



DAVID JONES ANNOUNCES HALF YEAR RESULT

- **Strong relative trading performance**
- **Continued growth in market share in a highly competitive sector**
- **Continued improvement in gross profit and cost base**
- **Successful launch of two new business initiatives**
- **Successful opening of new Adelaide CBD store**
- **Completion of sale & leaseback produces excellent result for shareholders**

Leading Australian Department Store David Jones Limited ('David Jones') today announced a 22.2 percent rise in net profit to \$30.3 million (2000: \$24.8 m) for the 26 weeks ended January 27, 2001. Earnings before interest and tax were \$42.8m (2000: \$47.0m) a decrease of 9.0%. Sales increased 11.8 percent for the period, to \$831.6 million (2000: \$743.6m^①).

"Through one of the toughest retail trading environments in many years we have produced strong relative performance", David Jones Chief Executive Officer, Mr Peter Wilkinson said. "We have continued to gain market share in the highly competitive \$13b ABS Department Store sector, whilst simultaneously improving our gross profit and the cost base of our business".

"David Jones continued to drive the business forward in this last half, launching two new businesses, Foodchain and David Jones Online, further integrating the Aherns acquisition and opening the flagship Adelaide Rundle Mall store. To accomplish all of this whilst steering the core business through a dramatic change of business climate demonstrates to the market both the robustness of our strategy and the calibre of our management team".

"The sale and leaseback produced a twofold return for our shareholders in terms of profit and a favourable taxation adjustment", Mr Wilkinson said. "We're well positioned as a business. We have a balance sheet which now provides the fire-power to continue the improvements to our core business and support our new businesses".

	Half Year 00/01 (to Jan 27, 2001) \$M	Half Year 99/00 (to Jan 29, 2000) \$M	Variance (%)
SALES	831.6	743.6^①	+11.8
EBIT	42.8	47.0	- 9.0
NPAT	30.3	24.8^②	+22.2

Note: footnotes at end of release

DAVID JONES

David Jones Limited A.C.N. 000 074 573

86-108 Castlereagh Street Sydney NSW 2001 Australia **Telephone 02 9266 5544**

RELEVANT ITEMS

There are some significant one-off items contained in this half year's EBIT result, notably:

- Profit from the sale and leaseback of the Sydney and Melbourne CBD properties of \$7.3m
- A development profit of \$1.5m on the Adelaide site
- Net costs associated with the two new businesses of \$5.5 million
- Pre-opening expenses relating to the new Adelaide CBD store in Rundle Mall of \$1.4 m
- Higher interest costs primarily due to delayed proceeds from the sale and leaseback around \$3m

NEW BUSINESSES

- Two new businesses launched during the period, *David Jones Online*(October) and *Foodchain by David Jones* (Brighton, Melbourne, November)
- Early indications from both businesses have been positive. The business model assumptions have proven to be valid
- Net operating costs in line with expectations at \$5.5m

"Based on our experience to date the assumptions underlying our Foodchain business model have proven to be correct. We're projecting the stores will each trade at around the \$10-\$12m per annum range. The Brighton store has been open for 4 months; it is trading strongly and is on target to trade in that range. Importantly our customers have demonstrated their affinity with Foodchain by shopping strongly across the offering," Operations Director, Stephen Goddard said today.③

"We set demanding benchmarks for ourselves during the launch phase of David Jones Online, particularly in the areas of fulfillment and delivery. The business met the key performance targets and established its position as one of the leading online retail sites in Australia", Mr Goddard said.

Mr Goddard went on to say that, "David Jones Online provides an additional opportunity to interact and shop with us. Online sales generated from existing David Jones card customers show that it has proven to be popular with our core target customer. Importantly though, evidence suggests that we have drawn new customers to our brand and have also offered a point of contact with which younger customers are comfortable. A third of the customers on the site were aged between 25 and 34".

PROPERTY

- Sale and leaseback deal for the Sydney and Melbourne CBD properties successfully completed December 2000
- This produced a one off profit of \$7.3m reflected in this half year

Mr Wilkinson commented that, "the sale and leaseback provides us with the financial fire power to improve our stores network and support our new businesses". ④

TAXATION

The actual taxation rate for David Jones is below the prima facie income tax rate of 34%. The reduction occurred due to the following items:

- \$5.75m non assessable in-substance sale of properties
- \$1.56m reversal of taxation timing difference

Note: footnotes at end of release

STORES PERFORMANCE

- Core business has performed well relative to the market
- Continued growth in market share
- Successful opening of the new Adelaide CBD store in Rundle Mall
- Adelaide store wins International "Store of the Year" Award, a first for Australian retail

Our Stores

The core business has produced a strong relative performance. "We spoke in our second quarter sales release about the trading environment which has toughened considerably in the past few months and remains patchy", Mr Wilkinson said. "Through this period we have been able to leverage our strategy to maintain momentum and build David Jones market share".

