DAVID JONES LIMITED

ABN 75 000 074 573

AND CONTROLLED ENTITIES

PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 25 JULY 2009

FINANCIAL STATEMENTS FOR THE 52 WEEKS ENDED 25 JULY 2009

(Comparative financial information for the 52 weeks ended 26 July 2008)

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ASX LISTING RULE 4.3A

APPENDIX 4E
PRELIMINARY FINAL REPORT

DAVID JONES LIMITED PRELIMINARY FINAL REPORT

ABN 75 000 074 573	Current Reporting Period:	52 Weeks ended 25 July 2009
	Previous Corresponding Period:	52 Weeks ended 26 July 2008

Results For Announcement to the Market

				$A'000
Revenues from ordinary activities	Down	5.4%	to	1,985,490
Profit from ordinary activities after tax attributable to members (**before** the impact of significant non recurring item in the 52 week period ended 26 July 2008 relating to the sale of property – Little Bourke Street, Melbourne, Victoria)*	Up	14.2%	to	156,522
Profit from ordinary activities after tax attributable to members (**after** the impact of significant non recurring item in the 52 week period ended 26 July 2008 relating to the sale of property – Little Bourke Street, Melbourne, Victoria)*	Up	6.3%	to	156,522

Dividends – Ordinary Shares	Amount per security	Franked amount per security
2009 Final dividend declared (payable 2 November 2009)	17¢	17¢
2009 Interim dividend (paid 4 May 2009)	11¢	11¢
Previous corresponding period		
2008 Interim dividend (paid 7 May 2008)	11¢	11 ¢
2008 Final dividend (paid 5 November 2008)	16¢	16¢

Record date for determining entitlements to the final dividend	12 October 2009

David Jones Limited operates a Dividend Reinvestment Plan (DRP) through which shareholders can reinvest dividends paid in ordinary shares in David Jones Limited. The last date of receipt of an election notice for participation in the DRP is 12 October 2009.

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item(s) of importance not previously released to the market:

Refer to attached ASX and Media Release, and Notes to this Preliminary Final Report.

Net Tangible Asset Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	$1.16	$1.05

The attached 2009 Financial Report of David Jones Limited and its Controlled Entities is in the process of being audited.

* Refer Appendix 4E Preliminary Final Report for the 52 weeks ended 26 July 2008, released 24 September 2008.

ASX LISTING RULE 4.3A

Appendix 4E
Preliminary Final Report

DAVID JONES LIMITED PRELIMINARY FINAL REPORT (CONTINUED)

Annual General Meeting

The annual general meeting will be held as follows:

Place:	Grand Hyatt Hotel 123 Collins Street Melbourne VIC
Date:	30 November 2009
Time:	11.00 am
Approximate date the annual report will be available:	23 October 2009

INCOME STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

		CONSOLIDATED		DAVID JONES LIMITED	
	Note	**2009 $000**	2008 $000	**2009 $000**	2008 $000
Revenue from sale of goods		**1,985,490**	2,097,999	**1,985,490**	2,097,999
Cost of sales		**(1,199,344)**	(1,268,227)	**(1,199,344)**	(1,268,227)
Gross profit		**786,146**	829,772	**786,146**	829,772
Other income	2	**64,538**	107,517	**183,912**	18,286
Employee benefits expenses		**(338,892)**	(347,460)	**(332,502)**	(346,063)
Lease and occupancy expenses		**(156,548)**	(170,906)	**(156,535)**	(170,913)
Depreciation and amortisation expenses	3	**(43,979)**	(41,544)	**(43,975)**	(41,541)
Advertising, marketing and visual merchandising expenses		**(45,521)**	(54,439)	**(43,153)**	(54,103)
Administration expenses		**(20,399)**	(34,028)	**(16,316)**	(33,925)
Net financing expenses	3	**(9,243)**	(41,178)	**(276)**	(162)
Other expenses		**(18,670)**	(38,119)	**(31,515)**	(51,808)
Profit before income tax expense		**217,432**	209,615	**345,786**	149,543
Income tax expense	5	**(60,910)**	(62,329)	**(64,647)**	(52,770)
Profit after income tax expense attributable to equity holders of the parent entity	24	**156,522**	147,286	**281,139**	96,773
Basic earnings per share (cents per share)	7	**31.5**	30.6		
Diluted earnings per share (cents per share)	7	**30.3**	30.0		

The above Income Statements should be read in conjunction with the accompanying notes to the Financial Statements.

BALANCE SHEETS

At 25 July 2009 and 26 July 2008

		CONSOLIDATED		DAVID JONES LIMITED	
		2009	2008	**2009**	2008
	Note	**$000**	$000	**$000**	$000
CURRENT ASSETS					
Cash and cash equivalents	8	**13,615**	66,564	**13,615**	10,564
Receivables	9	**25,942**	414,980	**25,106**	31,903
Inventories	10	**244,843**	257,288	**244,843**	257,288
Financial assets	11	**774**	704	**774**	598
Other assets	12	**8,805**	7,769	**8,501**	6,479
Total current assets		**293,979**	747,305	**292,839**	306,832
NON-CURRENT ASSETS					
Financial assets	11	**12**	798	**105,255**	105,255
Property, plant and equipment	13	**724,080**	670,687	**724,070**	670,674
Intangible assets	14	**38,192**	36,910	**27,887**	26,605
Deferred tax assets	15	**69,590**	73,910	**69,052**	68,862
Other assets	12	**1,364**	35	**1,364**	35
Total non-current assets		**833,238**	782,340	**927,628**	871,431
Total assets		**1,127,217**	1,529,645	**1,220,467**	1,178,263
CURRENT LIABILITIES					
Payables	16	**244,102**	274,608	**464,845**	588,077
Interest bearing liabilities	17	**1,870**	242,360	**1,870**	1,360
Current tax liabilities	18	**3,349**	22,997	**3,349**	22,997
Provisions	19	**52,049**	53,731	**52,049**	53,731
Financial liabilities	20	**2,309**	1,009	**521**	1,009
Other liabilities	21	**555**	8,828	**555**	7,473
Total current liabilities		**304,234**	603,533	**523,189**	674,647
NON-CURRENT LIABILITIES					
Interest bearing liabilities	17	**100,000**	270,000	—	—
Provisions	19	**6,856**	7,904	**6,856**	7,904
Financial liabilities	20	—	695	—	695
Other liabilities	21	**28,742**	27,723	**28,742**	27,723
Total non-current liabilities		**135,598**	306,322	**35,598**	36,322
Total liabilities		**439,832**	909,855	**558,787**	710,969
Net assets		**687,385**	619,790	**661,680**	467,294
EQUITY					
Contributed equity	22	**479,117**	455,341	**479,117**	455,341
Reserves	23	**55,748**	35,460	**57,000**	34,536
Retained earnings/(Accumulated losses)	24	**152,520**	128,989	**125,563**	(22,583)
Total equity		**687,385**	619,790	**661,680**	467,294

The above Balance Sheets should be read in conjunction with the accompanying notes to the Financial Statements.

STATEMENTS OF CHANGES IN EQUITY

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

		CONSOLIDATED		DAVID JONES LIMITED	
		2009	2008	**2009**	2008
	Note	**\$000**	\$000	**\$000**	\$000
Total equity at the beginning of the financial year		**619,790**	513,296	**467,294**	412,232
Unrealised gains on cash flow hedges		**23,014**	14,747	**13,324**	9,744
Unrealised losses on cash flow hedges		**(23,580)**	(12,828)	**(11,212)**	(8,968)
Realised gains on cash flow hedges		**(755)**	(621)	**(755)**	(621)
Realised gains on early termination of cash flow hedge		**(300)**	—	—	—
Income tax recognised directly in equity	5	**8,213**	2,046	**7,409**	2,269
Net Profit recognised directly in equity		**6,592**	3,343	**8,766**	2,424
Profit for the financial year		**156,522**	147,286	**281,139**	96,773
Total recognised income for the financial year		**163,114**	150,629	**289,905**	99,197
Transactions with equity holders in their capacity as equity holders:					
Issue of shares:					
- Dividend Reinvestment Plan		**25,862**	29,561	**25,862**	29,561
- Purchase of shares for the LTI Plan		**(2,168)**	—	**(2,168)**	—
- Employee share plans		**82**	97	**82**	97
Conversion of RPS to ordinary shares		—	33,187	—	33,187
Dividends provided for or paid:					
- Cash component	6	**(107,128)**	(85,204)	**(107,128)**	(85,204)
- Dividend Reinvestment Plan	6	**(25,862)**	(29,561)	**(25,862)**	(29,561)
Share-based payments	3	**13,695**	7,785	**13,695**	7,785
Total equity at the end of the financial year		**687,385**	619,790	**661,680**	467,294

The above Statements of Changes in Equity should be read in conjunction with the accompanying notes to the Financial Statements.

CASH FLOW STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

		CONSOLIDATED		DAVID JONES LIMITED	
		2009	2008	**2009**	2008
	Note	**$000**	$000	**$000**	$000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of GST)		**2,207,818**	2,378,346	**2,184,790**	2,314,385
Payments to suppliers and employees (inclusive of GST)		**(1,981,762)**	(2,123,152)	**(1,938,915)**	(2,140,865)
Commissions received		**41,710**	—	**41,710**	—
Interest received		**1,081**	56,967	**656**	188
Borrowing costs paid		**(9,294)**	(41,279)	**(327)**	(264)
Income tax paid		**(68,026)**	(68,919)	**(77,076)**	(57,481)
Net cash flows from operating activities	8	**191,527**	201,963	**210,838**	115,963
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		**(94,437)**	(73,289)	**(94,437)**	(73,289)
Payments for software		**(4,646)**	(338)	**(4,646)**	(338)
Proceeds from sale of property		—	42,000	—	42,000
Net cash flows used in investing activities		**(99,083)**	(31,627)	**(99,083)**	(31,627)
CASH FLOWS FROM FINANCING ACTIVITIES					
Dividends paid on ordinary shares		**(107,128)**	(85,204)	**(107,128)**	(85,204)
Proceeds from the assignment of storecard and credit reserve receivables		**374,311**	—	—	—
Repayment of receivables funding		**(241,000)**	—	—	—
Repayment of borrowings		**(170,000)**	(180,000)	—	—
Purchase of shares for LTI Plan		**(2,168)**	—	**(2,168)**	—
Interest paid on RPS		—	(1,333)	—	(1,333)
Proceeds from loan repayments under employee share plan		**82**	97	**82**	97
Net cash flows used in financing activities		**(145,903)**	(266,440)	**(109,214)**	(86,440)
Net (decrease)/increase in cash and cash equivalents		**(53,459)**	(96,104)	**2,541**	(2,104)
Cash and cash equivalents at beginning of the financial year		**65,204**	161,308	**9,204**	11,308
Cash and cash equivalents at end of the financial year		**11,745**	65,204	**11,745**	9,204

Notes:

(i)	Reconciliation to the Balance Sheet:				
	Cash and cash equivalents is comprised of the following:				
	Cash and cash equivalents	**13,615**	66,564	**13,615**	10,564
	Bank overdraft	**(1,870)**	(1,360)	**(1,870)**	(1,360)
Cash and cash equivalents at end of the financial year		**11,745**	65,204	**11,745**	9,204

(ii) Non-cash financing and investing activities

During the year, the following share transactions occurred:

8,502,658 shares (2008: 6,963,393) were issued under the Dividend Reinvestment Plan. Dividends settled in shares rather than cash during the year were $25.862 million (2008: $29.561 million).

The above Cash Flow Statements should be read in conjunction with the accompanying notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

David Jones Limited (the Company) is a public company incorporated and operating in Australia and is listed on the ASX (trading under the symbol DJS). The consolidated Financial Statements for the 52 weeks ended 25 July 2009 comprise the Company and its subsidiaries (together referred to as the Consolidated Entity).

(a) Basis of preparation

The Financial Statements have been prepared on an historical cost basis except that derivative financial instruments are stated at their fair value.

The Company is of a kind referred to in ASIC Class order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005) and in accordance with the Class Order, amounts in the Financial Statements and Directors' Report have been rounded to the nearest thousand dollars, unless otherwise stated.

