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DAVID JONES LIMITED FY2002 FULL YEAR RESULT
PROFIT AT UPPER END OF GUIDANCE RANGE

- ⇒ **NPAT of $35.5 million (pre preference share dividends and significant items) is at upper limit of guidance issued in May and updated in August 2002, +24.6%**
- ⇒ **3 year run of market share increases continues**
- ⇒ **Strong core business (dept stores and credit) EBIT +20.5% ***
- ⇒ **Limited impact on Gross Margin of industry wide discounting**
- ⇒ **NPAT of $6.6m (post significant items) contains items flagged in May 2002 release including provisions for possible exit of Foodchain sites at Parramatta and Port Melbourne previously unable to be quantified, and an additional item related to the accounting treatment for interest free credit sales, – 76.5%. ***

***See Reference note 2 page 5 Full Result summary including significant items**

David Jones Limited ('David Jones') today announced a net profit after tax ('NPAT') pre significant items and preference share dividends of $35.5 million for the 52 weeks ended 27 July 2002. This result is at the upper limit of the guidance range provided in May 2002 and updated at the time of the full year sales result on 7 August 2002.

After including significant items ($28.9 million post tax) and before preference share dividends David Jones recorded a NPAT of $6.6 million. The significant items are outlined at the end of this release and include provisional costs associated with the potential exit of Foodchain leases at Parramatta and Port Melbourne and associated restructuring costs (which were flagged but not able to be quantified in previous announcements) and an additional item related to the accounting treatment for interest free credit sales.

As previously announced, full year sales of $1,668.2 million were up 7.8% on the previous year (2001: $1,547.5 million).

The company's earnings before interest and tax (EBIT) for the core department store and credit business of $70.4 million, was up 20.5% on 2001 (2001: $58.4 million).

Chief Executive Officer, Mr. Peter Wilkinson said: "The David Jones core business has delivered a good result despite a highly competitive retail environment. This result confirms the strength and resilience of our brand and the strong underlying performance of our department store business."

"Our department store business has now gained market share for 3 successive financial years. This growth has been driven by our well-established core business strategy supported by a well articulated brand proposition. We continue to strive to improve our premium market positioning and the associated service and branding strategies. This unique positioning has effectively differentiated us from our competitors," he said.

"We announced in May this year that we had made a number of tough decisions in order to better position the business for the future and deliver a return on investment (ROI) of 15% by FY 2004 (FY 2002: 12.4%). Our focus is on improving the return on investment via initiatives including improved capital management, reduced and rescheduled capital expenditure, improved balance sheet flexibility through the Reset Preference Share (RPS) issue, and action to pause the rollout and improve the performance of our Foodchain stores", Mr. Wilkinson said.

DAVID JONES

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A summary of key items shows:

	2001 $m	2002 $m	% change
Sales	$1,547.5	**$1,668.2**	+7.8%
EBIT Core Business (Dept stores and credit)	$58.4	**$70.4**	+20.5%
NPAT pre significant items and pref dividends	$28.5	**$35.5**	+24.6%
NPAT post significant items and pre pref dividends	$28.0	**$6.6**	-76.5%

CORE RETAIL BUSINESS

Sales for the core business (retail department store and credit business) increased 5.9% to $1,625.5 million (2001: $1,535.4 million). Core business EBIT grew 20.5% during the year.

Despite the highly competitive environment in financial year 2002, our core business performance has been strong. The department store business has now gained market share consistently for 3 financial years.

David Jones strategic approach to discounting meant that Gross Margin was only slightly impacted (2002 35.9%, 2001 36.3%). Significant differentiation in ranging between David Jones and its competitors allowed the group to hold its ground with regards to key merchandise categories. David Jones continued to leverage its unique brand and marketing strategy to effectively minimise the impact of competitive activity.

Well established stock management practices delivered an end of year stock position in line with 2001 with aged stock levels below our 5% benchmark. Well-controlled stock levels have provided significant flexibility for the group which has been used to strengthen our ranging point of difference. Outstanding results have been accomplished in regards to shrinkage and the group's shrinkage figure is now at global best practice levels.

The total Selling General and Administration percentage ('SG&A %') for the year is 32.5% (2001: 33.2%). The SG&A percentage for second half of FY2002 was higher than the second half of FY2001 due to some one-off cost reductions last year.

