



MEDIA RELEASE

**25 March 2002
For Immediate Release**

DAVID JONES LIMITED ANNOUNCES HALF YEAR RESULTS

⇒ **Strong core business result, driven by disciplined cost management and,**
⇒ **Strategic reaction to competitive activity**

David Jones Limited ('David Jones') today announced a core business (retail and credit) Earnings Before Interest and Tax result of \$49.3 m for the 26 weeks ended 26 January 2002, a 37.3% increase on the corresponding period (2001: \$35.9m). As previously announced Group sales for the half-year increased by 5.7% to \$879.1m (2001: \$831.6m).

Group EBIT of \$42.9m (2001: \$42.8m) is +0.2% on the previous year which included significant items. Net Profit for the group at \$27.0m (2001: \$30.3m) reflected a decrease of 10.9% on the corresponding period which benefited from both the one off proceeds of the sale and leaseback of the Sydney and Melbourne CBD properties and its flow on temporary reduction of the group's taxation rate.

David Jones Chief Executive Officer, Mr. Peter Wilkinson said, "This is a good performance achieved despite a period of unparalleled competitive activity in the market. Our core business performed well and we have made further progress on the groups cost base. We remained highly focused during the half, choosing to selectively respond to competitive pressures in order to minimise the effect on margins, maintaining a strategic stance consistent with our value proposition. The group has continued to gain market share."

CORE BUSINESS PERFORMANCE

- Strong performance from core business
- Strategic response to competitive activity minimises effect on profits and margins
- Disciplined cost management continues
- Good result from credit division

Gross profit for the year was slightly lower in percentage terms largely due to the cost of responding to competitive discounting activity. The shrinkage reduction program once again produced outstanding results. Shrinkage is now at sustainable benchmark levels. Inventory levels are clean and well managed. There was a slight increase in inventory due to the opening of new stores and the growth generally in sales. Aged stock remains around our internal benchmark of 5%.

There has been considerable progress in reducing the group's cost base with SG&A decreasing to 31.4% of sales (2001: 33.1%). The business improvement program known as "Securing Our Future" is proceeding to plan.

DAVID JONES

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“ In line with our transition plans the group rebadged the four major Aherns stores in Western Australia as David Jones at the end of February. The rebadging coupled with the completion of the Hay Street works in the Perth CBD later this year, will drive a further increase in sales and a strengthening of our brand presence in Perth”, he said.

NEW BUSINESSES

Operating losses for the group's new businesses (Foodchain and David Jones Online) were \$7.7m (2001: \$5.5m). The corresponding period contained only 3 to 4 months of costs. It is expected that total operating losses from these businesses for the full year 2001/2002 will be roughly in line with those of last year (2001: \$14.4m)

FOODCHAIN BY DAVID JONES

There are now 4 Foodchain by David Jones stores open. The most recent store opened in St Kilda (Melbourne) a few weeks ago and the launch phase for this store is progressing well.

As stated previously Foodchain has progressed from its concept development phase to its business refinement phase. As is typical with such a progression we are now concentrating on fine-tuning the cost base, systems and procedural aspects of the business and stores.

DAVID JONES ONLINE (davidjones.com.au)

Revenue is building steadily. The Online business had a strong Christmas period and the sale event was successfully introduced to Online for the first time. The site is now recognised as one of the best and most popular retail sites in Australia.

We remain on target to halve the 2000/2001 operating loss in the current financial year. The costs related to the acquisition of customers will continue to be reduced through greater leveraging of the core business. Costs are being managed downward with the business expected to be close to breakeven in FY2003.

INCOME TAX

As flagged at the full year results for 2000/2001 the group has returned to an effective tax charge in line with the standard corporate taxation rate (2002: \$11.7m; 2001 \$4.4m). The low taxation rate for the first half last year largely reflected the effect of non-assessable items related to the sale and leaseback.

DIVIDEND

The Directors have declared a dividend of 4 cents per share, payable on 6 May 2002. The dividend is fully franked.

OUTLOOK

“Consumers continue to appear more confident than they were a year ago which has been commented on widely in the media. How this translates into a long-term trend remains to be seen. David Jones is well positioned to take advantage of any upside and indeed has benefited from the market conditions since Christmas,” Mr. Wilkinson said.

ENDS – note reference material follows

FOR FURTHER INFORMATION CONTACT

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COPIES OF THIS RELEASE

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

FACT SHEET – First Half Financial Year 2001/2002

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

	LAST YEAR 2000/2001 \$M	THIS YEAR 2001/2002 \$M	% Change
Sales	<u>831.6</u>	<u>879.1</u>	+ 5.7
Earnings Before Interest & Tax			
Contribution From			
- Retail	31.3	43.1	
- Credit	<u>4.6</u>	<u>6.2</u>	
	35.9	49.3	+37.3
- Property	<u>3.6</u>	<u>1.3</u>	
	39.5	50.6	+28.1
Significant Items			
- Sale of Assets	8.8	-	
- New Businesses	<u>(5.5)</u>	<u>(7.7)</u>	
Earnings Before Interest and Tax	42.8	42.9	+ 0.2
Less			
- Interest Expense	<u>(8.1)</u>	<u>(4.2)</u>	
Operating Profit Before Income Tax	34.7	38.7	+11.5
Less			
- Income Tax	<u>(4.4)</u>	<u>(11.7)</u>	
Operating Profit After Income Tax	<u>30.3</u>	<u>27.0</u>	-10.9

* Note that at the 1st Half results 2000/01 retail contribution to EBIT was stated as \$32.8m which included the proceeds of the sale of the Adelaide property of \$1.5m. This number has been reclassified as per the FY 2000/01 results which included the sale of the Adelaide property under sale of assets rather than retail.