International Design Award – A First for Australian Retail

Earlier this year David Jones was awarded an international award for store design for the Adelaide Rundle Mall store, which opened in August 2000.

Peter Wilkinson said that, "receiving this award is a great honour. It is a first for Australian retailing. To be recognised ahead of some of the world's leading retailers, including Macys and Bergdorf Goodman, is a tribute to the skills of the David Jones team".^⑤

MERCHANDISE

- Buyers Gross Profit percentage increased
- Aged Stock continues to be well managed
- Key categories of Womenswear and Homewares continue to perform well

Mr Wilkinson stated that, "very much against the trend in the market the David Jones apparel offer, particularly women's apparel and accessories, remains a solid performer. Our profile as the leader in the branded apparel market was further enhanced by our recent winter fashion launch".

"Our Buyers Gross Profit percentage increased. Inventory is being well managed, evidenced by the fact that Aged Stock as at the end of January remains at less than 5% of total stock", Mr Wilkinson said.

Year on year stock levels generally however are higher due to the Aherns acquisition and the opening of new stores.

DIVIDEND

"David Jones is pleased to advise that it has maintained the dividend for the half at 4 cents per share fully franked", Mr Wilkinson said. The dividend will be paid on 17 April, 2001. The record date for this dividend is 30 March, 2001.

GOING FORWARD

- Performance of both new business initiatives remains encouraging
- The core stores business is performing well relative to the market. David Jones continues to gain market share
- The retail market generally remains patchy and we expect the next half's sales result to reflect these tougher trading conditions
- David Jones is well positioned to weather this challenging retail trading period

Note: footnotes at end of release

“David Jones is well positioned as a business. We’ve seen encouraging signs so far from our two new business initiatives. We are continuing to invest money back into our core department store business, improving our existing stores format by way of leading edge refurbishments which improve selling space ratios and dramatically improve our ability to display stock”, Mr Wilkinson concluded.

FOR FURTHER INFORMATION CONTACT

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FOOTNOTES

- ① 1999/2000 sales figure is adjusted for Wholesale Sales Tax to provide a more relevant comparison.
- ② The corresponding half-year result 99/00 contained an abnormal loss of \$4.1 million after tax related to costs associated with the introduction of the goods and services tax and changes to the company tax rate.
- ③ Two more *Foodchain by David Jones* stores are expected to open before the end of this financial year, at Hawthorn in Melbourne and Parramatta in Sydney. The group is expecting to have seven stores open by the end of financial year 2001/2002, six of which will be in Melbourne. David Jones is targeting to have 40 stores open in the next 5 years.
- ④ Projected floorspace increase for the period 1998 – 2004 is 39%. 18% of this increase has already been accomplished through a combination of acquisition, refurbishment and new store openings. Floorspace gain for the calendar year 2001 is marginal (approx 3%). A new David Jones store will open at the Westfield Hornsby Shopping Centre in Sydney at the end of this year (sell space 11,400 square metres)
- ⑤ In February David Jones was awarded “Store of The Year” for the new Adelaide CBD store design, at the Institute of Store Designers/VM+SD Magazine awards held in the United States. There are 17 categories in the international store design awards. David Jones won the category award for full line department stores and the overall award from a field of approximately 180 including Macys, Bergdorf Goodman, Levi, Disney and Sephora. This is the first time an Australian retailer has won the overall award.

DAVID JONES LIMITED
ACN 000 074 573

DIRECTORS' REPORT

The Directors present their report together with the financial statements of David Jones Limited ("the Company") and the consolidated accounts of the Economic Entity, being the Company and its controlled entities, for the 26 weeks ended 27 January 2001 and the auditors' review report thereon.

DIRECTORS

The Directors of the Company in office at the date of this report are:

Richard Warburton (Chairman)	Katie Lahey
Reginald Clairs AO	Elizabeth Nosworthy
John Coates AO	Robert Savage
Geoffrey Heeley	Peter Wilkinson (Chief Executive)

All the above Directors have been in office since the end of the last financial period.

PRINCIPAL ACTIVITIES

The principal activity of the Economic Entity during the course of the financial year was the operation of department stores. There were no significant changes in the nature of the principal activities of the Economic Entity during the course of the financial year.

CONSOLIDATED RESULTS

The consolidated net profit of the Economic Entity for the period was \$30,304,000 after deducting income tax expense of \$4,372,000.

REVIEW OF OPERATIONS

David Jones Limited's profit after tax was \$30.3 million, an increase of \$5.5 million or 22.2% above the same period last year.

David Jones Limited's profit before tax for the 26 weeks ended 27 January 2001 was \$34.7 million, a decrease of \$7.3 million, or 17.4 % compared to the same period last year.

