For Immediate Distribution **28 September 2004**

PROFIT AFTER TAX* UP 53% & 100% INCREASE IN 2H04 DIVIDEND

- **53% underlying NPAT* growth** in FY04 ($65.3 million FY04 vs $42.7 million FY03)
- Total Company **EBIT to Sales ratio up 42%** (5.4% in FY04; 3.8% in FY03)
- Achieved sustainable **Cost Efficiencies in excess of $17 million target** in FY04
- **Achieved $50 million target** for **Capital Expenditure** in FY04
- **Gross Margin exceeded target – Gross Margin of 37.1% in FY04** compared to 36.5% in FY03 and Strategic Review target of 36.5%-36.9%
- **Strong Cashflows -** Cash at year end is **$97.8 million** for FY04 **up 464%**
- **2H04 Dividend up 100%** on 2H03 (6 cents per share 2H04 vs 3 cents per share 2H03)
- **FY04 Dividend up 83%** on FY03 (11 cents per share FY04 vs 6 cents per share FY03)

David Jones Limited (DJS) today reported **Net Profit After Tax (NPAT)** (before Reset Preference Share (RPS) dividends) of $65.3 million for the financial year ended on 31 July 2004 (FY04). This compares to a loss of $25.5 million in FY03. **No Significant Items** were incurred in FY04. Excluding the Significant Items incurred in FY03 the Company achieved 53.0% underlying NPAT growth in FY04 compared to NPAT (pre Significant Items) of $42.7 million in FY03.

The Company's **Earnings Before Interest and Tax (EBIT) to Sales ratio** for FY04 was 5.4%.

As reported on 10 August 2004, total FY04 **Sales** (excluding Foodchain and Online non-Christmas hamper sales) were $1,769.5 million representing an increase of 6.0% on FY03. FY04 was a 53-week trading year for the Company. On a 'like-for-like' restated 52-week year for both FY04 and FY03 the Company experienced 4.5% Sales growth in FY04. This exceeded the Company's stated Sales growth expectations (announced at the time of the Strategic Review) of 1.5% - 2.5% for FY04.

David Jones Chief Executive Officer Mr Mark McInnes said, "FY04 is the first full financial year result that we have delivered since the Strategic Review in June 2003. We recognised at that time that our Strategic initiatives would take three years to implement in full. Whilst it is still early days, we are pleased to report that our FY04 financial result is our strongest since 1996.

** Profit after tax is before RPS dividends and pre significant items*

"In June 2003 we stated that our Strategy going forward would be to focus on our core department store and credit card business without the distraction of non-performing, non-core businesses. We recognise that we are a trading company capable of generating strong cashflows and that our revenue can be strongly impacted by the economic cycle. In order to lessen our susceptibility to the economic cycle we have adopted a dual-pronged approach of identifying and implementing Revenue Generating initiatives and Financial Disciplines. This approach enables us to capitalise on positive consumer sentiment and to outperform the cycle in terms of Sales growth during strong economic conditions. Our Sales performance in FY04 is a testament to this. We also believe that focusing on Financial Disciplines will enable us to achieve PAT growth in times of economic slowdown.

"Our Revenue Generating initiatives and Financial Disciplines played a key part in improving our **Gross Margins** and our Cashflows in FY04. We achieved Gross Margins of 37.1% in FY04 compared to 36.5% in FY03. This was above our stated Strategic Review target of 36.5%-36.9%.

"Our **Cash at year-end** was $97.8 million compared to $17.3 million in FY03. This in itself is a strong sign that our Strategic Review initiatives are starting to deliver one of our key objectives – namely, the strengthening and growth of our cashflows enabling us to return the excess to shareholders on an ongoing basis.

"In keeping with our commitment to return excess cashflows to shareholders and as an indication of our confidence in our Company's ability to continue to generate strong, sustainable cashflows, the Board has declared a **fully franked final dividend of 6 cents** per ordinary share for 2H04 which is a 100% increase on 2H03 (3 cent dividend per share 2H03)," Mr McInnes said.