The preparation of financial statements in conformity with the Australian Accounting Standards Board requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next annual reporting period include:

- Income taxes: Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.
- Inventory valuation: As disclosed in note 1(l), the lower of cost and net realisable value is used to calculate the value of inventory at period end. Cost is determined using the retail inventory method and estimated average department mark-up ratios.
- Impairment of goodwill: As disclosed in note 1(s), the Consolidated Entity tests at each period end to determine whether goodwill has suffered any impairment. The recoverable amounts of cash-generating units have been determined based on a value in use calculation. As disclosed in note 14, these calculations use assumptions relating to cash flow projections.
- Provisions: As disclosed in note 19, estimates are used in the calculation of provisions.
- Share-based payments: As disclosed in note 29, the Consolidated Entity calculates the share-based payments expense using assumptions relating to future financial performance against targets, and the retention of eligible employees.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The accounting policies have been consistently applied by each entity within the Consolidated Entity for all periods reported in the Financial Statements.

(b) Statement of compliance

The Financial Statements complies with Australian Accounting Standards as issued by the Australian Board and International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board.

(c) New accounting standards and interpretations

The following standards and amendments applicable to the Consolidated Entity were issued but not yet effective, and they have not been applied by the Consolidated Entity and the Company in these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New accounting standards and interpretations (continued)

Reference	Title	Summary	Application date of standard	Impact on Conolidated Entity's Financial Statements	Application date for Consolidated Entity for Financial year ending:
AASB 8	Operating Segments	Replaces presentation requirements of AASB 114 Segment Reporting.	1 January 2009	Impact on disclosure only.	31 July 2010
AASB 2007 – 3	Amendments to Australian Accounting Standards arising from AASB 8	Amendments arising from AASB 8 Operating Segments.	1 January 2009	Impact on disclosure only.	31 July 2010
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	Requires that all borrowing costs associated with a qualifying asset be capitalised.	1 January 2009	The Consolidated Entity will no longer be able to expense borrowing costs associated with a qualifying asset. Likely impact considered to be insignificant.	31 July 2010
AASB 101 (Revised), AASB 2007-8 and AASBT 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a Statement of Comprehensive Income. Other revisions include impacts on the presentation of items in the Statement of Changes in Equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	Impact on presentation only.	31 July 2010
AASB 2008-1	Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations.	The amendments clarify the definition of 'vesting conditions', introducing the term 'non-vesting conditions' and prescribing accounting treatment of an award that is effectively cancelled because a non-vesting condition is not satisfied.	1 January 2009	No major impact identified.	31 July 2010
AASB 3 (Revised)	Business Combinations	A number of changes to the accounting for business combinations entered into at a non-controlling interest.	1 July 2009	Applicable for future acquisitions only.	31 July 2010
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127	A number of changes to the accounting for business combinations entered into at a non-controlling interest.	1 July 2009	Applicable for future acquisitions only.	31 July 2010

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) New accounting standards and interpretations (continued)

Reference	Title	Summary	Application date of standard	Impact on Conolidated Entity's Financial Statements	Application date for Consolidated Entity for Financial year ending:
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project.	The improvements project is in two parts: Part I deals with accounting changes identified by the IASB; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009	No major impact identified.	31 July 2010
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project.	This relates to the 2nd group of amendments issued by the IASB in relation to the Annual Improvements Project	1 July 2009	No major impact identified.	31 July 2010
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate	The main amendments are to AASB 127 deleting the cost method.	1 January 2009	Amendments may be applicable for future acquisitions only.	31 July 2010
AASB 2008-8	Amendments to Australian Accounting Standards – Eligible Hedged Items	The amendments clarify how the principles underlying hedge accounting should be applied when (i) a one-sided risk in a hedged item and (ii) inflation in a financial hedged item existed or was likely to exist.	1 July 2009	No impact identified.	31 July 2010
AASB 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments (AASB 4, AASB 7, AASB 1023 & AASB 1038)	The main amendment to AASB 7 requires fair value measurements to be disclosed by the source of inputs, using a 3 level hierarchy.	1 January 2009	Impact on disclosure only.	31 July 2010
AASB 2009-4	Amendments to Australian Accounting Standards arising from the Annual Improvement Project (AASB 2, AASB 138, AASB Ints 9 & 16)	The main amendments of relevance to Australian entities is that made to IFRIC 16 which allows qualifying hedge instruments to be held by an entity or entities within the Group.	1 July 2009	No major impact identified.	31 July 2010

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated Financial Statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's Financial Statements.

(ii) Transactions eliminated on consolidation

Intra-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated Financial Statements.

(e) Revenue

Revenue is recognised in the Income Statement to the extent that it is probable that the economic benefits will flow to the Consolidated Entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Risks and rewards are considered as being passed to the buyer at the earlier of delivery of the goods or the transfer of legal title to the customer. Revenue from the sale of goods is recognised net of returns.

Revenue from the sale of goods on interest-free credit terms was measured at the fair value of the consideration receivable. The fair value of the consideration was determined by discounting all future receipts at the rate of interest applicable to the Consolidated Entity's receivables funding. The unwinding of the difference between the fair value and nominal value of the consideration was recognised as interest revenue.

Revenue from customer gift cards is recognised when the card's balance is partially or fully redeemed by the customer through the purchase of goods using the card. When a revenue transaction involves the issue of a promotional gift card that may be subsequently redeemed, the future expected cost of settling the obligation is provided for at the time of the revenue transaction.

(ii) Commission earned

Revenue from commissions earned is recognised when it is probable that the economic benefits will flow to the Consolidated Entity.

(iii) Financial service fees

Revenue from financial service fees relating to the establishment of customer loans is deferred and recognised over the expected life of the instrument on an effective interest rate basis. Other fees charged by the Consolidated Entity for servicing a customer loan are recognised as revenue as the services are provided.

(iv) Interest

Revenue is recognised as the interest accrued using the effective interest rate method, which was the rate that discounts estimated future cash receipts through the expected life of the financial instrument.

(f) Expenses

(i) Operating lease expenses

Payments made under operating leases, where the lease agreement includes predetermined fixed rate increases, are recognised in the Income Statement on a straight-line basis over the term of the lease. Other operating lease payments are expensed as incurred.

Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense and spread over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Expenses (continued)

(ii) Net financing expenses

Net financing expenses comprise interest payable on borrowings calculated using the effective interest method, foreign exchange gains and losses, gains and losses on hedging instruments that are recognised in the Income Statement and amortisation of transaction costs that are capitalised and amortised over the life of the borrowings.

(iii) Pre-opening expenses

Pre-opening expenses in connection with new stores are charged to the Income Statement in the period in which they are incurred

(g) Leases

Leases of property, plant and equipment where the Consolidated Entity, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations are included in other liabilities.

(h) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year based on the corporate tax rate of 30% and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for Financial Statements purposes and the amounts used for taxation purposes, with the exception of goodwill. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses, except where the deferred income tax asset relating to the deductible difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The Company and its wholly owned Australian resident entities have formed a tax-consolidated group with effect from 28 July 2002 and have therefore been taxed as a single entity from that date. The head entity within the tax-consolidated group is David Jones Limited.

Current tax expense, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'group allocation' approach.

Details of the Consolidated Entity's tax funding agreement and tax sharing agreement are disclosed in note 5.

(i) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(j) Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Trade and other receivables

Trade and other receivables are stated at amounts to be received in the future and are disclosed net of any provision for doubtful debts.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. An allowance for doubtful debt is made when there is objective evidence that the Consolidated Entity will not be able to collect the debts. Bad debts are written off when identified in the Income Statement.

(l) Inventories

Finished goods on hand or in transit are stated at the lower of cost and net realisable value with cost primarily being determined by using the retail inventory method. This method utilises the current selling prices of inventories and reduces prices to cost by the application of average department mark up ratios.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

Supplier rebates, discounts and subsidies (to the extent they exceed the incremental cost for a specific promotion) are recognised as a reduction in the cost of inventory and are recorded as a reduction in cost of sales when the inventory is sold. Inventories do not include finished goods on hand in store departments that are subject to Retail Brand Management agreements as these goods are purchased from the supplier immediately prior to a sales transaction occurring.

(m) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads.

The cost of assets includes the costs of dismantling and removing the items (based on best estimates at the time of acquisition) and restoring the site on which they are located. Changes in the measurement of existing liabilities recognised for these costs resulting from changes in the timing or outflow of resources required to settle the obligation, or from changes in the discount rate, are also capitalised.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

(ii) Subsequent costs

The Consolidated Entity recognises in the carrying amount of an item of plant and equipment the cost of replacing part of such an item when that cost is incurred, if it is probable that the future economic benefits embodied within the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance costs are recognised in the Income Statement as an expense as incurred.

(iii) Depreciation

Depreciation is charged to the Income Statement on a straight-line basis over the estimated useful lives of buildings, plant and equipment. The estimated useful lives in the current and comparative year are as follows:

Leasehold improvements	10 - 25 years
Plant and equipment	5 - 25 years
Computer equipment	3 - 5 years
Fixtures and fittings	5 - 13 years
Buildings	75 years

The assets' residual values and useful life are reviewed, and adjusted if appropriate, at each Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Property, plant and equipment (continued)

(iv) Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell, and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(n) Intangibles

(i) Goodwill

Goodwill represents the excess of the acquisition cost over the fair value of the Consolidated Entity's share of the net identifiable assets of the acquired subsidiary or business combination (refer note 1(o)) at the date of acquisition. Goodwill is included within intangible assets and is not amortised. Instead, it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. For goodwill balances recognised prior to 1 August 2004, the carrying value is net of goodwill amortisation up to 31 July 2004.

(ii) Software

Software is amortised on a straight-line basis over the estimated useful life of the asset. It is disclosed within intangible assets and is assessed annually for any indicators of impairment. The useful life of software assets for the current and comparative year was 5 years.

(o) Business combinations

The purchase method of accounting is used to account for all business combinations. Cost is measured as the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. The excess of the cost of acquisition over the fair value of the Consolidated Entity's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the Consolidated Entity's share of fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the Income Statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(p) Derivative financial instruments

The Consolidated Entity holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Consolidated Entity designates certain derivatives as either hedges of the fair value of recognised assets or liabilities of a firm commitment (fair value hedges); or hedges of highly probable forecast transactions (cash flow hedges).

The Consolidated Entity documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Consolidated Entity also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement within net financing expenses, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Derivative financial instruments (continued)

(ii) Cash flow hedge

The effective portion of the changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity as part of the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Income Statement, within net financing expenses.

Amounts accumulated in equity are recycled in the Income Statement in the periods when the hedged item will affect profit or loss (for instance when the forecast transaction that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement, within net financing expenses. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the Income Statement.

(q) Other financial assets

The Consolidated Entity classifies its investments in the following categories: financial assets at fair value through the Income Statement; loans and receivables. The classification depends on the purpose for which the investments were acquired. The classification of investments is determined at the time of initial recognition.

(i) Financial assets at fair value through Income Statement

This category has two sub-categories: financial assets held for trading; and those designated at fair value through the Income Statement on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or there exists the possibility it will be sold in the short term and the asset is subject to frequent changes in fair value.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the Balance Sheet date, which are classified as non-current assets. Loans and receivables are included in receivables in the Balance Sheet.

(r) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at each balance date. The quoted market price used for financial assets held by the Consolidated Entity is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Consolidated Entity uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at each balance date.

The nominal value less estimated impairment adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Consolidated Entity for similar financial instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Impairment

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's effective interest rate determined at the time of initial recognition. The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in the Income Statement.

The Consolidated Entity first assesses whether objective evidence of impairment exists for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment of impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the Income Statement, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Other assets

At each reporting date, the Consolidated Entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Consolidated Entity makes a formal estimate of recoverable amount.

Recoverable amount is the higher of fair value less costs to sell, and value in use. It is determined for an individual asset, unless the asset’s value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or group of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Income Statement, unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the Income Statement.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

(t) Trade and other payables

Trade and other payables are recognised when the Consolidated Entity becomes obliged to make future payments resulting from the purchase of goods and services. The amounts, which are stated at cost, are unsecured, non interest bearing and usually settled within 30-90 days of recognition.

(u) Interest bearing liabilities

Interest bearing liabilities are initially recognised at fair value, net of transaction costs incurred. After initial recognition the liabilities are carried at amortised cost using the effective interest method.

Interest bearing liabilities are classified as current liabilities unless the Consolidated Entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(v) Provisions

A provision is recognised in the Balance Sheet when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. A description of the nature of each provision is disclosed in note 19.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(w) Employee benefits

(i) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for wages and salaries (including non-monetary benefits) and annual leave in respect of employees' services up to the reporting date are measured at the undiscounted amounts expected to be paid when the liability is settled including on-costs such as payroll tax, superannuation and workers compensation insurance.