Retail sales of \$831.6 million were 11.8 % up on the comparable period last year. The prior year's sales have been adjusted for wholesale sales tax to provide a more relevant comparison. On a like-for-like, comparable store basis, sales decreased 0.4% for the half.

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A summary of the profit shows:

	2001	2000
	\$M	\$M
Sales	<u>831.6</u>	<u>780.3</u>¹
Earnings Before Income Tax (EBIT)		
- Retail	32.8	36.0
- Property	3.6	9.2
- Credit ²	4.6	5.1
- New Businesses	(5.5)	-
- In-substance sale of properties	7.3	-
- Costs of preparation for GST	-	(3.3)
EBIT	42.8	47.0
Less		
- Interest Expense	<u>(8.1)</u>	<u>(5.0)</u>
Operating Profit Before Income Tax	34.7	42.0
Less		
- Income Tax	<u>(4.4)</u>	<u>(17.2)</u>
Operating Profit After Tax	30.3	24.8

(Note: ¹Sales figure for FY2000 adjusted for Wholesale Sales Tax was \$743.6. Excluding WST the figure provides a more accurate comparison. ²Credit contribution is reported net of securitised interest.)

Core Business

The core David Jones business showed a decrease in earnings, with retail profit decreasing by \$3.2 million (8.9%) over the same period last year.

	2001	% of	2000	% of
	\$M	Sales	\$M	Sales
Sales Continuing Business	<u>827.2</u>		<u>780.3</u>	
Gross Profit	306.6	37.1	270.3	34.6
Selling General & Administration Expense	<u>273.8</u>	<u>33.1</u>	<u>234.3</u>	<u>30.0</u>
Retail EBIT	<u>32.8</u>	<u>4.0</u>	<u>36.0</u>	<u>4.6</u>

The increase in SG&A expense is largely attributable to costs associated with Aherns, new stores, and the inclusion of costs associated with the shareholder discount scheme for the first time.

Trading Conditions

There was an abrupt change in consumer sentiment during the half with a strong downturn in spending occurring in the second quarter. David Jones has continued to perform well relative to the market and has gained market share.

Trading conditions remain generally patchy. We expect to see continued softness in retail trading environment for at least the next two quarters and the next half's results will reflect this.

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Notable Items:

- Adelaide CBD store opened in Rundle Mall, August 2000. Trading continues to be above budget. The store was recently awarded an international award for store design. This was a first for Australian retailing.
- Another 50 new brands have been introduced this financial year, adding to the 103 brands introduced in the previous financial year.
- Improvement in buyers gross margin percentage
- Inventory levels continue to be well managed with aged stock levels remaining below 5% of total stock. Year on year stock levels generally however are higher due to the Aherns acquisition and the opening of new stores.

Property Sale and Leaseback

The sale and leaseback of the Sydney and Melbourne CBD stores was completed in December 2000. This produced a one off profit of \$7.3 m which is reflected in this half.

Property contribution of \$3.6 m (\$9.2m 2000) was lower than the corresponding period reflecting the continued disposition of the property portfolio.

Credit Income

The David Jones credit card continued to provide an increased contribution of \$13.2m compared with \$10.8m in the corresponding period last year. After adjusting for securitised interest an EBIT of \$4.6m was achieved compared with \$5.1m in the same period last year.

Significant operational savings were achieved in the credit area during the half.

INCOME TAX

The actual taxation rate for David Jones is below the prima facie income tax rate of 34% . The reduction occurred due to the following items:

- \$5.75m non assessable in-substance sale of properties
- \$1.56m reversal of timing difference

Income tax expense for the corresponding period 99/00 included an adjustment of \$2.0m for the effect of the reduction of the tax rate from 36% to 30% on net future income tax benefits.

DIVIDEND

The Directors have declared an interim dividend of 4 cents per share (2000: 4 cents), payable on 17 April 2001. The dividend remains fully franked.

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NEW BUSINESSES

Start up and operating costs for the two new businesses were in line with expectations at \$5.5m.

Early indications from both businesses have been positive. The business model assumptions have proven to be valid. Neither business is scheduled to make full profit for the first two years of operation.

Foodchain by David Jones

The first Foodchain by David Jones opened in Brighton in Melbourne in November 2000. Customer response so far has been encouraging.

The Foodchain stores are each projected to trade in the \$10-\$12m p.a. range. Based on 4 months trading the Brighton store appears on target to trade in that range.

Two more Foodchain stores will open in the next half, at Hawthorn in Melbourne and Parramatta in Sydney. A total of seven stores are projected to open by the end of the financial year 2001/2002.

David Jones Online

Commenced operations in October with a phased rollout of offers including hampers, cosmetics and fragrances and gifts. The business met the key performance targets for the period including the critical delivery and fulfillment benchmarks.