The **total dividend** per ordinary David Jones share for **FY04 is 11 cents fully franked** and represents an increase of 83.3% on the Company's FY03 total dividend of 6 cents per share.

Mr McInnes went on to say "Our strong performance in FY04 vindicates our strategic direction and provides support and confirmation of our Strategy going forward.

"I believe our FY04 result demonstrates that the tough decisions we made last year were the right decisions and that we have taken the right course of action to restore our Company's business and financial performance, " Mr McInnes said.

SUMMARY OF KEY FINANCIALS

KEY ITEMS	FY04 $m	FY03 $m	% Change
Sales	1,769.5	1,711.2**	+3.4%
Total EBIT before Significant Items	95.3	65.2	+46.1%
Total EBIT	95.3	(19.1)	+599.8%
NPAT before Significant Items and RPS dividends	65.3	42.7	+53.0%
NPAT after Significant Items and before RPS dividends	65.3	(25.5)	+356.5%
Basic EPS before Significant Items and after RPS dividends	14.6cps	9.2 cps	+58.7%
Full Year dividend per ordinary share (fully franked)	11cps	6cps	+83.3%

*** Includes David Jones Online and Foodchain Sales in FY03*

REVENUE GENERATING INITIATIVES

Throughout FY04 a number of new Revenue Generating initiatives were introduced and existing Revenue Generating initiatives were enhanced, resulting in the Company's core Department Store earnings contribution growing 36.7% (from $47.5 million in FY03 to $65.0 million in FY04).

Key Revenue Generating initiatives in FY04 included:

1. **Development & Expansion of our Brand Offering**: Mr McInnes said "We explained at the time of the Strategic Review that our Brand Strategy was introduced a number of years ago and has since then evolved and been expanded to ensure that we offer customers the most comprehensive range of sought after local and international brands across all categories and under one roof.

"This strategy provides our business with a level of protection against competitor activity and enables us to adopt a strategic approach to our promotional activity," Mr McInnes said.

Throughout the year the Company's impressive brand portfolio was expanded and enhanced by introducing or signing a range of new brands (many on a department store exclusive basis) including:

- **Womenswear:** Saba, Lisa Ho, Witchery, Jayson Brunsdon, Bare by Rebecca Davies, Willow, Sunjoo Moon, Gant, Ben Sherman, Tommy;
- **Menswear:** Ben Sherman, Ted Baker, Kenneth Cole, Fred Perry, Sportscraft;
- **Youth Fashion:** True Religion, Free Soul, Blue Cult, Von Dutch, Juicy Couture;
- **Childrenswear:** Ben Sherman, Benneton, Hawk, Diesel;
- **Accessories:** Mimco, Dior, Fendi, Prada, Lacoste, Longines, Sportscraft;
- **Cosmetics:** Napoleon, SK-II, Origins, MAC, Jo Malone, OPI, Molton Brown, Anthony Logistics Mens Cosmetics;
- **Homewares:** Ralph Lauren Home, Calvin Klein Home, Armani Casa, FCUK Homewares, Donna Hay Homewares, Yves Delorme Home, George Jensen Homewares, Apple Computers;
- **Food:** Donna Hay Food, Max Brenner, Charbonnel & Walker, Godiva Chocolates, Tetsuya Sauces and Dressings, Stefano De Pieri.

FY04 was also the first year that Country Road branded products exited the Company's business. Mr McInnes said, "We are delighted with the performance of our Country Road Replacement program. Brands such as Witchery, Sportscraft and Veronika Maine have been a resounding success."

2. **Enhanced Marketing & Promotional Program**: Management recognised throughout the course of FY04 that the prevailing positive consumer sentiment provided an opportunity to generate additional sales by increasing David Jones' market presence through further investment in its marketing and promotional program. This increased investment was funded from cost savings generated by the Company that were over and above the targeted $17 million of savings for FY04. This increased investment in Marketing was a key factor in delivering the strong Sales growth the Company experienced in FY04 (4.5% growth on FY03 on a comparable basis). Most pleasing however is the fact that despite the increased investment in Marketing, the Company's Cost of Doing Business (CODB) percentage dropped 0.2% of Sales, in line with the Company's stated target of $50 million over 3 years.

