38.9
9	* NWS	News Corporation ^(b)	38.0
10	* WES	Wesfarmers ^(c)	32.0
11	* WAN	West Australian Newspapers Holdings	31.2
12	* AMP	AMP	30.6
13	* BXB	Brambles	30.5
14	* AWC	Alumina	28.4
15	* SGB	St George Bank	27.5
16	* WOW	Woolworths	22.2
17	* STO	Santos	21.8
18	* OSH	Oil Search	21.2
19	* TCL	Transurban Group	17.3
20	* AXA	AXA Asia Pacific Holdings	16.8
Total			845.3

As a percentage of total portfolio value (excludes cash) 73.4%

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

(a) Includes \$18.5 million TLSCA instalment receipts.

(b) Includes \$12.6 million News Corporation Class A Non-Voting Common Stock.

(c) Includes \$5.3 million WESN partially protected securities.

INCOME STATEMENT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Half-Year 2007 \$'000	Half-Year 2006 \$'000
Dividends and distributions	23,709	19,596
Revenue from deposits and bank bills	178	1,457
Net gains on trading portfolio	35	5,494
Income from options written portfolio	7,568	3,055
Total income	31,490	29,602
Finance costs	(4,625)	(3,584)
Administration expenses	(1,423)	(1,185)
Operating profit	25,442	24,833
Income tax expense	(1,579)	(2,872)
Net operating profit	23,863	21,961
Net capital gains/(losses) on investments		
Net gains on ordinary securities sold from the investment portfolio	29,524	7,311
Net gains/(losses) on open options positions	8,090	(4,541)
Net losses on other securities	-	(7)
Tax (expense)/credit on above	(5,259)	1,358
	32,355	4,121
Profit for the half-year (including capital gains)	56,218	26,082
	Cents	Cents
Net operating profit per share	11.77	12.14
Profit for the half-year (including capital gains) per share	27.74	14.41

BALANCE SHEET

AS AT 31 DECEMBER 2007

	31 Dec 2007 \$'000	30 June 2007 \$'000
Current assets		
Cash	443	545
Receivables	3,261	48,652
Trading portfolio	36,023	50,794
Interest-rate hedging contracts	1,036	805
Total current assets	40,763	100,796
Non-current assets		
Investment portfolio	1,129,182	1,086,700
Shares in associate	85	-
Deferred tax assets	2,620	2,347
Total non-current assets	1,131,887	1,089,047
Total assets	1,172,650	1,189,843
Current liabilities		
Payables	3,547	11,524
Tax payable	5,892	6,702
Borrowings	68,400	61,500
Options written portfolio	12,910	17,585
Total current liabilities	90,749	97,311
Non-current liabilities		
Borrowings	33,141	36,641
Deferred tax liabilities – investment portfolio	116,388	119,949
Total non-current liabilities	149,529	156,590
Total liabilities	240,278	253,901
Net assets	932,372	935,942
Shareholders' equity		
Share capital	575,620	567,278
Revaluation reserve	176,918	213,041
Realised capital gains reserve	136,519	113,815
Interest-rate hedging reserve	1,036	805
Retained profits	42,279	41,003
Total shareholders' equity	932,372	935,942

STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Half-Year 2007 \$'000	Half-Year 2006 \$'000
Total equity at the beginning of the half-year	935,942	653,260
Dividends paid	(32,238)	(21,214)
Shares issued		
- Dividend Reinvestment Plan	4,772	3,402
- 1-for-5 Rights Issue	-	140,326
- Exercise of convertible notes	3,581	1,868
Cost of share issue	(1)	(1,082)
On-market share buy-backs	(10)	(14)
Total transactions with share-holders	(23,896)	123,286
Revaluation of investment portfolio	(39,685)	65,866
Provision for tax on unrealised gains	3,562	(21,519)
Net unrealised gains on investment portfolio	(36,123)	44,347
Net movement in fair value for interest rate swaps	231	292
Profit for the half-year	56,218	26,082
Total equity at the end of the half-year	932,372	847,267

HOLDINGS OF SECURITIES

AS AT 31 DECEMBER 2007

Details of the Company's portfolios are given below. The list should not be used to evaluate portfolio performance or to determine the net asset backing per share (which is advised to the Australian Securities Exchange each month and recorded on the toll-free telephone service at 1800 780 784).

Individual holdings in the portfolios may change significantly during the course of the year. In addition, holdings may be subject to call options or sale commitments by which they may be sold at a price significantly different from the market price prevailing at the time of the exercise or sale.