The phased rollout of categories has continued. Three new categories have been added in the past 6 weeks.

OUTLOOK

The Australian Bureau of Statistics figures for November showed a dramatic decline in spending in the retail sector. Trading remained patchy through the critical Christmas and January sale periods.

The fundamental improvements made to the David Jones business over the past three years put us in a position to weather a weakening in our sector better than most of our competitors. Furthermore, we believe we will continue to gain market share this year.

We see the downturn that hit the retail sector at the end of October 2000 continuing through for at least the next two quarters (to end 2001) before we see an upswing.

ROUNDING OFF

The Company is of a kind referred to in Class Order 98/0100 and accordingly the financial statements have been rounded to the nearest thousand dollars.

Signed in accordance with a resolution of the Directors

R F E Warburton

Sydney, 20 March 2001

**HALF YEAR REPORT
DAVID JONES LIMITED
ACN: 000 074 573
for the 26 Weeks ended 27 January 2001**

For announcement to the Market

Item Number		Current Period	As reported in Previous Corresponding Period (not adjusted for Wholesale Sales Tax)
		\$A'000	\$A'000
	Sales of goods	831,574	780,265
	Other revenue	225,404	20,589
1.1	Revenue from ordinary activities	1,056,978	800,854
1.20	Profit(loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	31,240	24,790
1.23	Profit(loss) from ordinary activities after tax attributable to members	30,304	24,790
2.5	Profit(loss) from extraordinary items after tax attributable to members	-	-
1.11	Net profit(loss) for the period attributable to members	30,304	24,790

Dividends (distributions)	Amount per security	Franked amount per security at 34% (previous corresponding period at 36%)
15.6 This period Interim dividend	4 cents	4 cents
15.7 Previous corresponding period Interim dividend	4 cents	4 cents

Record date for determining entitlements to the dividend

30 March 2001

Short details of any bonus or cash issue or other item(s) of importance not previously released to the market - Nil.

HALF YEAR REPORT
DAVID JONES LIMITED
ACN: 000 074 573
for the 26 Weeks ended 27 January 2001

Condensed Consolidated Statement of Financial Performance
(Consolidated Profit and Loss Account)

		Current Period	Previous Corresponding Period
		\$A'000	\$A'000
	Sales of goods	831,574	780,265
	Other revenue	225,404	20,589
1.1	Revenues from ordinary activities	1,056,978	800,854
1.2	Expenses from ordinary activities (see items 1.24, 12.5, 12.6)	(1,014,005)	(753,684)
1.3	Borrowing costs	(8,297)	(5,140)
1.4	Share of net profit(loss) of associates and joint venture entities	-	-
1.5	Profit(loss) from ordinary activities before tax	34,676	42,030
1.6	Income tax on ordinary activities	(4,372)	(17,240)
1.7	Profit(loss) from ordinary activities after tax	30,304	24,790
1.8	Profit(loss) from extraordinary items after tax (see item 2.5)	-	-
1.9	Net profit(loss)	30,304	24,790
1.10	Net profit(loss) attributable to outside equity interests	-	-
1.11	Net profit(loss) for the period attributable to members	30,304	24,790
Consolidated Retained Profits			
1.12	Retained profits (accumulated losses) at the beginning of the financial period	74,817	70,478
1.13	Net profit(loss) attributable to members (item 1.11)	30,304	24,790
1.14	Net transfers to and from reserves	19,902	-
1.15	Net effect of changes in accounting policies	-	-
1.16	Dividends and other equity distributions paid or payable	(15,749)	(15,720)
1.17	Retained profits (accumulated losses) at end of financial period	109,274	79,548
Total changes in equity other than those resulting from transactions with owners as owners		30,304	24,790
Basic earnings per share (refer 10.1)		7.70cents	6.31cents
Diluted earnings per share (refer 10.1)		7.70cents	6.31cents

HALF YEAR REPORT
DAVID JONES LIMITED
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for the 26 Weeks ended 27 January 2001

Profit restated to exclude Amortisation of Goodwill		Current Period \$A'000	Previous Corresponding Period \$A'000
1.18	Profit(loss) from ordinary activities after tax before outside equity interests (items 1.7) and amortisation of goodwill	31,240	24,790
1.19	Less(plus) outside equity interests	-	-
1.20	Profit(loss) from ordinary activities after tax (before amortisation of goodwill) attributable to members	31,240	24,790

Profit(loss) from Ordinary Activities Attributable to Members		Current Period \$A'000	Previous Corresponding Period \$A'000
1.21	Profit(loss) from ordinary activities after tax (item 1.7)	30,304	24,790
1.22	Less(plus) outside equity interests	-	-
1.23	Profit(loss) from ordinary activities after tax, attributable to members	30,304	24,790