David Jones advised in May that it was rescheduling and reducing its overall capital expenditure. It is expected that capex will be in the order of $60 million per annum for the foreseeable future. The bulk of this expenditure is devoted to our key stores refurbishment program which will see us create additional selling space in stores which are high value stores for the group. Excellent work has been undertaken in reducing the capex for FY02 from a previously planned level of over $100 million to $71 million for the year.

THE DAVID JONES CARD

The David Jones store card continues to be an outstanding contributor to group profitability with a record EBIT of $14.9 million (2001: $10.6 million) up 40.6% on the previous year. The result reflects growth in the overall card base, a strong sales performance, tight cost management, low doubtful debts and reduced funding costs.

DAVID JONES ONLINE (www.davidjones.com.au)

David Jones Online is consistently ranked as one of Australia's most successful retailing websites. Revenues are growing to expectation and the online business is moving closer to breakeven in FY2003. As per the strategic plan Online has now been integrated into the core department store business.

FOODCHAIN BY DAVID JONES

A full operational review of the Foodchain business was conducted earlier this year. On 14 May 2002 the group announced that costs associated with the development of Foodchain would be written off and that the rollout would be paused, while certain operational issues which were hindering the path to profitability were addressed.

The significant operational experience gained during the early phase of rollout is being used to drive efficiencies through the business and develop a more robust operating platform.

Further to the groups' announcement in May 2002 David Jones advises that it is substantially progressed in discussions with the Parramatta landlord regarding assigning the lease. Proposals have been received from alternative operators which are now being perused and it is expected that a firm date for vacating the site will be provided in due course.

David Jones is continuing negotiations with the developer of the proposed Port Melbourne Foodchain site with a view to achieving a mutually acceptable resolution.

Our work continues towards being able to confirm the long-term viability of the Foodchain concept by improving our systems, waste management and site selection processes.

SIGNIFICANT ITEMS

As advised to the market on 14 May this year a number of significant items have impacted on this year's profit. They are as follows:

- Writing off of concept development, information technology and certain store asset costs for Foodchain of $19.5 million pre tax ($13.6 million after tax).
- A one-off head office restructuring charge of $4.6 million pre tax ($3.4 million after tax)
- Refinement of accounting methods for determining the cost of inventories at hand. Rebates relating to purchases will be deducted from the value of inventories on the balance sheet. A one off non-cash charge of $6.9 million pre tax ($4.8 million after tax) has been taken.

The group also flagged in May that it may incur some additional costs should it decide to exit the Foodchain store at Parramatta and the site at Port Melbourne. These costs could not be quantified at the time. The group now advises that costs of $5.3 million pre tax ($5.3 million after tax) have been provided in relation to the potential exit of leases at Parramatta and Port Melbourne and associated restructuring costs.

The group will also apply an accounting treatment (in accordance with AASB 1004 - Revenue) that effectively discounts the nominal value of interest free, deferred payment sales to fair value. This is being done as the effect of discounting interest free sales that are receivable over a two or three year period is now considered material. The accounting treatment will result in a one-off profit reduction of $2.5 million pre tax ($1.8 million post tax).

CAPITAL MANAGEMENT

The group remains on track to achieve ROI hurdle rates of 15% return on funds employed (ROFE) by financial year 2004 assisted by improved trading and re-alignment of the capital expenditure program. ROI for financial year 2002 was 12.4% pre significant items compared to 9.3% the previous year.

Following completion of a $65 million reset preference share issue, the balance sheet is well positioned to accommodate seasonal working capital requirements and the long-term capital expenditure program. Strong levels of operating cashflow will provide additional strength as the group moves towards achieving ROI targets.

EARNINGS PER SHARE AND DIVIDENDS

Earnings per share ("EPS") pre significant one off items increased by 17.3% from 7.3c to 8.8c.

The Board has declared a final dividend of three cents per ordinary share fully franked (Full Year 2002: 7 cents, 2001: 8 cents), payable on 23 October 2002. The final dividend is in line with guidance provided in May 2002. Future dividends (including preference dividends), if declared, are expected to be 60-80% of NPAT before significant one off items and preference share dividends.

EMPLOYEE SHARE AND OPTION PLANS

David Jones devised a Long Term Incentive ('LTI') plan in 2001 which was considered at the Annual General Meeting in November 2001(see ASX release dated 30 August 2002). The LTI plan replaces the former option plan which is now discontinued; no options have been granted since January 2001.