In addition to taking advantage of the positive economic cycle, the Company's increased Marketing investment ensured it retained its leading department store market position, in particular following the rebranding of Myer in New South Wales.

Mr McInnes said, "Our increased investment in Marketing in FY04 was a strategic decision we made and implemented throughout the course of the year and is a clear indication of our ability to protect and grow our business in a dynamic and competitive environment."

3. Strategic Refurbishments: Mr McInnes said, " At the time of the Strategic Review we made it clear that we anticipated that our Refurbishment Program would be a strong generator of sales for our business."

The FY04 Refurbishment program included the re-opening in August 2003 of the fully refurbished Market Street Foodhall and the re-launching of the fully refurbished Bondi Junction store in November 2003. Both of these projects have delivered excellent Sales contribution since their relaunch, surpassing management's expectations. In May 2004 the Company commenced refurbishment of the Ground and Lower Ground floors of its flagship Elizabeth Street store, which will be completed in time for Christmas trading. The Bourke Street Foodhall refurbishment commenced in April 2004 and was completed and re-opened on 6 September 2004.

The first phase of the new David Jones Queen Street store will not open until around March/April 2005 (not November 2004 as previously advised) due to construction delays in the overall project. As a result, the transfer of ownership of property and the payment of the $27 million by CFS Gandel Retail Trust to David Jones will not occur until April 2005. The second and final phase of development is still broadly on track with completion of the whole development and the opening of the entire, newly constructed David Jones Queen Street store scheduled for the first half of 2006. In the interim, trading at the Company's existing Queen Street store continues uninterrupted, in its current format.

The Company's refurbishment project continues to have a strong focus on new, 'in-store' installations with over 250 individual installations expected in 2005.

4. Credit Card Cross-Promotional Campaign: The David Jones Credit Card business has been a strong Revenue generator for a number of years and management has capitalised on the complementary nature of this business to its core department store business, through an integrated cross-promotional marketing campaign.

The Credit Card division delivered yet another outstanding result in FY04 (EBIT of $27.7 million in FY04 up 25.3% on FY03 EBIT of 22.1 million). This was well in excess of the Strategic Review stated target of 5%-10% compound EBIT growth. The strong Credit Card performance reflects the benefits of continued good management of costs and bad debts, a well-managed interest free program and ongoing integration of the Card into the David Jones department store marketing program.

5. Shareholder Rewards Program: On 22 July 2004 David Jones announced the continuation of its Shareholder Rewards program in response to the discontinuance of the Coles Myer shareholder discount card. The loyalty market in Australia is undergoing significant change and David Jones' management believe there is a window of opportunity to try and gain incremental customers and sales in the department store sector through the continuation of the David Jones Shareholder Rewards program.

Mr McInnes said, "We will continue to monitor customer response to the David Jones offer in the context of the broader competitive loyalty market.

"Ultimately customer response and the value of incremental sales from the program will determine our future action. We have always maintained that we retain the right to suspend or vary the program if it ceases to be competitive or to generate value for all shareholders," Mr McInnes said.

FINANCIAL DISCIPLINES
In addition to Revenue Generating initiatives, the Company also implemented a number of Financial Disciplines throughout the year. Management believes that going forward these disciplines will provide the business with a level of earnings protection during times of economic slowdown.

The key disciplines and initiatives focussed on throughout the year included:

1. Cost Efficiencies: Following the Strategic Review announcement on 3 June 2003, the Company commenced implementation of a Cost Efficiencies program targeting non-customer service related areas. This program is designed to generate savings that more than offset cost increases inherent in the business such as rent, investment in key store refurbishments and improved customer service.

Significant progress was made throughout the year in identifying and generating savings and efficiencies in areas such as non-merchandise procurement, information technology, logistics and supply chain functions as well as visual merchandising initiatives and non-customer service related store savings. Key non-merchandise supply contracts that were put to tender and generated significant savings in FY04 were in the areas of telecommunications, advertising, printing, packaging and lift and escalator maintenance.