Non-accumulating benefits such as sick leave are not provided for and are expensed as the benefits are taken by employees.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made for services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using the rates attached to national government bonds at the balance date that have maturity dates approximating the expected future cash outflows.

(iii) Superannuation contributions

Contributions to defined contribution funds are recognised as an expense in the Income Statement as they become payable.

(iv) Share-based payments

Share-based compensation is provided to eligible employees as part of their remuneration. The fair value of rights granted to employees is recognised as an employee benefits expense with a corresponding increase to the share-based payments reserve.

The fair value is measured at grant date and recognised as an expense over the period during which the employees become unconditionally entitled to the underlying shares.

The fair value of the rights granted is valued by an external valuer taking into account the terms and conditions upon which the rights were granted.

The amount recognised as an expense is adjusted to reflect the actual number of share rights that vest (except in cases where forfeiture is due to the Total Shareholder Return (TSR) being below the vesting threshold).

Where a tax deduction arises for the settlement of share-based payments, the amount recognised as a benefit to income tax expense is limited to the tax effect of the related share-based payments expense. Any remaining amount is recognised directly in equity in the share-based payments reserve. A deferred tax balance is recognised for any deductions earned for which the related share-based payment has not been recognised and for the estimate of any probable deductions that will occur in the future.

(v) Bonus plans

The Consolidated Entity recognises a provision and an expense for bonuses payable under the Short Term Incentive (STI) Scheme based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Consolidated Entity recognises a provision when a contractual obligation exists or where there is a past practice that has created a constructive obligation.

(x) Contributed Equity

Ordinary shares are classified as contributed equity.

Incremental costs directly attributable to the issue of new shares or options are shown in contributed equity as a deduction, net of tax, from the proceeds.

(y) Dividends

Provision is made for the amount of any dividend declared in respect of ordinary shares on or before the end of the period but not distributed at the Balance Sheet date.

(z) Foreign currency transactions

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the foreign exchange rate ruling at the Balance Sheet date.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(aa) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Balance Sheet.

Cash flows are included in the Cash Flow Statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(ab) Segment Reporting

A business segment is a distinguishable component of the Consolidated Entity that is engaged in providing products or services that are subject to risks and rewards that are different from those of other segments.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000

2. OTHER INCOME

Commissions received	**45,436**	—	**44,202**	—
Sundry income	**9,362**	14,270	**9,054**	5,970
Interest income	**1,077**	2,081	**656**	188
Financial services fees & interest – David Jones store card	**8,663**	79,038	**—**	—
Dividend received from subsidiary	**—**	—	**130,000**	—
Profit on sale of property: Little Bourke Street, Melbourne Victoria	**—**	12,128	**—**	12,128
Total Other Income	**64,538**	107,517	**183,912**	18,286

3. PROFIT BEFORE INCOME TAX

Profit before income tax expense includes the following specific items:

Depreciation	**40,963**	38,761	**40,959**	38,758
Amortisation	**3,016**	2,783	**3,016**	2,783
Total depreciation and amortisation	**43,979**	41,544	**43,975**	41,541
Loss on disposal of plant and equipment	**429**	39	**429**	39
Net financing expenses:				
Interest and finance charges (gross)	**8,370**	43,936	**256**	154
Interest income/(expense) on hedging instrument	**1,153**	(2,782)	**—**	—
Interest and finance charges	**9,523**	41,154	**256**	154
Net unrealised foreign exchange loss	**20**	8	**20**	8
Realised (gain)/loss on hedging instruments recognised in the Income Statement	**(300)**	16	**—**	—
Total net financing expenses	**9,243**	41,178	**276**	162
Share-based payments expense	**13,695**	7,785	**13,695**	7,785
Defined contribution superannuation expense	**25,251**	24,970	**25,251**	24,970
Amount set aside to provide for Directors' retirement allowance	**54**	71	**54**	71
Rental expense on operating leases:				
Other persons - minimum lease payments	**73,698**	66,610	**73,698**	66,610
Contingent rentals	**7,872**	7,394	**7,872**	7,394
Total rental expense	**81,570**	74,004	**81,570**	74,004

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

4. SEGMENT REPORTING

Business and geographical segments

The Consolidated Entity operates in Australia and was organised into the following divisions by product and service type for the financial year:

- Department Stores comprising David Jones department stores, rack stores and corporate head office; and
- Financial Services primarily comprising the alliance between the Consolidated Entity and American Express from which commissions and other income have been earned. In prior periods, the Financial Services segment was comprised of the David Jones store card and other related financial services.

Segment accounting policies

Segment accounting policies are the same as the Consolidated Entity's policies described in note 1.

During the financial year, there were no changes in segment accounting policies that had a material effect on segment information.

PRIMARY REPORTING – BUSINESS SEGMENTS	DEPARTMENT STORES		FINANCIAL SERVICES		CONSOLIDATED	
	2009	2008	**2009**	2008	**2009**	2008
	$000	$000	**$000**	$000	**$000**	$000
REVENUE						
Sales to customers outside the Consolidated Entity	**1,985,490**	2,097,999	**—**	—	**1,985,490**	2,097,999
Other revenues from customers outside the Consolidated Entity	**8,720**	16,254	**54,407**	88,792	**63,127**	105,046
Total segment revenues	**1,994,210**	2,114,253	**54,407**	88,792	**2,048,617**	2,203,045
Unallocated revenue					**1,411**	2,471
Total consolidated revenue					**2,050,028**	2,205,516
RESULT						
Segment result	**175,870**	169,749	**41,274**	38,385	**217,144**	208,134
Unallocated items					**288**	1,481
Profit before income tax expense					**217,432**	209,615
ASSETS						
Segment assets	**1,044,681**	1,008,513	**945**	383,091	**1,045,626**	1,391,604
Unallocated assets					**81,690**	138,041
Total assets					**1,127,316**	1,529,645
LIABILITIES						
Segment liabilities	**377,291**	458,028	**—**	357,098	**377,291**	815,126
Unallocated liabilities					**62,640**	94,729
Total liabilities					**439,931**	909,855
Other Segment Information:						
Acquisition of non-current assets	**99,083**	73,627	**—**	—	**99,083**	73,627
Depreciation and amortisation	**43,979**	41,544	**—**	—	**43,979**	41,544
Significant non-cash expenses other than depreciation and amortisation	**13,695**	7,785	**—**	14,552	**13,695**	22,337

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

4. SEGMENT REPORTING (CONTINUED)

Financial Services - Agreement with American Express

On 19 February 2008, the Consolidated Entity entered into agreements with American Express Australia Limited (American Express) relating to the assignment of all store card and credit reserve receivables and the launch of a general purpose credit card.

Impact on segment assets

The transfer of receivables was completed on 1 August 2008, resulting in the legal assignment of all contractual rights to cash flows from the store card and credit reserve receivables to American Express. The Consolidated Entity therefore derecognised $374.311 million of store card and other related receivables on 1 August 2008, on the basis that it no longer held contractual right to receive cashflows from the receivables, and that substantially all of the risks and rewards associated with the variability in cashflows from the receivables had been transferred to American Express. This represents a material change to segment assets of the Financial Services segment. The cash consideration received by American Express of $374.311 million was partly used to repay bank finance facilities (reducing current interest bearing liabilities by $241.000 million and non-current interest bearing liabilities of $100.000 million). The balance of funds received resulted in an increase in cash assets of $33.311 million.

Impact on segment results

In prior periods, revenue earned by the Financial Services segment primarily related to revenue received from store card holders in the form of interest payments, fees and other charges. Following the legal assignment of the receivables to American Express, and the launch of the general purpose credit card in October 2008, such revenues are earned directly by American Express. Under the terms of the agreements with American Express, the Consolidated Entity is responsible for certain marketing, branding and advertising activities for which it receives commission. The other revenue in the Financial Services segment of $54.407 million disclosed above primarily represents commissions received from American Express during the period.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
5. INCOME TAX EXPENSE				
Recognised in the Income Statement:				
Current tax expense				
Current year	**53,335**	65,981	**62,386**	54,499
Over provision in prior years	**(2)**	(187)	**(2)**	(187)
	53,333	65,794	**62,384**	54,312
Deferred tax (benefit)/expense				
Origination and reversal of temporary differences	**7,683**	(3,330)	**2,369**	(1,407)
Over provision in prior years	**(106)**	(135)	**(106)**	(135)
	7,577	(3,465)	**2,263**	(1,542)
Total income tax expense in Income Statement	**60,910**	62,329	**64,647**	52,770
Reconciliation between prima facie tax on net profit before tax to tax expense:				
Profit before income tax expense	**217,432**	209,615	**345,786**	149,543
Tax at the corporate tax rate of 30% (2008: 30%)	**65,230**	62,885	**103,736**	44,863
Increase in income tax expense due to:				
– non-deductible entertainment	**104**	257	**104**	257
– non-deductible share-based payments expense	**655**	2,336	**655**	2,336
– assessable income on disposal of property	**—**	3,601	**—**	3,601
– non-deductible legal fees	**284**	—	**284**	—
– other	**543**	(420)	**543**	(420)
Decrease in income tax expense due to:				
– acquisition of shares for LTI Plan relating to grants vested in prior year	**(4,965)**	(954)	**(4,965)**	(954)
– utilisation of capital losses	**—**	(4,004)	**—**	(4,004)
– depreciation of buildings	**(833)**	(1,050)	**(667)**	(884)
– exempt dividend income	**—**	—	**(39,000)**	—
– tax consolidation – group allocation	**—**	—	**4,065**	8,297
	61,018	62,651	**64,755**	53,092
Income tax expense over provided in prior years	**(108)**	(322)	**(108)**	(322)
Income tax expense	**60,910**	62,329	**64,647**	52,770
Current tax recognised directly in equity	**(4,960)**	(2,346)	**(4,960)**	(2,346)
Deferred tax recognised directly in equity				
- share based payments	**(2,857)**	—	**(2,857)**	—
- cash flow hedges	**(396)**	300	**408**	77
	(8,213)	(2,046)	**(7,409)**	(2,269)

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

5. INCOME TAX EXPENSE (CONTINUED)

Tax consolidation

The Company and its wholly owned Australian resident subsidiaries formed a tax-consolidated group for income tax purposes with effect from 28 July 2002 and have therefore been taxed as a single entity from that date. The head entity within the tax-consolidated group is David Jones Limited. This entity is legally liable for the income tax liabilities of the tax-consolidated group. The accounting policies dealing with the accounting treatment of the tax consolidation are set out in note 1.

Nature of tax funding agreement and tax sharing agreement

The members of the tax-consolidated group have entered into a tax funding agreement which sets out the funding obligations of members of the tax consolidated group in respect of tax amounts. The tax funding agreement requires payments to/(from) the head entity equal to the current tax liability/(asset) assumed by the head entity, and for any deferred tax assets arising from tax losses assumed by the head entity, resulting in the head entity recognising an inter-entity payable/(receivable) equal to the amount of the tax liability/(asset) assumed.

The members of the tax-consolidated group have also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the Financial Statements in respect of this agreement, as payment of any amounts under the tax sharing agreement is considered remote.

In preparing the accounts for the Company for the current year, the following amounts have been recognised as tax-consolidation contribution adjustments:

	DAVID JONES LIMITED	
	2009	2008
	$000	$000
Total increase/(reduction) to tax expense of David Jones Limited	**9,051**	(11,482)
Total (reduction)/increase to inter-company assets of David Jones Limited	**(9,051)**	11,482
	—	—

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

6. DIVIDENDS

Dividends recognised by the Company:

	CENTS PER SHARE	TOTAL AMOUNT $000	DATE OF PAYMENT
2009			
2008 Final ordinary	16.0	**78,472**	5 November 2008
2009 Interim ordinary	11.0	**54,518**	4 May 2009
Total dividends recognised		**132,990**	
2008			
2007 Final ordinary	13.0	61,940	8 November 2007
2008 Interim ordinary	11.0	52,825	7 May 2008
Total dividends recognised		114,765	

All dividends paid in the current and prior financial year were fully franked at the tax rate of 30%.

Subsequent event

Since the end of the financial year, the Directors have declared the following dividend on ordinary shares, fully franked at the tax rate of 30%:

2009 Final ordinary	17.0	**85,112**	2 November 2009

The financial effect of the final ordinary dividend for 2009 has not been recognised in the Financial Statements for the year ended 25 July 2009 and will be recognised in subsequent financial statements.