Revenue and Expenses from Ordinary Activities

AASB 1004 requires disclosure of specific categories of revenue and AASB 1018 requires disclosure of expenses from ordinary activities according to either their nature or function. Entities must report details of revenue and expenses from ordinary activities using the layout employed in their accounts. See also items 12.1 to 12.6

Revenue and Expenses from Ordinary Activities		Current Period \$A'000	Previous Corresponding Period \$A'000
1.24	Details of revenue and expenses		
	Sales of goods	831,574	780,265
	Cost of sales	(523,546)	(510,014)
	Gross Profit	308,028	270,251
	Other Revenue:		
	- Sales of property, plant & equipment	203,626	398
	- Interest	163	112
	- Others	21,615	20,079
		225,404	20,589
	Expenses:		
	- Net book value of property, plant & equipment sold	(194,824)	(439)
	- Expenses incurred in getting ready for GST	-	(3,273)
	- Employee expenses	(143,013)	(123,048)
	- Occupancy	(62,104)	(47,225)
	- Depreciation and amortisation	(23,253)	(18,867)
	- Advertising and visual	(24,809)	(17,666)
	- Other expenses from ordinary activities	(42,456)	(33,152)
		(490,459)	(243,670)
	Profit from ordinary activities before borrowing costs	42,973	47,170
	Total Revenue from operating activities (refer 1.1)	1,056,978	800,854
	Total expenses (refer 1.2)	(1,014,005)	(753,684)
	Profit from ordinary activities before borrowing costs	42,973	47,170

**HALF YEAR REPORT
DAVID JONES LIMITED
ACN: 000 074 573**

for the 26 Weeks ended 27 January 2001

Intangible and Extraordinary Items		Consolidated Current Period		
		Before Tax \$A'000	Related Tax \$A'000	Amount (after tax) attributable to members \$A'000
2.1	Amortisation of Goodwill	936	-	936
2.2	Amortisation of other intangibles	-	-	-
2.3	Total Amortisation of Intangibles	936	-	936
2.4	Extraordinary items (details)	Nil	Nil	Nil
2.5	Total Extraordinary Items	Nil	Nil	Nil

Intangible and Extraordinary Items		Consolidated Previous Corresponding Period		
		Before Tax \$A'000	Related Tax \$A'000	Amount (after tax) attributable to members \$A'000
2.1	Amortisation of Goodwill	-	-	-
2.2	Amortisation of other intangibles	-	-	-
2.3	Total Amortisation of Intangibles	-	-	-
2.4	Extraordinary items (details)	Nil	Nil	Nil
2.5	Total Extraordinary Items	Nil	Nil	Nil

**HALF YEAR REPORT
DAVID JONES LIMITED
ACN: 000 074 573**

as at 27 January 2001

Condensed Consolidated Statement of Financial Position
(Consolidated Balance Sheet)

	At end of Current Period 27-Jan-01 \$A'000	As shown in last Annual Report 29-Jul-00 \$A'000	As shown in last Half Yearly Statement 29-Jan-00 \$A'000
Current Assets			
4.1	25,174	13,065	13,162
4.2	72,471	85,132	68,175
4.3	-	-	65,880
4.4	283,432	283,188	250,246
4.5	12,471	8,515	6,204
4.6	Total Current Assets	393,548	403,667
Non Current Assets			
4.7	-	-	-
4.8	-	-	-
4.9	-	-	-
4.10	-	-	-
4.13	259,091	420,611	365,815
4.14	16,861	17,710	-
4.15	12,661	14,360	11,523
	- other	1,959	-
4.16	Total Non Current Assets	290,572	377,338
4.17	Total Assets	684,120	781,005
Current Liabilities			
4.18	167,208	177,602	151,477
4.19	231	2,266	1,000
4.20	7,498	18,380	18,283
	- other	34,137	32,466
4.21	-	-	-
4.22	Total Current Liabilities	209,074	203,226
Non Current Liabilities			
4.23	-	-	-
4.24	39,559	188,677	152,000
4.25	10,926	10,801	9,804
4.26	274	1,678	1,512
4.27	Total Non Current Liabilities	50,759	163,316
4.28	Total Liabilities	259,833	366,542
4.29	Net Assets	424,287	414,463
Equity			
4.30	315,013	315,013	315,013
4.31	-	19,902	19,902
4.32	109,274	74,817	79,548
4.33	Equity Attributable to members of the parent entity	424,287	414,463
4.34	-	-	-
4.35	Total Equity	424,287	414,463
4.36	Preference capital included as part of 4.33	-	-

HALF YEAR REPORT
DAVID JONES LIMITED
ACN: 000 074 573
for the 26 Weeks ended 27 January 2001