Through these initiatives the Company was able to generate savings in excess of its stated $17 million target for FY04. These additional savings were reinvested back into the business in the form of Revenue Generating initiatives, in particular in the areas of Marketing and Promotions and resulted in increased Sales for the year.

Mr McInnes said, "I am pleased to report that despite increased investment in our Marketing and Promotions campaign we still achieved our target of reducing our Cost of Doing Business (CODB) percentage by 0.2% in FY04.

David Jones reported a CODB percentage for FY04 of 33.5% compared to 33.7% in FY03.

Mr McInnes said, "The savings we generate from our Cost Efficiencies program each year will more than offset other increasing costs in our business. As stated at the time of the Strategic Review, we anticipate that net savings of $10 million will flow through to EBIT by FY06. We have identified our targeted $17 million Cost Efficiencies for FY05 and written them into our budget. We are confident of achieving a further $17 million in savings in FY06. Specific areas of focus relate to supply chain, cost efficiency 'better business teams' and the structural costs required to support the business.

"In order to motivate management to deliver these Cost Efficiencies and to ensure that the interests of management and shareholders are aligned our Company's entire Management Reward System is based on the ongoing delivery of our stated cost efficiency targets," Mr McInnes said.

2. Capital Expenditure Guidelines: Strict guidelines and disciplines in relation to Capital Expenditure (Capex) were introduced immediately post the Strategic Review announcement in June 2003. These included the establishment of a Capex Committee with formal and rigorous processes in place relating to business case review, approvals and return on investment. As a result of these initiatives Capex in FY04 was in line with the stated Strategic Review target of $50 million for the year. This compares to Capex of $61.9 million in FY03 and $70.6 million in FY02.

3. Inventory Management: Throughout FY04 David Jones continued its track record of being amongst the industry's best in terms of inventory management. The Company's well-established stock management practices resulted in aged stock inventory levels for the group being maintained below 5% of total inventory. Tight inventory management practices are well established within the business and enable the group to avoid the need for future discounting and mark-down sales due to a build-up of excess or aged stock.

4. Store Portfolio: As foreshadowed at the time of the Strategic Review only one change was made in FY04 to the group's store portfolio in FY04, this being the closure of the Company's Rockingham (WA) store following expiration of the lease at this site.

The Rockingham store was part of the Aherns acquisition in 1999. The store itself was not rebranded as a 'David Jones' store (as were the other four Aherns stores acquired in 1999) and was substantially smaller than David Jones' average floorplate which meant that it was not possible to provide the full David Jones customer offering in terms of categories and brands.

The Company now has 35 department stores in its portfolio and each contributes a store profit.

5. Capital Management: Mr McInnes said, "Our strong core business revenue performance in FY04 and the financial disciplines we have implemented mean that we are in a strong position with respect to capital management.

Return on Funds Employed[***] (ROFE) for FY04 was 26.1% compared to 14.8% in FY03.

Mr McInnes said, "At the time of the Strategic Review announcement we made it clear that we were committed to building and maintaining strong, excess cashflows.

"We are currently undertaking a comprehensive review of our Company's Capital Management position. Independent external advisers, Gresham Partners, are assisting us in this review. The review is taking into account all factors impacting capital management, including the seasonality of our Company's working capital, our fixed financial obligations (in terms of ongoing rental expense and costs relating to property structures put in place in calendar 2000) as well as the improving financial performance of the business.

"We believe that the Capital Management of our Company holds real potential to deliver additional value to shareholders over time," Mr McInnes said.

6. Cashflow Management: Significant improvement occurred in the size, sustainability and quality of the Company's earnings in FY04.

Mr McInnes said, " We saw a dramatic improvement in our Cash levels at the end of FY04 compared to FY03. This was delivered by a strong operating result and a substantial improvement in working capital. Some of the factors that delivered the working capital improvement were related to specific initiatives taken in FY04 as part of the business turnaround and some related to timing differences. The strong operating cashflow is expected to continue into future years' performance.

"The management and financial disciplines we have implemented over the past 12 months have helped us lay a solid foundation from which our Company's cashflows can strengthen and grow and from which we can deliver on-going earnings growth to shareholders in future years," Mr McInnes said.