Dividend Franking account

Franking credits available to shareholders of the Company for subsequent financial years, based on a tax rate of 30% (2008: 30%) are $84.125 million (2008: $92.747million).

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the current tax liability;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that may be prevented from being distributed in subsequent financial years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the franking account of the dividend recommended by the Directors since the end of the financial year, but not recognised as a liability at year end, will be a reduction in the franking account of $36.477 million (2008: $33.633 million).

For income tax purposes, the Company and its wholly owned Australian subsidiaries formed a tax consolidated group for which one franking account is maintained.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED	
	2009	2008
	CENTS PER SHARE	CENTS PER SHARE

7. EARNINGS PER SHARE

Basic earnings per share	**31.5**	30.6
Diluted earnings per share	**30.3**	30.0

	$000	$000
The following data was used in calculating basic and dilutive earnings per share:		
Profit after income tax expense	**156,522**	147,286

	NUMBER	NUMBER
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**497,425,200**	481,817,069
Effect of dilution – LTI Plan	**19,933,965**	9,579,930
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**517,359,165**	491,396,999
Weighted average number of converted, lapsed or cancelled potential ordinary shares included in diluted earnings per share	**2,012,210**	447,401

There have been no other material transactions involving ordinary shares or potential ordinary shares since balance date and before the completion of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000

8. CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**13,615**	10,564	**13,615**	10,564
Short-term deposits	**—**	56,000	**—**	—
	13,615	66,564	**13,615**	10,564

In the prior year, short-term deposits were for various terms maturing within 7 days at a floating interest rate of 7.25% pa. The Consolidated Entity's exposure to interest rate risk, including a sensitivity analysis for financial assets and liabilities, is disclosed in note 32.

Reconciliation of profit after income tax to the net cash flows from operations

Profit after income tax	**156,522**	147,286	**281,139**	96,773
Adjusted for other non-cash items and transfers:				
– Depreciation and amortisation expenses	**43,979**	41,544	**43,975**	41,541
– Net (gain)/loss on disposal of assets	**429**	(12,128)	**429**	(12,128)
– Share-based payments expense	**13,695**	7,785	**13,695**	7,785
– Hedge reserve	**(1,620)**	1,297	**1,360**	153
– Interest classified as financing activity	**—**	1,333	**—**	1,333
Changes in assets and liabilities:				
– Receivables	**14,726**	(7,793)	**6,795**	(14,082)
– Inventories	**12,445**	22,993	**12,445**	22,993
– Other assets	**(1,649)**	430	**(3,527)**	1,862
– Payables	**(30,506)**	8,636	**(123,232)**	(18,547)
– Taxation	**(7,115)**	(6,590)	**(12,429)**	(4,711)
– Interest bearing liabilities	**—**	4,193	**—**	60
– Provisions	**(2,730)**	(10,250)	**(2,730)**	(10,250)
– Other liabilities	**(6,649)**	3,227	**(7,082)**	3,181
Net cash from operating activities	**191,527**	201,963	**210,838**	115,963

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
9. RECEIVABLES				
CURRENT				
Store card and credit reserve receivables	—	383,077	—	—
Amounts receivable from suppliers	**12,087**	19,617	**12,087**	19,617
Less: provision for doubtful debts	**(4,420)**	(4,496)	**(4,420)**	(4,496)
Net amounts receivable from suppliers	**7,667**	15,121	**7,667**	15,121
Other receivables	**18,275**	16,782	**17,439**	16,782
	25,942	414,980	**25,106**	31,903

Notes:

(i) All Store card and credit reserve receivables were interest bearing, with the exception of receivables relating to interest free sales promotions. The payment terms varied between each credit option and include the following:

Standard credit option
The minimum payment for each statement period was the greater of $10 or 2.00% of the adjusted closing balance plus any unpaid minimum payments from earlier statement periods.

Instalment credit option
For each purchase under an instalment credit option, the purchase was divided into a number of equal monthly instalments. The number of instalments was equal to the number of months specified for the credit option. In each of the months specified for the credit option, an instalment was added to the minimum payment. The first instalment was included in the statement of account for the period which includes the date of purchase. The minimum payment in relation to a statement period for an instalment credit option was the sum of the monthly instalments for that statement period, the interest charges for the statement period, and any unpaid minimum payments from earlier statement periods.

Credit reserve loans
The minimum payment due for each statement period was the greater of $10 or 1.95% of the closing balance plus any unpaid minimum payments from earlier statement periods.

(ii) Refunds receivable from suppliers and other debtors are non-interest bearing and are generally on 30 to 90 day terms.

(iii) Details of the effective interest rate and credit risk of current receivables are disclosed in note 32.

Allowances for Doubtful Debts

Movements in the allowances for doubtful debts for amounts due from suppliers and store card and credit reserve receivables for the prior year were as follows:

	CONSOLIDATED		DAVID JONES LIMITED	
MOVEMENTS IN THE ALLOWANCE FOR DOUBTFUL DEBTS	**2009**	2008	**2009**	2008
	$000	$000	**$000**	$000
Balance at the beginning of the year	**(4,496)**	(13,815)	**(4,496)**	(3,767)
Charge for the year	**(19)**	(14,472)	**(19)**	(734)
Written off	**95**	23,791	**95**	5
Balance at the end of the year	**(4,420)**	(4,496)	**(4,420)**	(4,496)

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

9. RECEIVABLES (CONTINUED)

Aged Analysis of Receivables

The aged analysis of amounts due from suppliers, for the current year, and both amounts due from suppliers and store card and credit reserve receivables at balance date, for the prior year, were as follows:

	CONSOLIDATED		DAVID JONES LIMITED	
AGED ANALYSIS OF RECEIVABLES	**2009**	2008	**2009**	2008
	$000	$000	**$000**	$000
Neither past due nor impaired	**2,542**	387,076	**2,542**	3,999
Less than 30 days overdue	**4,546**	7,064	**4,546**	7,064
More than 30 days but less than 90 days overdue	**417**	2,439	**417**	2,439
More than 90 days overdue	**162**	1,619	**162**	1,619
Total store card and credit reserve receivables	**7,667**	398,198	**7,667**	15,121

For the year ended 26 July 2008, the store card and credit reserve receivables balance was classified as current (neither past due nor impaired) as the receivables were transferred to American Express on 1 August 2008. The Consolidated Entity derecognised its store card and credit reserve receivables on the date of transfer.

In relation to all other receivables no amounts are impaired, nor are any amounts past due. Based on the credit history of other receivables, it is expected that these amounts will be received when due.

The credit quality of all financial assets that are neither past due nor impaired is consistently monitored with reference to historical default rates, payment history, account aging, borrower specific events, consumer credit bureau and other publicly available information so as to identify any potential adverse changes in credit quality. The credit quality of receivables at balance date is considered satisfactory.

The Consolidated Entity's accounting policy for impairment is disclosed in note 1(s).

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000

10. INVENTORIES

Retail inventories	**244,843**	257,288	**244,843**	257,288
	244,843	257,288	**244,843**	257,288

11. FINANCIAL ASSETS

CURRENT				
Forward exchange contracts	**774**	598	**774**	598
Interest rate swaps	**—**	106	**—**	—
	774	704	**774**	598
NON-CURRENT				
Shares in controlled entities – at recoverable amount	**—**	—	**105,243**	105,243
Shares in other corporations – at cost	**12**	12	**12**	12
Interest rate swaps	**—**	786	**—**	—
	12	798	**105,255**	105,255

Forward exchange and interest rate swap contracts are designated as cash flow hedges. Information in relation to the Consolidated Entity's exposure to forward exchange and interest rate risks are disclosed in note 32.

12. OTHER ASSETS

CURRENT				
Prepayments	**8,805**	7,769	**8,501**	6,479
	8,805	7,769	**8,501**	6,479
NON-CURRENT				
Prepayments	**1,364**	35	**1,364**	35
	1,364	35	**1,364**	35

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

13. PROPERTY, PLANT AND EQUIPMENT

The movements in the Consolidated Entity's property, plant and equipment balances are as follows:

	Land and Buildings and Integral Plant	Leasehold Improvements	Plant and Equipment	Computer Equipment	Fixtures and Fittings	Work in Progress	Total
Year ended 25 July 2009	$000	$000	$000	$000	$000	$000	$000
At 27 July 2008, net of accumulated depreciation	**385,980**	**88,195**	**22,804**	**6,383**	**123,761**	**43,564**	**670,687**
Additions	—	**14,804**	**2,778**	**1,409**	**45,304**	**30,142**	**94,437**
Disposals and write-downs	—	**(6)**	**(5)**	**(37)**	**(353)**	—	**(401)**
Transfers and reclassifications	—	—	—	—	**320**	—	**320**
Depreciation charge for the year	**(2,240)**	**(7,158)**	**(4,211)**	**(1,544)**	**(25,810)**	—	**(40,963)**
At 25 July 2009, net of accumulated depreciation	**383,740**	**95,835**	**21,366**	**6,211**	**143,222**	**73,706**	**724,080**
At 26 July 2008							
Cost	**390,073**	**185,807**	**64,093**	**45,971**	**279,402**	**43,564**	**1,008,910**
Accumulated depreciation	**(4,093)**	**(97,612)**	**(41,289)**	**(39,588)**	**(155,641)**	—	**(338,223)**
Net carrying amount	**385,980**	**88,195**	**22,804**	**6,383**	**123,761**	**43,564**	**670,687**
At 25 July 2009							
Cost	**390,073**	**196,425**	**65,247**	**38,319**	**304,228**	**73,706**	**1,067,998**
Accumulated depreciation	**(6,333)**	**(100,590)**	**(43,881)**	**(32,108)**	**(161,006)**	—	**(343,918)**
Net carrying amount	**383,740**	**95,835**	**21,366**	**6,211**	**143,222**	**73,706**	**724,080**
Year ended 26 July 2008							
At 29 July 2007, net of accumulated depreciation	411,608	88,960	20,362	3,646	113,163	28,430	666,169
Additions	—	5,121	3,155	1,537	19,577	43,899	73,289
Disposals and write-downs	(23,286)	(2,803)	(289)	(31)	(3,463)	—	(29,872)
Transfers and reclassifications	—	3,367	3,785	3,121	18,354	(28,765)	(138)
Depreciation charge for the year	(2,342)	(6,450)	(4,209)	(1,890)	(23,870)	—	(38,761)
At 26 July 2008, net of accumulated depreciation	385,980	88,195	22,804	6,383	123,761	43,564	670,687
At 28 July 2007							
Cost	413,552	197,360	51,172	44,566	265,740	28,430	1,000,820
Accumulated depreciation	(1,944)	(108,400)	(30,810)	(40,920)	(152,577)	—	(334,651)
Net carrying amount	411,608	88,960	20,362	3,646	113,163	28,430	666,169
At 26 July 2008							
Cost	390,073	185,807	64,093	45,971	279,402	43,564	1,008,910
Accumulated depreciation	(4,093)	(97,612)	(41,289)	(39,588)	(155,641)	—	(338,223)
Net carrying amount	385,980	88,195	22,804	6,383	123,761	43,564	670,687

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

13. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The movements in the Company's property, plant and equipment balances are as follows:

	Land and Buildings and Integral Plant	Leasehold Improvements	Plant and Equipment	Computer Equipment	Fixtures and Fittings	Work in Progress	Total
Year ended 25 July 2009	$000	$000	$000	$000	$000	$000	$000
At 27 July 2008, net of accumulated depreciation	**385,980**	**88,195**	**22,791**	**6,383**	**123,761**	**43,564**	**670,674**
Additions	—	**14,804**	**2,778**	**1,409**	**45,304**	**30,142**	**94,437**
Disposals and write-downs	—	**(6)**	**(5)**	**(37)**	**(353)**	—	**(401)**
Transfers and reclassifications	—	—	—	—	**320**	—	**320**
Depreciation charge for the year	**(2,240)**	**(7,158)**	**(4,208)**	**(1,544)**	**(25,810)**	—	**(40,959)**
At 25 July 2009, net of accumulated depreciation	**383,740**	**95,835**	**21,356**	**6,211**	**143,222**	**73,706**	**724,070**
At 26 July 2008							
Cost	**390,073**	**185,807**	**64,055**	**45,971**	**279,402**	**43,564**	**1,008,872**
Accumulated depreciation	**(4,093)**	**(97,612)**	**(41,264)**	**(39,588)**	**(155,641)**	—	**(338,198)**
Net carrying amount	**385,980**	**88,195**	**22,791**	**6,383**	**123,761**	**43,564**	**670,674**
At 25 July 2009							
Cost	**390,073**	**196,425**	**65,209**	**38,322**	**304,218**	**73,706**	**1,067,953**
Accumulated depreciation	**(6,333)**	**(100,590)**	**(43,853)**	**(32,111)**	**(160,996)**	—	**(343,883)**
Net carrying amount	**383,740**	**95,835**	**21,356**	**6,211**	**143,222**	**73,706**	**724,070**
Year ended 26 July 2008							
At 29 July 2007, net of accumulated depreciation	411,608	88,960	20,155	3,646	113,353	28,430	666,152
Additions	—	5,121	3,155	1,537	19,577	43,899	73,289
Disposals and write-downs	(23,286)	(2,803)	(289)	(31)	(3,463)	—	(29,872)
Transfers and reclassifications	—	3,367	3,976	3,121	18,164	(28,765)	(137)
Depreciation charge for the year	(2,342)	(6,450)	(4,206)	(1,890)	(23,870)	—	(38,758)
At 26 July 2008, net of accumulated depreciation	385,980	88,195	22,791	6,383	123,761	43,564	670,674
At 28 July 2007							
Cost	413,552	197,360	50,957	44,566	265,532	28,430	1,000,397
Accumulated depreciation	(1,944)	(108,400)	(30,802)	(40,920)	(152,179)	—	(334,245)
Net carrying amount	411,608	88,960	20,155	3,646	113,353	28,430	666,152
At 26 July 2008							
Cost	390,073	185,807	64,055	45,971	279,402	43,564	1,008,872
Accumulated depreciation	(4,093)	(97,612)	(41,264)	(39,588)	(155,641)	—	(338,198)
Net carrying amount	385,980	88,195	22,791	6,383	123,761	43,564	670,674

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

14. INTANGIBLE ASSETS

The movements in the Consolidated Entity's and the Company's intangible balances are as follows:

	CONSOLIDATED			DAVID JONES LIMITED		
	Software	Goodwill	Total	Software	Goodwill	Total
Year ended 25 July 2009	$000	$000	$000	$000	$000	$000
At 27 July 2008, net of accumulated amortisation	**6,605**	**30,305**	**36,910**	**6,605**	**20,000**	**26,605**
Additions	**4,646**	**—**	**4,646**	**4,646**	**—**	**4,646**
Disposals and write downs	**(28)**	**—**	**(28)**	**(28)**	**—**	**(28)**
Transfers and reclassifications	**(320)**	**—**	**(320)**	**(320)**	**—**	**(320)**
Amortisation charge for the year	**(3,016)**	**—**	**(3,016)**	**(3,016)**	**—**	**(3,016)**
At 25 July 2009, net of accumulated amortisation	**7,887**	**30,305**	**38,192**	**7,887**	**20,000**	**27,887**
At 26 July 2008						
Cost	**31,412**	**30,305**	**61,717**	**31,184**	**20,000**	**51,184**
Accumulated amortisation	**(24,807)**	**—**	**(24,807)**	**(24,579)**	**—**	**(24,579)**
Net carrying amount	**6,605**	**30,305**	**36,910**	**6,605**	**20,000**	**26,605**
At 25 July 2009						
Cost	**34,537**	**30,305**	**64,842**	**34,309**	**20,000**	**54,309**
Accumulated amortisation	**(26,650)**	**—**	**(26,650)**	**(26,422)**	**—**	**(26,422)**
Net carrying amount	**7,887**	**30,305**	**38,192**	**7,887**	**20,000**	**27,887**
Year ended 26 July 2008						
At 29 July 2007, net of accumulated amortisation	8,912	30,305	39,217	8,912	20,000	28,912
Additions	338	—	338	338	—	338
Transfers and reclassifications	138	—	138	138	—	138
Amortisation charge for the year	(2,783)	—	(2,783)	(2,783)	—	(2,783)
At 26 July 2008, net of accumulated amortisation	6,605	30,305	36,910	6,605	20,000	26,605
At 28 July 2007						
Cost (gross carrying amount)	30,936	30,305	61,241	30,708	20,000	50,708
Accumulated amortisation	(22,024)	—	(22,024)	(21,796)	—	(21,796)
Net carrying amount	8,912	30,305	39,217	8,912	20,000	28,912
At 26 July 2008						
Cost	31,412	30,305	61,717	31,184	20,000	51,184
Accumulated amortisation	(24,807)	—	(24,807)	(24,579)	—	(24,579)
Net carrying amount	6,605	30,305	36,910	6,605	20,000	26,605

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

14. INTANGIBLE ASSETS (CONTINUED)

Impairment test for goodwill and other assets

The goodwill balance relates to the acquisition of a group of department stores in Western Australia ($10.305 million) and a department store in New South Wales ($20.000 million). The recoverable amount of these cash generating units is determined based on a value in use calculation. The calculation uses a cash flow projection over the remaining term of each store lease discounted at a pre-tax rate of 14.05%. The cash flows are based on financial projections determined by the Company based on a sales growth rate of 1% for the remaining lease period, and reflect both past experience and market expectations. Sensitivity analyses were performed taking the financial projections noted and reducing sales by up to 25% with the discount rate being increased to 14.15%, and reduced 13.95%. The results of the sensitivity analyses indicate that under these conditions it is reasonable to expect that no impairment losses would arise.

15. DEFERRED TAX ASSETS AND LIABILITIES

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Deferred tax assets are attributable to the following items:				
Inventory	**7,189**	6,923	**7,189**	6,923
Plant and equipment	**15,521**	15,990	**15,521**	16,263
Accrued expenses	**8,229**	8,329	**8,229**	8,329
Provisions for:				
– Directors retirement allowance	**361**	345	**361**	345
– Doubtful debts	**1,310**	6,263	**1,310**	1,349
– Employee benefits	**15,624**	16,757	**15,624**	16,757
– Sales returns	**876**	812	**876**	812
Revenue received in advance	**—**	407	**—**	—
Interest free sales	**—**	2,067	**—**	2,067
Straight-lining of lease rentals	**8,789**	8,492	**8,789**	8,492
Hedge accounting	**5,360**	7,414	**4,822**	7,681
Share based payments	**5,713**	—	**5,713**	—
Other amounts	**618**	111	**618**	(156)
	69,590	73,910	**69,052**	68,862
Reconciliation of movement of deferred tax assets:				
Opening balance	**73,910**	70,745	**68,862**	67,351
Charges recognised in income statement	**(7,577)**	3,465	**(2,263)**	1,542
Amounts recognised against equity	**3,257**	(300)	**2,453**	(31)
	69,590	73,910	**69,052**	68,862

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
16. PAYABLES				
Trade payables	**129,576**	140,791	**129,576**	140,835
Other payables and accruals	**114,526**	133,817	**110,344**	124,591
Intercompany payables	**—**	—	**224,925**	322,651
	244,102	274,608	**464,845**	588,077

17. INTEREST BEARING LIABILITIES

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	DAVID JONES LIMITED 2009 $000	DAVID JONES LIMITED 2008 $000
CURRENT				
Bank overdraft	**1,870**	1,360	**1,870**	1,360
Receivables purchase facility	**—**	241,000	**—**	—
	1,870	242,360	**1,870**	1,360
NON-CURRENT				
Unsecured bank loan	**100,000**	270,000	**—**	—
	100,000	270,000	**—**	—

Information in relation to the Consolidated Entity's exposure to interest rate risk is disclosed in note 32.

RECEIVABLES PURCHASE FACILITY

The receivables purchase facility was established through a bank to partially fund the Consolidated Entity's store card receivables. Under this facility the risks and rewards relating to the receivables remained with the Consolidated Entity. The facility was repaid and cancelled on 1 August 2008 after the transfer of receivables to American Express.

UNSECURED BANK LOAN

The unsecured syndicated bank loan in the form of a revolving cash advance facility was established in July 2007 and drawn down on 28 September 2007.

The unsecured syndicated loan facility had two tranches at the beginning of the year:

- $350.000 million core term tranche repayable on 28 September 2012; and
- $100.000 million short-term tranche repayable on 27 September 2008.

The short term tranche was for funding working capital requirements expired on 27 September 2008 and was not renewed.

At 26 July 2008, $100.000 million of the core term tranche facility had been drawn down to partially fund store card receivables. This amount was repaid following the transfer of store card receivables to American Express on 1 August 2008.

Further information in relation to this finance facility is disclosed in note 32.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	Note	CONSOLIDATED		DAVID JONES LIMITED	
		2009	2008	**2009**	**2008**
		$000	$000	**$000**	**$000**

17. INTEREST BEARING LIABILITIES (CONTINUED)

Financing facilities

Access to the following lines of credit was available at balance date:

	Note	Consolidated 2009 $000	Consolidated 2008 $000	David Jones Limited 2009 $000	David Jones Limited 2008 $000
Total facilities	(i)				
Unsecured bank loan		**350,000**	350,000	**—**	—
Overdraft and trade finance facility	(ii)	**29,600**	29,600	**29,600**	29,600
Working capital facility		**—**	100,000	**—**	—
Receivables purchase facility	(iii)	**—**	250,000	**—**	—
Bank guarantee	(iv)	**1,252**	1,182	**1,252**	1,182
		380,852	730,782	**30,852**	30,782
Used at balance date					
Unsecured bank loan		**100,000**	270,000	**—**	—
Overdraft and trade finance facility		**1,870**	1,360	**1,870**	1,360
Working capital facility		**—**	—	**—**	—
Receivables purchase facility		**—**	241,000	**—**	—
Bank guarantee		**1,252**	1,182	**1,252**	1,182
		103,122	513,542	**3,122**	2,542
Unused at balance date					
Unsecured bank loan		**250,000**	80,000	**—**	—
Overdraft and trade finance facility		**27,730**	28,240	**27,730**	28,240
Working capital facility		**—**	100,000	**—**	—
Receivables purchase facility		**—**	9,000	**—**	—
Bank guarantee		**—**	—	**—**	—
		277,730	217,240	**27,730**	28,240

Notes:

(i) All facilities are denominated in Australian dollars, unsecured and subject to borrowing covenants, which have been met.

(ii) The overdraft and trade finance facilities are subject to annual review in February each year.

(iii) The receivables purchase facility was repaid and cancelled on 1 August 2008.

(iv) The bank guarantee facility is available until November 2009.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000

18. CURRENT TAX LIABILITIES

Movements during the year were as follows:				
Balance at beginning of the year	**22,997**	28,468	**22,997**	28,468
Over provision from prior year	**(2)**	(187)	**(2)**	(187)
Current period income tax provision recognised in income statement	**53,340**	65,981	**53,340**	65,981
Current period income tax provision recognised in equity	**(4,960)**	(2,346)	**(4,960)**	(2,346)
Income tax paid	**(68,026)**	(68,919)	**(68,026)**	(68,919)
Balance at the end of the year	**3,349**	22,997	**3,349**	22,997

19. PROVISIONS

CURRENT				
Employee entitlements	**48,610**	50,140	**48,610**	50,140
Sales returns	**2,919**	2,707	**2,919**	2,707
Dismantling and restoration	**520**	884	**520**	884
	52,049	53,731	**52,049**	53,731
NON-CURRENT				
Employee entitlements	**5,063**	5,717	**5,063**	5,717
Directors' retirement allowance	**1,203**	1,148	**1,203**	1,148
Dismantling and restoration	**590**	1,039	**590**	1,039
	6,856	7,904	**6,856**	7,904

Movement

Movement in the carrying amount of each class of provision, excluding employee benefits and Directors' retirement allowance, are set out below. The numbers disclosed are for the Consolidated Entity and the Company.

	Sales Returns	Dismantling and Restoration	Total
	$000	$000	$000
Balance at the beginning of the year	**2,707**	**1,923**	**4,630**
Provisions made during the year	**3,308**	**85**	**3,393**
Provisions used during the year	**(3,096)**	**(898)**	**(3,994)**
Balance at the end of the year	**2,919**	**1,110**	**4,029**
Current	**2,919**	**520**	**3,439**
Non-current	**—**	**590**	**590**
Total	**2,919**	**1,110**	**4,029**

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

19. PROVISIONS (CONTINUED)

Sales returns

A provision is recognised for the estimated cost of sales returns, which have occurred during the year. The provision is estimated with reference to actual sales during the period and the historical level of sales returns processed in accordance with the Consolidated Entity's returns policy.