Condensed Consolidated Statement of Cash Flows

		Current Period A\$'000	Previous Corresponding Period A\$'000
Cash Flows Related to Operating Activities			
7.1	Receipts from customers	849,287	800,347
7.2	Payments to suppliers and employees	(798,251)	(710,888)
7.3	Dividends received from associates	-	-
7.4	Other dividends received	-	-
7.5	Interest and other items of similar nature received	163	112
7.6	Interest and other costs of finance paid	(8,297)	(5,140)
7.7	Income taxes paid	(17,782)	(11,197)
7.8	Other	-	-
7.9	Net Operating Cash Flows	25,120	73,234
Cash Flows Related to Investing Activities			
7.10	Payment for purchases of property, plant and equipment	(49,748)	(65,542)
7.11	Proceeds from sale of property, plant and equipment	203,626	400
7.12	Payment for purchases of equity investments	-	-
7.13	Proceeds from sale of equity investments	-	-
7.14	Loans to other entities	-	-
7.15	Loans repaid by other entities	-	-
7.16	Other - Proceeds from ESOP loan repayments	163	266
	- Others	(150)	-
7.17	Net Investing Cash Flows	153,891	(64,876)
Cash Flows Related to Financing Activities			
7.18	Proceeds from issues of securities (shares, options, etc)	-	-
7.19	Proceeds from borrowings	-	87,311
7.20	Repayment of borrowings	(151,153)	-
7.21	Dividends paid	(15,749)	(15,720)
7.22	Other - return of capital	-	(79,236)
7.23	Net Financing Cash Flows	(166,902)	(7,645)
7.24	Net Increase/(Decrease) in Cash Held	12,109	713
7.25	Cash at beginning of period (see Reconciliation of cash)	13,065	12,449
7.26	Exchange rate adjustments to item 7.25	-	-
7.27	Cash at End of Period (see Reconciliation of cash)	25,174	13,162

Non Cash Financing & Investing Activities

(Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows as follows)

refer below	Nil
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Under the Sale and Leaseback arrangement entered into in November 2000, the company has a legally recognised right to set-off lease receivables under the head lease and loan repayments. Under a non-refundable advance agreement, the proceeds on the advance received by David Jones has been accounted as proceeds on in-substance sale of the Elizabeth/Market Streets, Sydney and Bourke Street, Melbourne properties which is reflected in the cashflow statement.

HALF YEAR REPORT
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Reconciliation of Cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts as follows:

	Current Period	Previous Corresponding Period
	A\$'000	A\$'000
8.1 Cash on hand and at bank	12,174	11,717
8.2 Deposits at call	13,000	1,445
8.3 Bank overdraft	-	-
8.4 Other	-	-
8.5 Total cash at end of period (item 7.27)	25,174	13,162

Ratios

Profit before tax/revenue

	Current Period	Previous Corresponding Period
9.1 Consolidated profit(loss) from ordinary activities before tax (item 1.5) as a percentage of sales revenue (item 1.1)	4.17%	5.39%
Consolidated profit(loss) from ordinary activities before tax (item 1.5) as a percentage of revenue (item 1.1)	3.28%	5.25%

Profit after tax/equity interests

9.2 Consolidated net profit(loss) from ordinary activities after tax attributable to members (item 1.9) as a percentage of equity (similarly attributable) at the end of the period (item 4.33)	7.14%	5.98%
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Earnings per Security (EPS)

	Current Period	Previous Corresponding Period
10.1 Calculation of the following in accordance with AASB 1027: <i>Earnings per share</i>		
(a) Basic EPS	7.70 cents	6.31 cents
(b) Diluted EPS	7.70 cents	6.31 cents
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of basic and diluted EPS	393,714,680	392,996,480

NTA Backing

	Current Period	Previous Corresponding Period
11.1 Net tangible asset backing per ordinary security	\$1.00	\$1.03

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Details of Specific Receipts/Outlays, Revenues/Expenses

		Current Period \$A'000	Previous Corresponding Period \$A'00
12.1	Interest revenue included in determining item 1.5	163	112
12.2	Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3	Interest costs excluded from borrowings costs, capitalised in asset values	-	863
12.4	Outlays (except those arising from the acquisition of an existing business) capitalised in intangibles (if material)		
12.5	Depreciation and amortisation (excluding amortisation of intangibles)	22,317	18,867
12.6	Other specific relevant items not shown in item 1.24		
	Profit on sale of Rundle Mall, Adelaide development	1,517	-
	Profit on in substance sale of Elizabeth & Market Sts. Sydney and Bourke St. Melbourne properties.	7,300	-
	Preliminary expenses of Adelaide, Rundle Mall store	(1,450)	-
	New businesses	(5,524)	-

