MEDIA RELEASE **19 September 2001**

DAVID JONES LIMITED ANNOUNCES FULL YEAR RESULTS

David Jones Limited ('David Jones') today announced a core business Comparable Earnings before Interest and Tax (EBIT) result for the 52 weeks ended 28 July 2001 of $58.5 million (2000: $68.5 million), a decrease of $10.0 million or 14.6% over the corresponding period 1999/2000. This figure slightly exceeds the forecast comparable EBIT range provided to the market in July this year①.

As previously announced Group sales for the full year increased by 5.8% to $1,547.5m (2000: $1,463.3m).

Profit after tax was $28.0 million (2000: $35.8m), a decrease of $7.8 million or 21.7% over the corresponding period. The results of both periods were impacted by significant items. ②

David Jones Chief Executive Officer, Mr. Peter Wilkinson said, "Despite the downturn in the sales environment, the Group navigated the changed conditions better than many of our competitors, achieving an increase in sales and a continued increase in market share".

"This is a solid workman-like result delivered despite one of the toughest sales environments for more than a decade. We did this by remaining focused on our strategy for growth and our premium department store positioning. Retail is a cyclical business. While we continue to actively monitor the market, we see it as imperative that the current cycle not divert our attention from continuing to develop our business. This focus will allow us to deliver greater shareholder value in the long term" he said.

There were several significant items in this year's result including:

- Operating losses for Foodchain and David Jones Online businesses $14.4m
- Write down of costs associated with the development of David Jones Online $11.5m
- Settlement payment to resolve the contingent liability on the Elizabeth City Centre store assignment to Harris Scarfe $2.8m
- Profit on the sale and leaseback of the Sydney and Melbourne CBD properties of $7.4m and development profit on the Adelaide CBD site of $1.5m, disclosed in the first half.

CORE BUSINESS PERFORMANCE

- Solid relative performance, including continued outperformance by womenswear and cosmetics
- Continued growth in market share and service advantage
- Good progress made on costs during the second half

Buyer's gross profit margin percentage (pre-shrinkage) for the year is slightly lower in percentage terms (2001:38.0%, 2000 38.4%) a credible result under the circumstances. The drop was largely due to the reduction in sales volume, some specific sales mix issues (such as continued general market weakness in menswear) and the cost of responding to competitive discounting activity.

"Despite the change in trading conditions our well established stock management practices have held our inventory at acceptable levels. Our end of year stock position is only 1% higher than last year and our aged stock levels are around our 5% benchmark" Mr. Wilkinson said.

Significant inroads have been made with our core business cost program during the second half. The first half increase in the Selling Goods & Administration percentage ('SG&A') figure reflected the effect of the sudden change in sales environment. Despite the reduction in like for like sales our SG&A % for the second half 2001 is lower than for the comparable half 2000.

The total SG&A % for the year is higher based on the higher first half and it reflects the increase in the cost base as a result of the inclusion of a full year of costs for Aherns and 2 new stores at Chadstone and Southland in Melbourne.

DAVID JONES ONLINE (davidjones.com.au)

- An important competitive tool for the department store business going forward
- Strong progress being made re strategic Key Performance Indicators
- Greater leverage of the core business will reduce costs

The group has written off web development costs of $11.5m. These costs are largely related to the development of proprietary software related to online trading.

Having completed the establishment phase for the Online business, the path to profitability is now clear. The operating loss will be halved in the FY2002 financial year. Costs will continue to be managed downward with the business expected to be close to breakeven in FY2003.

Revenue is building steadily and is in line with expectations. The business is making strong progress on all key strategic indicators including unique visitation, conversion rate, average order size, and importantly service standards. David Jones believes that the online business will be an increasingly important competitive tool going forward.

Our objective is for the online and bricks and mortar parts of the David Jones department store business to operate seamlessly. The costs related to the acquisition of customers will continue to be reduced through greater leveraging of the core business. Good progress is being made in this regard.

FOODCHAIN BY DAVID JONES

- Strategy progressing to plan
- 3 stores opened to date
- Customer reaction has been enthusiastic and revenues are building strongly

Foodchain by David Jones was launched in November 2000, providing important exposure to another part of the retail sector. Three Foodchain stores have opened at Brighton and Hawthorn in Melbourne and Parramatta in Sydney. Parramatta opened in early August 2001. Customer reaction to each store has been enthusiastic and revenues are building strongly.