Dismantling and restoration

A provision is recognised in respect of existing lease contracts for the estimated present value of expenditure required to complete dismantling and site restoration obligations under those contracts at balance date. Future dismantling and restoration costs are reviewed annually. Any changes are reflected in the present value of the dismantling and restoration provision at the end of the reporting period.

The amount of the provision for future dismantling costs is capitalised and is amortised in accordance with the policy set out in note 1(m). The unwinding of the effect of discounting of the provision is recognised as a finance expense.

20. FINANCIAL LIABILITIES

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
CURRENT				
Forward exchange contracts	**521**	1,009	**521**	1,009
Interest rate swap contracts	**1,788**	—	**—**	—
	2,309	1,009	**521**	1,009
NON-CURRENT				
Forward exchange contracts	**—**	695	**—**	695
	—	695	**—**	695

Forward exchange and interest rate swap contracts are designated as cash flow hedges. Information in relation to the Consolidated Entity's exposure to forward exchange and interest rate risks are disclosed in note 32.

21. OTHER LIABILITIES

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
CURRENT				
Straight-lining of lease rentals	**555**	582	**555**	582
Unearned revenue	**—**	1,355	**—**	—
Discount on deferred payment of interest free sales	**—**	6,891	**—**	6,891
	555	8,828	**555**	7,473
NON-CURRENT				
Straight-lining of lease rentals	**28,742**	27,723	**28,742**	27,723
	28,742	27,723	**28,742**	27,723

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
22. CONTRIBUTED EQUITY				
Ordinary shares, fully paid	**479,117**	455,341	**479,117**	455,341
	479,117	455,341	**479,117**	455,341
Movements in ordinary share capital				
Balance at the beginning of the year	**455,341**	392,496	**455,341**	392,496
Dividend Reinvestment Plan	**25,862**	29,561	**25,862**	29,561
Purchase of shares for the LTI Plan	**(2,168)**	—	**(2,168)**	—
Employee share plan	**82**	97	**82**	97
Conversion of RPS	**—**	33,187	**—**	33,187
Balance at the end of the year	**479,117**	455,341	**479,117**	455,341

	DAVID JONES LIMITED	
	2009	2008
	Number of Shares	Number of Shares
Movements in the number of ordinary shares		
Balance at the beginning of the year	**483,452,861**	451,021,398
Dividend reinvestment plan	**8,502,658**	6,963,393
Shares issued under the LTI Plan	**7,001,157**	2,180,219
Shares issued for the LTI Plan	**1,700,000**	—
Conversion of RPS	**—**	23,287,851
Balance at the end of the year	**500,656,676**	483,452,861

Terms and conditions of ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

In the event of the winding up of the Company, ordinary shareholders rank after all other shareholders and creditors, and are fully entitled to any proceeds of liquidation.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000

23. RESERVES

Share-based payments reserve	**56,823**	35,310	**56,823**	35,310
Cash flow hedge reserve	**(1,075)**	150	**177**	(774)
	55,748	35,460	**57,000**	34,536
Movements:				
Share-based payments reserve				
Balance at beginning of the year	**35,310**	25,180	**35,310**	25,180
Share based payments expense for the year	**13,695**	7,785	**13,695**	7,785
Income tax recognised directly in equity	**7,817**	2,345	**7,817**	2,345
Balance at the end of the year	**56,823**	35,310	**56,823**	35,310
Cash flow hedge reserve				
Balance at beginning of the year	**150**	(851)	**(774)**	(851)
Movement during the year	**(1,225)**	1,001	**951**	77
Balance at the end of the year	**(1,075)**	150	**177**	(774)

Share-based payments reserve

The share-based payments reserve is used to recognise the fair value of LTI Plan rights issued and the income tax effect of amounts recognised directly in equity.

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the cumulative net change in fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000

24. RETAINED EARNINGS/ (ACCUMULATED LOSSES)

Balance at the beginning of the year	**128,989**	96,471	**(22,583)**	(4,593)
Net profit attributable to members of the parent entity	**156,522**	147,286	**281,139**	96,773
Dividends recognised on ordinary shares during the year	**(132,990)**	(114,765)	**(132,990)**	(114,765)
Balance at the end of the year	**152,520**	128,989	**125,563**	(22,583)

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

25. CONTINGENT LIABILITIES

The Directors are of the opinion that provisions are not required in respect of the matters disclosed below, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of being reliably measured.

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Indemnities				
Indemnities to third parties given in the ordinary course of business	**1,252**	1,182	**1,252**	1,182

Litigation

In the ordinary course of business, the Consolidated Entity becomes involved in litigation. Provision has been made for known obligations where the existence of the liability is probable and can be reasonably measured. As the outcomes of these matters remain uncertain, contingent liabilities exist for possible amounts eventually payable that are in excess of the amounts provided for. The financial estimate of these amounts is impracticable.

Finance facilities

David Jones Finance Pty Limited, a controlled entity within the group, is the borrower of certain finance facilities. The borrowings of David Jones Finance Pty Limited are guaranteed by the Company and certain controlled entities.

Deed of cross guarantee

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit, and lodgement of Financial Statements and Directors' reports.

It is a condition of the Class Order that the Company and each of the participating subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed, dated 22 March 2005, is that the Company guarantees to each creditor, payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the Corporations Act. If a winding up occurs under other provisions of the Corporations Act, the Company will only be liable in the event that, after six months, any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- David Jones Financial Services Limited;
- David Jones Finance Pty Limited;
- 299-307 Bourke Street Pty Limited; and
- David Jones Properties Pty Limited.

The Company and the above subsidiaries represent a Closed Group for the purposes of the Class Order.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

25. CONTINGENT LIABILITIES (CONTINUED)

Deed of cross guarantee (continued)

Set out below is a consolidated Income Statement and a consolidated Balance Sheet comprising the Company and the controlled entities that are party to the Deed, after eliminating all transactions between these parties, at balance date.

	CONSOLIDATED	
	2009	2008
	$000	$000
Summarised Income Statement		
Profit before related income tax expense	**216,377**	206,714
Income tax (expense)/credit	**(61,000)**	(62,405)
Profit after income tax expense	**155,377**	144,309
Summary of movements in consolidated retained earnings		
Balance at the beginning of the year	**121,017**	91,473
Dividends recognised during the year	**(132,990)**	(114,765)
Net profit attributable to parties of the Closed Group	**155,377**	144,309
Balance at the end of the year	**143,404**	121,017

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

25. CONTINGENT LIABILITIES (CONTINUED)

Deed of cross guarantee (continued)

	CONSOLIDATED	
	2009	2008
	$000	$000
CURRENT ASSETS		
Cash and cash equivalents	**13,615**	66,564
Receivables	**25,942**	414,980
Inventories	**244,843**	257,288
Financial assets	**774**	704
Other assets	**8,805**	7,769
Total current assets	**293,979**	747,305
NON-CURRENT ASSETS		
Financial assets	**105,255**	106,041
Property, plant and equipment	**724,080**	670,687
Intangible assets	**27,887**	26,605
Deferred tax assets	**69,590**	73,910
Other assets	**1,364**	35
Total non-current assets	**928,176**	877,278
Total assets	**1,222,155**	1,624,583
CURRENT LIABILITIES		
Payables	**313,157**	343,873
Interest bearing liabilities	**1,870**	342,360
Current tax liabilities	**3,349**	22,997
Provisions	**52,049**	53,731
Financial liabilities	**2,309**	1,009
Other liabilities	**555**	7,473
Total current liabilities	**373,289**	771,443
NON-CURRENT LIABILITIES		
Interest bearing liabilities	**100,000**	170,000
Provisions	**6,855**	7,904
Financial liabilities	**—**	695
Other liabilities	**28,742**	27,723
Total non-current liabilities	**135,597**	206,322
Total liabilities	**508,886**	977,765
Net assets	**713,269**	646,818
EQUITY		
Contributed equity	**514,117**	490,341
Reserves	**55,748**	35,460
Retained earnings	**143,404**	121,017
Total equity	**713,269**	646,818

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000

26. COMMITMENTS FOR EXPENDITURE

Capital expenditure commitments

Commitments for the acquisition of property, plant and equipment contracted for at the reporting date but not recognised as a liability in the Financial Statements, payable:

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	DAVID JONES LIMITED 2009 $000	DAVID JONES LIMITED 2008 $000
Within one year	**25,033**	10,199	**25,033**	10,199
Later than one year but not later than five years	**—**	—	**—**	—
Later than five years	**—**	—	**—**	—
	25,033	10,199	**25,033**	10,199

Operating lease commitments

Future operating lease rentals payable:

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	DAVID JONES LIMITED 2009 $000	DAVID JONES LIMITED 2008 $000
Within one year	**72,626**	71,888	**72,626**	71,888
Later than one year but not later than five years	**272,277**	269,602	**272,277**	269,602
Later than five years	**866,659**	847,290	**866,659**	847,290
	1,211,562	1,188,780	**1,211,562**	1,188,780

The Consolidated Entity leases retail premises and warehousing facilities. Generally, the operating lease agreements are for an average term of 23 years and include renewal options. Under most leases, the Consolidated Entity is responsible for property taxes, insurance, maintenance and other expenses related to the leased properties.

The operating lease commitments set out above comprise base rental payments plus agreed percentage increases.

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	$	$	**$**	$

27. AUDITOR'S REMUNERATION

During the financial year, the following fees were paid or payable for services provided by Ernst & Young, the auditor of David Jones Limited and it's Controlled Entities:

Audit services:

	CONSOLIDATED 2009 $	CONSOLIDATED 2008 $	DAVID JONES LIMITED 2009 $	DAVID JONES LIMITED 2008 $
– audit and review of Financial Statements	**644,485**	829,536	**644,485**	829,536
– assurance procedures in relation to LTI Plan	**—**	8,858	**—**	8,858
– audit of workers compensation wages declaration	**3,399**	3,090	**3,399**	3,090
	647,884	841,484	**647,884**	841,484

There were no non-audit services undertaken by the Consolidated Entity's external auditor during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

28. KMP DISCLOSURES

Key Management Personnel (KMPs) are persons having the authority and responsibility for planning, directing and controlling the Company's activities directly or indirectly, including Directors of David Jones Limited. The information shown is for the Consolidated Entity and the Company.

EQUITY HOLDINGS OF KMP

Long Term Incentive (LTI) Plan rights holdings of KMP

The following tables show the movements in LTI Plan rights holdings of KMP for the current and prior financial year.

For the year ended 25 July 2009

Name	LTI Plan	Holding at 26 July 2008[1]	Granted as Remuneration[1]	Vested during the Year[1]	Holding at 25 July 2009[1]	Fair Value of Right – TSR	Fair Value of Right – ROFE	Fair Value of Right – EPS	Fair Value of Right – NPAT
		Number	Number	Number	Number	$	$	$	$
Directors[2]									
Mark McInnes	06-08 offer	449,380	—	(449,380)	—	2.39	2.06	—	—
	05-08 retention offer	1,000,000	—	(1,000,000)	—	—	—	—	2.40
	07-09 offer	489,850	—	—	489,850	2.03	—	3.23	—
	08-10 offer	381,737	—	—	381,737	1.69	—	3.02	—
	09-11 retention offer								
	- Tranche 1	—	1,016,370	—	1,016,370	1.63	—	—	1.82
	- Tranche 2	—	1,016,370	—	1,016,370	1.59	—	—	1.82
	- Tranche 3	—	1,355,160	—	1,355,160	1.61	—	—	1.82
	Aggregate value		$5,810,249	$7,365,908					
Stephen Goddard	06-08 offer	175,620	—	(175,620)	—	2.39	2.06	—	—
	05-08 retention offer	600,000	—	(600,000)	—	—	—	—	2.40
	07-09 offer	233,601	—	—	233,601	2.03	—	3.23	—
	08-10 offer	173,156	—	—	173,156	1.69	—	3.02	—
	09-11 retention offer								
	- Tranche 1	—	519,677	—	519,677	1.63	—	—	1.82
	- Tranche 2	—	519,677	—	519,677	1.59	—	—	1.82
	- Tranche 3	—	692,904	—	692,904	1.61	—	—	1.82
	Aggregate value		$2,970,822	$3,799,092					
Senior executives									
Damian Eales	06-08 retention offer	400,000	—	(400,000)	—	—	—	—	2.47
	07-09 offer	101,787	—	—	101,787	2.60	—	3.80	—
	09-12 retention offer								
	- Tranche 1	200,000	—	—	200,000	2.09	—	—	2.97
	- Tranche 2	200,000	—	—	200,000	1.64	—	—	2.74
	- Tranche 3	200,000	—	—	200,000	1.65	—	—	2.74
	- Tranche 4	400,000	—	—	400,000	1.57	—	—	2.51
	Aggregate value		—	$1,760,000					