13 Control Gained Over Entities Having Material Effect nil

14 Loss of Control of Entities Having Material Effect nil

Reports for Industry and Geographical Segments

The Economic Entity operates within one industry segment - Retailing

The Economic Entity operates in Australia

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Dividends

15.1	Date the dividend is payable	17 April 2001
15.2	Record date to determine entitlements to the dividend	30 March 2001

Amount per Security

		Amount per Security	Franked amount per security at 34% (previous year at 36%) tax rate
15.6	Interim Dividend: Current Year	4 cents	4 cents
15.7	Previous year	4 cents	4 cents

Interim Dividend on all securities

		Current Period \$A'000	Previous Corresponding Period \$A'000
15.10	Ordinary securities	15,749	15,720
15.11	Preference securities	N/A	N/A
15.12	Other equity instruments	N/A	N/A
15.13	Total	15,749	15,720

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The dividend or distribution plans shown below are in operation

The Dividend Reinvestment Plan remains suspended until further notice

The last date(s) for receipt of election notices for the dividend or distribution plans

Not Applicable

Any other disclosures in relation to dividends (distributions)

Nil

17 Material Interests in Entities which are not Controlled Entities

The Economic Entity has no material interests in entities which are not controlled entities.

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Issued and Quoted Securities at End of Current Period

Category of securities	Number Issued	Number Quoted	Issue price per security (cents)	Amount paid up per security (cents)
18.3 Ordinary Securities	393,714,680	393,714,680	N/A	N/A
18.4 Changes during current period				
(a) Increases through issues	-	-	-	-
(b) Decreases through returns of capital, buy-backs, redemption	-	-	-	-

18.7 Options

	Number Issued	Number Quoted	Exercise price \$	Expiry date
Unlisted options for ordinary shares	3,000,000	-	1.45	31/03/2002
Unlisted options for ordinary shares	3,560,000	-	1.57	17/12/2003
Unlisted options for ordinary shares	5,890,000	-	1.4047	16/12/2004
Unlisted options for ordinary shares	400,000	-	1.3973	16/12/2004
Unlisted options for ordinary shares	6,555,000	-	1.3280	16/01/2006
Total	19,405,000			
18.8 Issued during current period	6,555,000	-	1.3280	16/01/2006
18.9 Exercised during current period	-			
18.10 Expired during current period	-			

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Basis of Accounts Preparation

These general purpose consolidated financial statements have been prepared for the half-year ended 27 January 2001 in accordance with the requirements of the Corporations law, Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and Urgent Issues Group Consensus Views. It is recommended that this report be read in conjunction with the 29 July 2000 Annual Report and any public announcements made by David Jones Limited and its controlled entities during the half-year in accordance with the continuous disclosure obligations of the Corporations Law and the Australian Stock Exchange. The notes to the financial statements do not include all information normally contained within the notes to an annual financial report.

This financial report has been prepared in accordance with the historical cost convention and does not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets.

The Directors have elected to apply revised Accounting Standards AASB 1029 "Interim Financial Reporting" before its mandatory application date, in accordance with subsection 334(5) of the Corporations Law.

Changes in Accounting Policy:

In accordance with the requirements of AASB 1041 "Revaluation of non-current assets", land and buildings previously carried at valuation were reverted to a cost basis of measurement. For the purpose of transitioning to a cost basis, the existing revalued carrying amounts at 29 July 2000 were deemed to be their cost. This change in policy had no impact of the financial position or financial performance of the consolidated entity as presented in this half-year financial report.

Seasonal factors:

In normal circumstances the financial performance of the consolidated entity is better in the first-half of the financial year than the second-half owing to Christmas trading and post Christmas Clearance.

Leases

David Jones entered into a sale and leaseback arrangement in November 2000 whereby the Elizabeth/Market Streets and Bourke Street properties were, in-substance, sold by granting a 79 year Head Lease and then entering into an operating sublease.

Under a non-refundable advance agreement, the proceeds on the advance received by David Jones have been accounted for as proceeds on the in-substance sale. David Jones has a legally recognised right to set-off the receivables (\$201.85m) under the Head Lease and payables (\$201.85m) under the loan agreement in order to settle on a net basis.

An effectively guaranteed residual amount of \$100m will be payable in the year 2079.

The operating lease under the agreement comprises:-

- 1) base rentals calculated on floor space with a 2.5% per annum quarterly increase.
- 2) contingent rentals based on turnover, reviewed every five years, with a set upper and lower limit.

A disruption allowance is available for reduction of rentals owing to the impact of disruption for the duration of the refurbishment of the buildings.

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Basis of Accounts Preparation (cont'd)

Material factors affecting the revenues and expenses of the economic entity for the current period

See attached statement

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Nil

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Current interim dividend is franked.
The company will have approximately \$39.7million of franking credits (at 34%) from existing franking credits and franking credits which would arise from the payment of income tax in this financial year to pay franked dividends.