We are on schedule to open an additional 3 stores over the next 12 months and are focusing on consolidating performance by driving greater efficiencies.

Mr. Wilkinson said, "The Foodchain business is still in its infancy, however our experience to date indicates that the offer is one which our targeted demographic likes and responds to very well. Establishing a new business takes focus and patience. Our plan remains to open 40 stores over 5 years (2001-2006)."

RESOLUTION OF CONTINGENT LIABILITIES

- A settlement payment of $2.8m has been made in regards to a tenancy at Elizabeth City Centre in South Australia
- Macarthur Square store opened 13 September 2001

David Jones Limited ('David Jones') has made a settlement payment of $2.8m to extinguish a contingent liability and release David Jones and its subsidiary John Martin Retailers Limited from any future liability in respect of a guarantee associated with the assignment of a lease to Harris Scarfe at the Elizabeth City Centre in South Australia.

The David Jones store at Macarthur Square Shopping Centre in Campbelltown reopened on 13 September. "According to external research consultants, the Macarthur Square trade area is growing significantly faster than both the Sydney and Australian averages, in terms of the key David Jones shopper segments," Mr. Wilkinson said.

" We have previously advised that having come to mutually agreeable terms with the centre owners, we believe the Macarthur Square store will be profit neutral in the coming financial year," he said.

INCOME TAX

The income tax expense of $3.8 m was considerably lower than the prima facie tax rate largely due to non-assessable items. The company taxation rate in financial year 2001/2002 is expected to return to normal levels.

DIVIDEND

The Directors have declared a final dividend of 4 cents per share, payable on 2 November 2001. The dividend is fully franked. This brings the full year dividend to 8 cents per share, which is the same as the previous year.

OUTLOOK

Mr. Wilkinson said, " We have stated previously that the anomalous trading conditions experienced over the past year should clear progressively through the 1st quarter of financial year 2001/02. "

" I can say that we have seen some positive signs as we progress into the summer trading season however, taking into account the variation which is still being exhibited in sales patterns and the recent events in the United States, we believe it is too early to confidently call any trend," he said

"David Jones is well positioned to take advantage of the upturn whenever it occurs. We have a well established management team in place who have a clear vision of the market position of our business. ", Mr. Wilkinson said.

ENDS – note reference material follows

FOR FURTHER INFORMATION CONTACT

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FACT SHEET – Full Year Result 2000/01

① COMPARABLE EBIT (as per forecast information provided to the market 18 July 2001)

	2001	2000
Core Business EBIT (retail + credit + property + asset sales)	$72.2	$89.1
Less Asset Sales	$ 8.9	$ 3.2
Less Property Income	$ 4.8	$17.4
Comparable EBIT*	**$58.5**	**$68.5**

*Comparable EBIT was calculated to assist with year on year comparison in order to clarify changes in asset sales levels and therefore property income year on year. It is calculated by deducting asset sales and property income from Core Business EBIT.

Please note: This table was initially provided to the market in our forecast information on 18 July 2001. Actual figures have now been inserted in the 2001 column in place of the estimated figures previously provided.

② SUMMARY OF PROFIT (this table is the same as that which appears on the ASX release accompanying the full year profit result)

	2001 $m	2000 $m
Sales	1,547.5	1,528.1^
Earnings Before Interest & Tax		
Contribution From		
- Retail	47.9	58.3
- Credit	10.6	10.2
	58.5	**68.5**
- Property	4.8	17.4
	63.3	**85.9**
Significant Items		
- Sale of Assets	8.9	3.2
- New Businesses (Foodchain & Online)	(14.4)	
- Write-off of David Jones Online web development costs	(11.5)	
- Settlement of contingent liability (Elizabeth, S.A)*	(2.8)	
- GST introduction expenses	-	(18.3)
Earnings Before Interest and Tax	**43.5**	**70.8**
Less		
- Interest Expense	11.7	12.2
Operating Profit Before Income Tax	**31.8**	**58.6**
Less		
- Income Tax	3.8	22.8
Operating Profit After Income Tax	**28.0**	**35.8**

*Refers to the former John Martins store assigned to Harris Scarfe at Elizabeth City Centre, Adelaide, South Australia
^ This figure is not tax adjusted for wholesale sales tax. Adjusted figure is $1,463.3m