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

28. KMP DISCLOSURES (CONTINUED)

Long Term Incentive (LTI) Plan rights holdings of KMP

For the year ended 25 July 2009

Name	LTI Plan	Holding at 26 July 2008[1]	Granted as Remuneration[1]	Vested during the Year[1]	Holding at 25 July 2009[1]	Fair Value of Right – TSR	Fair Value of Right – ROFE	Fair Value of Right – EPS	Fair Value of Right – NPAT
		Number	Number	Number	Number	$	$	$	$
Colette Garnsey	06-08 retention offer	400,000	—	(400,000)	—	—	—	—	2.47
	07-09 offer	116,376	—	—	116,376	2.60	—	3.80	—
	09-12 retention offer								
	- Tranche 1	200,000	—	—	200,000	2.09	—	—	2.97
	- Tranche 2	200,000	—	—	200,000	1.64	—	—	2.74
	- Tranche 3	200,000	—	—	200,000	1.65	—	—	2.74
	- Tranche 4	400,000	—	—	400,000	1.57	—	—	2.51
	Aggregate value		—	$1,760,000					
Antony Karp	06-08 retention offer	400,000	—	(400,000)	—	—	—	—	2.47
	07-09 offer	101,787	—	—	101,787	2.60	—	3.80	—
	09-12 retention offer								
	- Tranche 1	200,000	—	—	200,000	2.09	—	—	2.97
	- Tranche 2	200,000	—	—	200,000	1.64	—	—	2.74
	- Tranche 3	200,000	—	—	200,000	1.65	—	—	2.74
	- Tranche 4	400,000	—	—	400,000	1.57	—	—	2.51
	Aggregate value		—	$1,760,000					
Patrick Robinson	06-08 retention offer	400,000	—	(400,000)	—	—	—	—	2.47
	07-09 offer	107,385	—	—	107,385	2.60	—	3.80	—
	09-12 retention offer								
	- Tranche 1	200,000	—	—	200,000	2.09	—	—	2.97
	- Tranche 2	200,000	—	—	200,000	1.64	—	—	2.74
	- Tranche 3	200,000	—	—	200,000	1.65	—	—	2.74
	- Tranche 4	400,000	—	—	400,000	1.57	—	—	2.51
	Aggregate value		—	$1,760,000					
Paul Zahra	06-08 retention offer	400,000	—	(400,000)	—	—	—	—	2.47
	07-09 offer	116,376	—	—	116,376	2.60	—	3.80	—
	09-12 retention offer								
	- Tranche 1	200,000	—	—	200,000	2.09	—	—	2.97
	- Tranche 2	200,000	—	—	200,000	1.64	—	—	2.74
	- Tranche 3	200,000	—	—	200,000	1.65	—	—	2.74
	- Tranche 4	400,000	—	—	400,000	1.57	—	—	2.51
	Aggregate value		—	$1,760,000					

Notes:

1 The numbers disclosed represent the number of rights allocated to each participant in the plan. The actual number of shares issued could differ, based on Company performance and the conversion ratio of the right to ordinary shares.

2 Non-Executive Directors are not entitled to participate in the LTI Plan and therefore no holdings are disclosed.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

28. KMP DISCLOSURES (CONTINUED)

Long Term Incentive (LTI) Plan rights holdings of KMP

For the year ended 26 July 2008

Name	LTI Plan	Holding at 28 July 2007[1]	Granted as Remuneration[1]	Vested during the Year[1]	Holding at 26 July 2008[1]	Fair Value of Right – TSR	Fair Value of Right – ROFE	Fair Value of Right – EPS	Fair Value of Right – NPAT
		Number	Number	Number	Number	$	$	$	$
Directors[2]									
Mark McInnes	05-07 offer	382,653	—	(382,653)	—	1.96	1.92	—	—
	06-08 offer	449,380	—	—	449,380	2.39	2.06	—	—
	05-08 retention offer	1,000,000	—	—	1,000,000	—	—	—	2.40
	07-09 offer	489,850	—	—	489,850	2.03	—	3.23	—
	08-10 offer	—	381,737	—	381,737	1.69	—	3.02	—
	Aggregate value		$898,991	$2,829,719					
Stephen Goddard	05-07 offer	173,469	—	(173,469)	—	1.96	1.92	—	—
	06-08 offer	175,620	—	—	175,620	2.39	2.06	—	—
	05-08 retention offer	600,000	—	—	600,000	—	—	—	2.40
	07-09 offer	233,601	—	—	233,601	2.03	—	3.23	—
	08-10 offer	—	173,156	—	173,156	1.69	—	3.02	—
	Aggregate value		$407,782	$1,282,803					
Executives									
Damian Eales	05-07 offer	71,429	—	(71,429)	—	1.37	1.62	—	—
	06-08 retention offer	400,000	—	—	400,000	—	—	—	2.47
	07-09 offer	101,787	—	—	101,787	2.60	—	3.80	—
	09-12 retention offer								
	- Tranche 1	—	200,000	—	200,000	2.09	—	—	2.97
	- Tranche 2	—	200,000	—	200,000	1.64	—	—	2.74
	- Tranche 3	—	200,000	—	200,000	1.65	—	—	2.74
	- Tranche 4	—	400,000	—	400,000	1.57	—	—	2.51
	Aggregate value		$2,278,200	$528,217					
Collette Garnsey	05-07 offer	118,367	—	(118,367)	—	1.37	1.62	—	—
	06-08 retention offer	400,000	—	—	400,000	—	—	—	2.47
	07-09 offer	116,376	—	—	116,376	2.60	—	3.80	—
	09-12 retention offer								
	- Tranche 1	—	200,000	—	200,000	2.09	—	—	2.97
	- Tranche 2	—	200,000	—	200,000	1.64	—	—	2.74
	- Tranche 3	—	200,000	—	200,000	1.65	—	—	2.74
	- Tranche 4	—	400,000	—	400,000	1.57	—	—	2.51
	Aggregate value		$2,278,200	$875,324					

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

28. KMP DISCLOSURES (CONTINUED)

Long Term Incentive (LTI) Plan rights holdings of KMP (continued)

For the year ended 26 July 2008

Name	LTI Plan	Holding at 28 July 2007[1]	Granted as Remuneration[1]	Vested during the Year[1]	Holding at 26 July 2008[1]	Fair Value of Right – TSR	Fair Value of Right – ROFE	Fair Value of Right – EPS	Fair Value of Right – NPAT
		Number	Number	Number	Number	$	$	$	$
Antony Karp	05-07 offer	48,112	35,000[3]	(83,112)	—	1.37	1.62	—	—
	06-08 retention offer	400,000	—	—	400,000	—	—	—	2.47
	07-09 offer	101,787	—	—	101,787	2.60	—	3.80	—
	09-12 retention offer								
	- Tranche 1	—	200,000	—	200,000	2.09	—	—	2.97
	- Tranche 2	—	200,000	—	200,000	1.64	—	—	2.74
	- Tranche 3	—	200,000	—	200,000	1.65	—	—	2.74
	- Tranche 4	—	400,000	—	400,000	1.57	—	—	2.51
	Aggregate value		$2,457,050	$614,613					
Patrick Robinson	05-07 offer	118,367	—	(118,367)	—	1.37	1.62	—	—
	06-08 retention offer	400,000	—	—	400,000	—	—	—	2.47
	07-09 offer	107,385	—	—	107,385	2.60	—	3.80	—
	09-12 retention offer								
	- Tranche 1	—	200,000	—	200,000	2.09	—	—	2.97
	- Tranche 2	—	200,000	—	200,000	1.64	—	—	2.74
	- Tranche 3	—	200,000	—	200,000	1.65	—	—	2.74
	- Tranche 4	—	400,000	—	400,000	1.57	—	—	2.51
	Aggregate value		$2,278,200	$875,324					
Paul Zahra	05-07 offer	118,367	—	(118,367)	—	1.37	1.62	—	
	06-08 retention offer	400,000	—	—	400,000	—	—	—	2.47
	07-09 offer	116,376	—	—	116,376	2.60	—	3.80	—
	09-12 retention offer								
	- Tranche 1	—	200,000	—	200,000	2.09	—	—	2.97
	- Tranche 2	—	200,000	—	200,000	1.64	—	—	2.74
	- Tranche 3	—	200,000	—	200,000	1.65	—	—	2.74
	- Tranche 4	—	400,000	—	400,000	1.57	—	—	2.51
	Aggregate value		$2,278,200	$875,324					

Notes:

1 The numbers disclosed represent the number of rights allocated to each participant in the plan. The actual number of shares issued could be higher or lower, dependent on Company performance and the conversion ratio of the right to ordinary shares.

2 Non-Executive Directors are not entitled to participate in the LTI Plan and therefore no holdings are disclosed.

3 During the year an additional 35,000 rights were issued to Anthony Karp at $5.11 based on performance.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

28. KMP DISCLOSURES (CONTINUED)

Shareholdings of KMP

The following tables show the movements in the number of ordinary shares held in the Company, directly, indirectly or beneficially, by each KMP, including their related parties, for the current and prior financial year.

Year ended 25 July 2009	Holding at 26 July 2008	Granted as remuneration[1]	Allocated under LTI Plan	Net change – other[2]	Holding at 25 July 2009
Directors					
Robert Savage	**104,171**	**12,796**	**—**	**8,815**	**125,782**
John Coates	**41,945**	**—**	**—**	**7,831**	**49,776**
Mark McInnes	**886,195**	**—**	**1,674,070**	**(1,559,962)**	**1,000,303**
Stephen Goddard	**609,744**	**—**	**863,430**	**(349,315)**	**1,123,859**
Reginald Clairs	**175,263**	**3,403**	**—**	**6,862**	**185,528**
John Harvey	**30,939**	**—**	**—**	**2,806**	**33,745**
Katie Lahey	**21,702**	**—**	**—**	**614**	**22,316**
Peter Mason	**102,504**	**—**	**—**	**5,346**	**107,850**
Executives					
Damian Eales	**351,826**	**—**	**400,000**	**—**	**751,826**
Colette Garnsey	**5,629**	**—**	**400,000**	**(400,000)**	**5,629**
Antony Karp	**121,659**	**—**	**400,000**	**366**	**522,025**
Patrick Robinson	**417,142**	**—**	**400,000**	**(10,000)**	**807,142**
Paul Zahra	**420,671**	**—**	**400,000**	**21**	**820,692**

Year ended 26 July 2008	Holding at 28 July 2007	Granted as remuneration[1]	Allocated under LTI Plan	Net change – other[2]	Holding at 26 July 2008
Directors					
Robert Savage	84,908	14,286	—	4,977	104,171
John Coates	39,616	—	—	2,329	41,945
Mark McInnes	1,162,215	—	573,980	(850,000)	886,195
Stephen Goddard	349,540	—	260,204	—	609,744
Reginald Clairs	167,461	3,800	—	4,002	175,263
John Harvey	30,000	—	—	939	30,939
Katie Lahey	17,261	—	—	4,441	21,702
Peter Mason	—	—	—	102,504	102,504
Executives					
Damian Eales	244,683	—	107,143	—	351,826
Colette Garnsey	628,078	—	177,551	(800,000)	5,629
Antony Karp	4,375	—	107,168	10,116	121,659
Patrick Robinson	239,591	—	177,551	—	417,142
Paul Zahra	243,107	—	177,551	13	420,671

Notes:

1 Includes shares acquired through the DESP.

2 'Net change – other' includes on-market purchases and sales of ordinary shares, and shares acquired through the dividend reinvestment plan.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

28. KMP DISCLOSURES (CONTINUED)

Shareholdings of KMP (continued)

Other transactions and balances with KMP

David Jones employees, including KMPs, are entitled to a staff discount on purchases made from the Consolidated Entity. The discount varies depending on the merchandise purchased and does not exceed 10%.

Loans to KMP

There were no loans between the Consolidated Entity and KMPs during the current or prior financial year except for amounts due for purchases made on an arm's length basis on the David Jones store card or the David Jones American Express Card.