Changes in accounting policies since the last annual report are disclosed as follows

See above

Income Tax Expense

The prima facie income tax expense calculated at 34% on operating profit before income tax has been reduced primarily by the following items:

- non assessable in-substance sale of properties	\$5.752 million.
- reversal of timing difference	\$1.563 million.

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Contingent Liabilities and Contingent Assets:

The details and estimated maximum amounts of contingent liabilities that may become payable are set out below. The Directors are not aware of any circumstance or information, which would lead them to believe that these liabilities have crystallised and consequently no provisions are included in the financial statements in respect of these matters.

Employee Share Plan (refer (i))
Lease Agreements (refer (ii))
Guarantees to third parties arising out of the normal course of business

At end of Current Period 27-Jan-01 \$A'000	As shown in last Annual Report 29-Jul-00 \$A'000
224	366
26,163	27,013
753	909

NOTES:

(i) Employee Share Plan Shortfall

The Company via a Trustee has funded the acquisition of shares in the Company by its employees. An unrealised loss of \$224,000 (based on a price of \$1.32 per share) exists representing the difference between the loan by David Jones Limited to the Trustee and the recoverable amount of the shares at 27 January 2001. The contingent liability would only be realised if the shares are forfeited by employees (upon resignation) and if shares are sold at below the average book value of \$1.47 as at 27 January 2001.

(ii) Lease Agreements

A controlled entity John Martin Retailers Limited assigned to Harris Scarfe Limited on 30 June 1997, a lease for a term to September 2015 relating to a property in Elizabeth, South Australia. Under the terms of the lease, John Martin Retailers Limited retains a liability for rental payments over the term of the lease should Harris Scarfe Limited default in its obligations.

David Jones Limited assigned to Harris Scarfe on 17 October 1997, a lease for a term to April 2017 relating to a property in Campbelltown, New South Wales. Under the terms of the lease, David Jones Limited retains a liability should Harris Scarfe Limited default in its obligations.

To support these contingent liabilities, John Martin Retailers Limited and David Jones Limited have obtained a fixed and floating charge over the assets of Harris Scarfe Limited which ranks behind that company's major lender. At balance date, Harris Scarfe had not defaulted in its obligations detailed above.

(iii) Sale and Leaseback

As part of the Sale and Leaseback Arrangement entered into in November 2000 for the Elizabeth & Market Streets, Sydney and Bourke Street, Melbourne properties:

- The company has entered into an agreement whereby pursuant to a put option which is only exercisable in remote circumstances (e.g. payment default, demand or cancellation of David Jones Syndicated Facility Agreement and trigger events largely associated with David Jones' insolvency) the bank debt and High Yield note issue of \$146 million could be put to David Jones by the put option holder, CBD Retail Infrastructure (No.2) Ltd.
- Deutsche Asset Management (Australia) Limited as responsible entity for the Deutsche Retail Infrastructure Trust receives the greater of \$100 million or 50% of the market value of the properties in the year 2079. There is a put and call option at year 79 pursuant to which Deutsche Bank AG is expected to acquire legal title to the properties. David Jones is not required to repurchase the properties and there is no penalty imposed if it does not. Equity Holders in the Trust take the primary risk of a fall in the improved value of the properties. David Jones have an element of refinancing risk in the event of a significant fall in the value of the properties which coincides with an insolvency event.
- The company entered into 30 year interest rate swap contracts associated with the sale and leaseback transaction. The estimated market value of the payables and receivables under the swaps at 27 January 2001 are \$35.040 million and \$28.801 million respectively. These have not been recognised in the Statement of Financial Position. However, the impact of the difference between payables and receivables is recognised as an expense in the Statement of Financial Performance over the term of the swaps.

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Compliance Statement

- 1 This report has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX.
- 2 This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
- 3 This report does give a true and fair view of the matters disclosed.
- 4 This report is based on accounts to which one of the following applies:

The accounts
have been audited.

The accounts have
been subject to review.

The accounts are in
the process of being audited
or subject to review.

The accounts have
not yet been audited or
reviewed.

- 5 The review has been finalised.
- 6 The entity has a formally constituted audit committee.

Sd/-
J A Simmonds (Company Secretary)

20 March 2001
Date

DAVID JONES LIMITED
ACN 000 074 573

DIRECTORS' DECLARATION

1. In the opinion of the Directors of David Jones Limited:
 - a) the financial statements and the notes set out on pages 5 to 19 are drawn up so as to give a true and fair view of the results and cash flows for the 26 weeks ended 27 January 2001 and the state of affairs at 27 January 2001, of the Economic Entity;
 - b) the financial statements and the notes have been made out in accordance with the Corporations Law; and
 - c) at the date of this declaration, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due and payable.
2. The financial statements and the notes have been made out in accordance with applicable Accounting Standards and Urgent Issues Group Consensus Views.

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

Sd/-

R F E WARBURTON
DIRECTOR

Sydney, 20 March 2001