EARNINGS PER SHARE & DIVIDENDS

Basic earnings per share (EPS) before significant items and after RPS dividends increased by 58.7% from 9.2 cents in FY03 to 14.6 cents in FY04.

[***] *ROFE is EBIT before significant items and goodwill divided by average funds employed*

The Board has declared a final dividend of 6 cents per ordinary share fully franked (bringing the total for FY04 to 11 cents per share fully franked; 2003: 6 cents). The final dividend will be payable on 9 November 2004. The final dividend is in line with guidance provided at the announcement of the 1H04 Results, and is in line with the Company's current payout policy of not less than 75% of NPAT before significant one-off items.

OUTLOOK

Mr McInnes said, "Looking forward we continue to have many challenges and opportunities ahead of us. We are confident that the business model we have implemented and the additional Revenue Generating initiatives and Financial Disciplines we will implement throughout FY05 and FY06 will enable us to continue to deliver earnings growth in future years.

"At the time of announcement of the Strategic Review we envisaged a three-year 'turn-around' process. I am pleased to report that in FY04 we have made excellent progress in restoring the investment fundamentals of our business and I am delighted that this can be reflected in returns to shareholders, in particular through a 100% increase in 2H04 dividend and an increase of 83% for the full year dividend.

" Whilst we are confident with our business model going forward, we are nevertheless a trading business and our performance is inevitably impacted by the economic cycle. Independent commentators are cautious about the economic outlook and are suggesting a potential slow down in consumer spending in calendar 2005. We have set our business parameters in line with this outlook by factoring a slowdown in Sales in the second half of FY05. Our FY05 sales growth guidance is 1.5%-2.5% on FY04. This growth guidance cycles our strong FY04 sales result, readjusted to a 52 week trading year and excluding the Rockingham (WA) 'Aherns' store. For the first 8 weeks of FY05 we are trading comfortably above this range and are well on track for the year ahead.

"On the basis of the consumer spending outlook and our strong FY04 Profit performance, our guidance is to deliver 5% Profit after Tax growth in FY05. We will also continue our work in the year ahead, on implementing further Revenue Generating initiatives and Financial Disciplines, including closely examining and assessing Capital Management opportunities which we believe have real potential to deliver additional value to shareholders over time." Mr McInnes said.

Ends

FOR FURTHER INFORMATION CONTACT:
Helen Karlis
General Manager Corporate Affairs and Investor Relations
David Jones Limited
02 9266 5960
0404 045 325

PROFIT SUMMARY	FY2004 $m	FY2003 $m	Change %
Sales - Department stores	**1,769.5**	1,674.6	+ 5.7%
Sales - Foodchain	**-**	36.6	n/a
TOTAL SALES	**1,769.5**	1,711.2	+ 3.4%
Gross profit - Department stores	**657.2**	611.8	+ 7.4%
% to sales - department stores	**37.1%**	36.5%	
Cost of Doing Business[1]	**592.2**	564.3	+ 4.9%
% to sales - department stores	**33.5%**	33.7%	
EBIT - Department stores	**65.0**	47.5	+ 36.7%
% to sales - department stores	**3.7%**	2.8%	
Credit	**27.7**	22.1	+ 25.3%
EBIT - Department stores + Credit	**92.6**	69.6	+ 33.1%
% to sales - department stores	**5.2%**	4.2%	
Property	**2.6**	2.5	+ 5.3%
Foodchain	**-**	(6.9)	n/a
EBIT - Total	**95.3**	65.2	+ 46.1%
% to total sales	**5.4%**	3.8%	
Net interest expense	**0.6**	3.2	- 82.3%
Profit before tax and significant items	**94.7**	62.0	+ 52.7%
Income tax expense	**29.4**	19.3	+ 52.6%
Profit after tax before Significant Items	**65.3**	42.8	+ 52.8%
Total significant items (before tax)	**-**	(84.3)	n/a
Tax on Significant items	**-**	16.1	n/a
Total significant items (after tax)	**-**	(68.2)	n/a
Profit after tax & Significant Items	**65.3**	(25.4)	+ 357.2%