The LTI plan is a 3 year share based, rather than option based, plan. The plan focuses on performance measures proven to be closely correlated to driving improved shareholder value, hence the targets are based around revenue, capital management and total shareholder return measured over the period from FY 2002 to FY 2004 inclusive. David Jones benchmarks itself against 38 other listed companies including the majority of listed retailers.

Under the terms of the LTI plan, no shares will be granted by any means including allotment or market purchase prior to 31 July 2004, and then are allotted only if performance hurdles are met. At 31 July 2004 the actual amount of shares, if any finally provided to participants will depend on the extent to which a range of significant performance hurdles are met. It is possible therefore for each nominated participant to be allotted anything between no shares and their full offered amount.

Further information regarding the LTI plan will be contained in this year's Annual Report.

OUTLOOK

"The sales environment has been much stronger since the beginning of 2002. We were well positioned for the upturn in the cycle when it came and we believe we continue to be well positioned to maximise returns going forward," Mr. Wilkinson said.

As others have commented recently there is some uncertainty about the economic environment going forward. Typically, we see the department store market growing at between 2 - 3%. If this growth continues throughout FY2003, the group reiterates its expectation to increase NPAT pre preference share dividends by a minimum of 15 - 20% compound in FY2003 and FY2004 from $35.5 million. We anticipate that the current competitive retail environment will continue but expect our gross margins to be stable. Having successfully reduced our costs through the Secure our Future program over the last two years further work is now required in order to counter expected cost increases in areas such insurance, food labelling and infrastructure going forward.

ENDS
For further information please contact:

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REFERENCE NOTES begin over page

1) Department Store Business

	2001 $m	% of Sales	**2002 $m**	**% of Sales**
Sales Core Business	1,535.4		**1,625.5**	
Gross Profit	557.7	36.3	583.6	35.9
Selling General & Administration Expense*	509.9	33.2	528.1	32.5
EBIT – Core Business	47.8	3.1	55.5	3.4

* SG&A figures for FY 00/01 exclude the impact of asset sales. In late 2001 David Jones Limited outsourced the operation of its in house restaurants and cafes to Eurest (Australia) Pty Ltd. This initiative is profit positive, and we have adjusted the split between gross profit and SG&A in both years to reflect this change.

2) Profit Summary

	2001 $m	**2002 $m**	**% change**
Sales	1,547.5	**1,668.2**	**+7.8**
Earnings Before Interest & Tax			
Contribution From			
- Retail	47.8	55.5	+16.1
- Credit	10.6	14.9	+40.6
	58.4	**70.4**	**+20.5**
- Property	4.8	2.5	-47.9
Earnings Before Interest and Tax comparable Business	63.2	**72.9**	**+15.3**
Foodchain	(8.1)	(12.8)	
Online	(6.3)	(2.4)	
Total New Businesses	(14.4)	(15.2)	+5.6
Reported Earnings Before Interest and Tax	48.8	**57.7**	**+18.2**
Less			
-net interest	11.6	7.3	- 36.2
Operating Profit before Income Tax	37.2	**50.4**	**+35.1**
Less			
-Income Tax	8.7	14.9	+71.3
Operating profit after tax	28.5	**35.5**	**+24.6**
Significant One off Items After Tax			
- Sale of Assets	8.9	-	
- David Jones Online web development costs	(7.6)		
- Settlement of legal dispute(Elizabeth, S.A)*	(1.8)		
- Write down of development costs for Foodchain		(13.6)	
- Non-cash one off inventory rebate adjustment		(4.8)	
- One off Head Office restructuring costs		(3.4)	
- Effective discounting of interest free sales to fair value		(1.8)	
- Exit costs for Foodchain Parramatta / Pt Melbourne and associated restructuring		(5.3)	
Net Profit After Income Tax	28.0	**6.6**	**-76.5**

3) Dividend and EPS information

	2001 cps	**2002 cps**
Preference Share Dividend (* note the initial dividend covers period 01/07/02 – 31/07/02 only)	-	68.79 *
EPS before Significant one off items	7.3	8.8
EPS after Significant one off items	7.1	1.5
DPS	8	7

Copies of all announcements issued by David Jones are available on the Company website at **www.davidjones.com.au**. Upon accessing the site, click on "For Investors" at the bottom of the screen to go through to releases and announcements.