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

Code	Company	Number Held '000	Market Value \$'000
ADT	Advent	400	268
AGK*	AGL Energy	527	6,950
AIO*	Asciano Group	745	5,196
AIX	Australian Infrastructure Fund	1,500	4,650
AMC*	Amcor	1,922	13,208
AMH	AMCIL	12,307	9,846
AMP*	AMP	3,089	30,607
ANZ*	Australia and New Zealand Banking Group	1,614	44,088
APN	APN News & Media	1,919	10,115
AWC*	Alumina	4,471	28,427
AXA*	AXA Asia Pacific Holdings	2,294	16,821
BHP*	BHP Billiton	2,682	106,535
BLD*	Boral	1,001	6,125
BNB*	Babcock & Brown	70	1,819
BSL*	BlueScope Steel	102	974
BWP	Bunnings Warehouse Property Trust	1,700	3,978
BXB*	Brambles	2,687	30,496
CBA*	Commonwealth Bank of Australia	1,151	66,963

HOLDINGS OF SECURITIES CONTINUED

AS AT 31 DECEMBER 2007

Code	Company	Number Held '000	Market Value \$'000
CCL*	Coca-Cola Amatil	1,139	10,554
CEU	ConnectEast Group	8,272	13,194
CFX	CFS Retail Property Trust	3,375	7,898
CPU*	Computershare	1,237	12,110
CSR*	CSR	689	2,123
DXL	Dyno Nobel	2,750	6,133
ESG	Eastern Star Gas	2,000	860
FGL*	Foster's Group	2,375	15,323
FXJ*	Fairfax Media	1,567	7,307
GMI	Global Mining Investments	700	1,498
GWT	GWA International	897	3,183
HDF	Hastings Diversified Utilities Fund	4,130	12,390
HXL	Hexima	280	308
IAG*	Insurance Australia Group	1,977	8,131
JHX*	James Hardie Industries N.V.	800	5,002
LLC	Lend Lease Corporation	100	1,730
MAP*	Macquarie Airports	1,650	6,624
MGR	Mirvac Group	367	2,201
MIR	Mirrabooka Investments	4,639	10,902
MQG*	Macquarie Group	208	15,643
MTS	Metcash	1,050	4,568
NAB*	National Australia Bank	2,287	85,891
NWS*	News Corporation	1,053	25,398
NWSLV*	News Corporation Non-Voting	540	12,590
ORG*	Origin Energy	1,298	11,414
ORI*	Orica	145	4,393
OSH*	Oil Search	4,506	21,157

Code	Company	Number Held '000	Market Value \$'000
OST*	OneSteel	1,200	7,243
PMV	Premier Investments	858	7,376
PPC	Peet	1,272	5,088
QBE*	QBE Insurance Group	338	11,079
QGC*	Queensland Gas Company	2,584	8,261
RIO*	Rio Tinto	466	60,225
SGB*	St George Bank	875	27,519
STO*	Santos	1,665	21,798
SUN*	Suncorp-Metway	811	13,670
TCL*	Transurban Group	2,542	17,340
TGG	Templeton Global Growth Fund	700	900
TLS*	Telstra Corporation	7,812	36,535
TLSCA	Telstra Corporation Instalment Receipts	5,844	18,527
TOL*	Toll Holdings	688	7,848
VIR	Viridis Clean Energy Group	2,152	1,926
WAN*	West Australian Newspapers Holdings	2,500	31,248
WBC*	Westpac Banking Corporation	2,527	69,971
WDC*	Westfield Group	749	15,585
WES*	Wesfarmers	661	26,664
WESN	Wesfarmers Partially Protected Shares	131	5,314
WHF	Whitefield	323	1,465
WOW*	Woolworths	668	22,209
WPL*	Woodside Petroleum	793	38,915
Total			1,152,294

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

MAJOR TRANSACTIONS IN THE INVESTMENT AND TRADING PORTFOLIOS

(a) Acquisitions (Above \$5 Million)	Cost \$'000
Commonwealth Bank of Australia	16,539
Brambles	12,503
National Australia Bank	10,038
BHP Billiton	9,665
Australia and New Zealand Banking Group	7,650
Wesfarmers ^(a)	6,075
Macquarie Group	5,645
Woodside Petroleum	5,231
Rio Tinto	5,217
Wesfarmers Partially Protected Shares ^(a)	5,188

(b) Disposals (Above \$5 Million)*	Proceeds \$'000
BHP Billiton	23,360
Rio Tinto	17,905
Coles Group ^(b)	13,980
Rinker Group ^(c)	6,365
Woolworths	5,657

* Includes sales from the exercise of options.

(a) 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.

COMPANY PARTICULARS

Djerriwarrh Investments Limited
ABN 38 006 862 693

Directors

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

Company Secretary

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

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Melbourne, Victoria 3001

Contact Details

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

Telephone 1800 780 784 (toll free)

SHAREHOLDER INFORMATION

Share Registrar

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

Shareholder

Inquiry Line 1300 653 915
 +61 3 9415 4190 (from overseas)
Facsimile (03) 9473 2500
Email web.queries@computershare.com.au
Website www.computershare.com.au

Trustee for Noteholders

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

Securities Exchange Code

DJW Ordinary shares
DJWGA 6.5% Unsecured convertible notes
 Interest payment date: 31 March 2008
 Record date: 25 March 2008

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

SHAREHOLDER MEETINGS

Melbourne Meeting

Time 2.30pm
Date Tuesday 11 March 2008
Venue The Sofitel Melbourne
Location 25 Collins Street
Melbourne

Sydney Meeting

Time 2.30pm
Date Friday 14 March 2008
Venue Hilton Sydney
Location 488 George Street
Sydney

Perth Meeting

Time 2.30pm
Date Monday 31 March 2008
Venue Duxton Hotel
Location 1 St Georges Terrace
Perth

Brisbane Meeting

Time 2.30pm
Date Thursday 10 April 2008
Venue Stamford Plaza
Location Cnr Edward and Margaret Streets
Brisbane

Other Meetings

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