29. EMPLOYEE SHARE PLANS

Share-based payment arrangements

The Consolidated Entity provides share-based payment arrangements to employees under the following plans:

- LTI Plan
- Employee Share Plan
- EESP
- DESP

LTI Plan

Rights to ordinary shares are granted to senior executives under the LTI Plan. Offers are generally made annually to key executives. The performance period of the rights is typically three years and it is a requirement that the executive stays in continued employment for the full period. The number of rights that vest is dependent upon the achievement of specified performance conditions. The rights can only be equity settled in ordinary shares. The information in the tables that follow relate to both the Consolidated Entity and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

29. EMPLOYEE SHARE PLANS (CONTINUED)

LTI Plan (continued)

Movements in the LTI Plan rights for the 52 weeks ended 25 July 2009:

			NUMBER OF LTI PLAN RIGHTS							
Offer Description/Performance Period	Date of Grant	Expiry Date	Balance at start of year	Granted during period	Forfeited during period	Vested during period	Balance at end of year	Exercisable at end of year	Fair value per right TSR hurdle	Fair value per right ROFE/EPS/ NPAT hurdle
06 - 08 Offer Executive Directors 1 August 2005 - 31 July 2008	2 December 2005	31 July 2008	**625,000**	**—**	**—**	**625,000**	**—**	**—**	**$2.39**	**$2.06**
06 - 08 Offer 1 August 2005 - 31 July 2008	3 April 2006	31 July 2008	**169,876**	**—**	**7,438**	**162,438**	**—**	**—**	**$3.04**	**$2.47**
Retention Offer - Executive Directors 1 August 2004 - 31 July 2007	2 December 2005	31 July 2008	**1,600,000**	**—**	**—**	**1,600,000**	**—**	**—**	**—**	**$2.40**
Retention Offer 1 August 2005 - 31 July 2008	3 April 2006	31 July 2008	**4,220,000**	**—**	**—**	**4,220,000**	**—**	**—**	**—**	**$2.47**
07 - 09 Offer Executive Directors 1 August 2006 - 31 July 2009	1 December 2006	31 July 2009	**723,451**	**—**	**—**	**—**	**723,451**	**723,451**	**$2.03**	**$3.23**
07 - 09 Offer 1 August 2006 - 31 July 2009	1 March 2007	31 July 2009	**1,312,493**	**—**	**66,359**	**—**	**1,246,134**	**1,246,134**	**$2.60**	**$3.80**
08 - 10 Offer Executive Directors 1 August 2007 - 31 July 2010	23 July 2008	31 July 2010	**554,893**	**—**	**—**	**—**	**554,893**	**—**	**$1.69**	**$3.02**
09 - 12 Retention Offer - Tranche 1 1 August 2008 - 31 July 2009	24 July 2008	October 2010	**2,901,000**	**22,000**	**122,000**	**—**	**2,801,000**	**—**	**$2.09**	**$2.97**
09 - 12 Retention Offer - Tranche 2 1 August 2009 - 31 July 2010	24 July 2008	October 2011	**2,901,000**	**22,000**	**122,000**	**—**	**2,801,000**	**—**	**$1.64**	**$2.74**
09 - 12 Retention Offer - Tranche 3 1 August 2010 - 31 July 2011	24 July 2008	October 2011	**2,901,000**	**22,000**	**122,000**	**—**	**2,801,000**	**—**	**$1.65**	**$2.74**
09 - 12 Retention Offer - Tranche 4 1 August 2011 - 31 July 2012	24 July 2008	October 2012	**5,802,000**	**44,000**	**244,000**	**—**	**5,602,000**	**—**	**$1.57**	**$2.51**
Retention Offer Executive Directors - Tranche 1 1 August 2008 - 31 July 2009	28 November 2008	October 2011	**—**	**1,536,047**	**—**	**—**	**1,536,047**	**—**	**$1.63**	**$1.82**
Retention Offer Executive Directors - Tranche 2 1 August 2009 - 31 July 2010	28 November 2008	October 2011	**—**	**1,536,047**	**—**	**—**	**1,536,047**	**—**	**$1.59**	**$1.82**
Retention Offer Executive Directors - Tranche 3 1 August 2010 - 31 July 2011	28 November 2008	October 2011	**—**	**2,048,064**	**—**	**—**	**2,048,064**	**—**	**1.61**	**$1.82**

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

29. EMPLOYEE SHARE PLANS (CONTINUED)

LTI Plan (continued)

Movements in the LTI Plan rights for the 52 weeks ended 26 July 2008:

			NUMBER OF LTI PLAN RIGHTS							
Offer Description/Performance Period	Date of Grant	Expiry Date	Balance at start of year	Granted during period	Forfeited during period	Vested during period	Balance at end of year	Exercisable at end of year	Fair value per right TSR hurdle	Fair value per right ROFE/EPS/ NPAT hurdle
05 - 07 Offer Executive Directors 1 August 2004 – 31 July 2007	26 November 2004	31 July 2007	556,122	—	—	556,122	—	—	$1.96	$1.92
05 - 07 Offer 1 August 2004 – 31 July 2007	30 June 2005	31 July 2007	874,021	23,333	—	897,354	—	—	$1.37	$1.62
06 - 08 Offer Executive Directors 1 August 2005 – 31 July 2008	2 December 2005	31 July 2008	625,000	—	—	—	625,000	625,000	$2.39	$2.06
06 - 08 Offer 1 August 2005 – 31 July 2008	3 April 2006	31 July 2008	164,551	13,358	8,033	—	169,876	169,876	$3.04	$2.47
Retention Offer – Offer Executive Directors 1 August 2004 – 31 July 2007	2 December 2005	31 July 2008	1,600,000	—	—	—	1,600,000	1,600,000	—	$2.40
Retention Offer 1 August 2005 – 31 July 2008	3 April 2006	31 July 2008	4,220,000	—	—	—	4,220,000	4,220,000	—	$2.47
07 - 09 Offer Executive Directors 1 August 2006 – 31 July 2009	1 December 2006	31 July 2009	723,451	—	—	—	723,451	—	$2.03	$3.23
07 - 09 Offer 1 August 2006 – 31 July 2009	1 March 2007	31 July 2009	1,342,463	—	29,970	—	1,312,493	—	$2.60	$3.80
08 - 10 Offer Executive Directors 1 August 2007 – 31 July 2010	23 July 2008	31 July 2010	—	554,893	—	—	554,893	—	$1.69	$3.02
09 - 12 Retention Offer – Tranche 1 1 August 2008 – 31 July 2009	24 July 2008	October 2010	—	2,901,000	—	—	2,901,000	—	$2.09	$2.97
09 - 12 Retention Offer – Tranche 2 1 August 2009 – 31 July 2010	24 July 2008	October 2011	—	2,901,000	—	—	2,901,000	—	$1.64	$2.74
09 - 12 Retention Offer – Tranche 3 1 August 2010 – 31 July 2011	24 July 2008	October 2011	—	2,901,000	—	—	2,901,000	—	$1.65	$2.74
09 - 12 Retention Offer – Tranche 4 1 August 2011 – 31 July 2012	24 July 2008	October 2012	—	5,802,000	—	—	5,802,000	—	$1.57	$2.51

The numbers disclosed above are the number of rights allocated to all participants in the plan. The actual number of shares issued could be higher or lower, dependent on Company performance and the conversion ratio of the right to ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

29. EMPLOYEE SHARE PLANS (CONTINUED)

	CONSOLIDATED		DAVID JONES LIMITED	
	2009	2008	**2009**	2008
	NUMBER	NUMBER	**NUMBER**	NUMBER
Shares issued under the plan to participating employees on 29 September 2008 (2008: 4 October 2007)	**7,001,157**	2,180,219	**7,001,157**	2,180,219
	$	$	**$**	$
Market price of David Jones Limited shares on the date of issue	**4.40**	4.93	**4.40**	4.93

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

29. EMPLOYEE SHARE PLANS (CONTINUED)

Summary of LTI and Retention Plans

Feature	06-08 Offer	07-09 Offer	08-10 Offer	09-12 Offer	09-11 Offer
Offered to	CEO, Finance Director and senior executives	CEO, Finance Director and senior executives	CEO & Finance Director	Senior Executives	CEO & Finance Director
Grant date	3 April 2006	1 March 2007	23 July 2008	24 July 2008	28 November 2008
Vesting date	31 July 2008	31 July 2009	31 July 2010	Staggered up to October 2012	Staggered up to October 2011
Performance measures	TSR compared to peer group and capital management (ROFE)	TSR compared to peer group and EPS		TSR compared to peer group and NPAT	TSR compared to peer group and NPAT
Retesting rules	The performance period may be extended by one year and retested for the TSR measure	No retest			
Plan status	Fully vested at stretch		Performance periods not yet concluded		
			ASX listed retailers		
Peer group for TSR comparator	Woolworths Limited, Harvey Norman Holdings Limited, Metcash Limited, Specialty Fashion Group Limited, JB Hi-Fi Limited, Just Group Limited and Super Cheap Auto Group Limited.	Woolworths Limited, Harvey Norman Holdings Limited, Metcash Limited Specialty Fashion Group Limited, JB Hi-Fi Limited, and Super Cheap Auto Group Limited.	Clive Peeters Limited, Harvey Norman Holdings Limited, JB Hi-Fi Limited, Metcash Limited, Nick Scali Limited, Orotongroup Limited, Specialty Fashion Group Limited, Super Cheap Auto Group Limited and Woolworths Limited.	Clive Peeters Limited, Harvey Norman Holdings Limited, JB Hi-Fi Limited Metcash Limited, Nick Scali Limited, Orotongroup Limited, Specialty Fashion Group Limited, Super Cheap Auto Group Limited and Woolworths Limited.	Clive Peeters Limited, Fantastic Holdings Limited, Funtastic Limited Harvey Norman Holdings Limited, JB Hi-Fi Limited, Metcash Limited, Nick Scali Limited, Orotongroup Limited, Specialty Fashion Group Limited, Super Cheap Auto Group Limited and Woolworths Limited.
			Non retailers that demonstrate cyclical patterns		
	APN News & Media Limited, Austereo Group Limited, Consolidated Media Holdings Limited, Fairfax Media Limited, Flight Centre Limited, Funtastic Limited, Globe International Limited, GUD Holdings Limited, Housewares International Limited, Kresta Holdings Limited, Pacific Brands Limited, PMP Limited, Salmat Limited, Seven Network Limited, STW Communications Group Limited, Ten Network Holdings Limited, and West Australian Newspaper Holdings Limited.	APN News & Media Limited, Austereo Group Limited, Consolidated Media Holdings Limited, Fairfax Media Limited, Flight Centre Limited, Funtastic Limited, Globe International Limited, GUD Holdings Limited, Housewares International Limited, Kresta Holdings Limited, Pacific Brands Limited, PMP Limited, Salmat Limited, Seven Network Limited, STW Communications Group Limited, Ten Network Holdings Limited, and West Australian Newspaper Holdings Limited.	APN News & Media Limited, Austereo Group Limited, Consolidated Media Holdings Limited, Fairfax Media Limited, Fisher & Paykel Appliances Holdings Limited, Flight Centre Limited, Funtastic Limited, Globe International Limited, GUD Holdings Limited, Housewares International Limited, Kresta Holdings Limited, Pacific Brands Limited, PMP Limited, Salmat Limited, Seven Network Limited, STW Communications Group Limited, Ten Network Holdings Limited, Wesfarmers Limited, and West Australian Newspaper Holdings Limited.	APN News & Media Limited, Austereo Group Limited, Consolidated Media Holdings Limited, Fairfax Media Limited, Fisher & Paykel Appliances Holdings Limited, Flight Centre Limited, Funtastic Limited, Globe International Limited, GUD Holdings Limited, Breville Group Limited, Kresta Holdings Limited, Pacific Brands Limited, PMP Limited, Salmat Limited, Seven Network Limited, STW Communications Group Limited, Ten Network Holdings Limited, Wesfarmers Limited, and West Australian Newspaper Holdings Limited.	APN News & Media Limited, Austereo Group Limited, Austar United Communications Limited, Consolidated Media Holdings Limited, Fairfax Media Limited, Fisher & Paykel Appliances Holdings Limited, Flight Centre Limited, GUD Holdings Limited, Breville Group Limited, Macquarie Media Group, Pacific Brands Limited, PMP Limited, Premier Investments Limited, Salmat Limited, Seven Network Limited, STW Communications Group Limited, Ten Network Holdings Limited, Wesfarmers Limited, and West Australian Newspaper Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

29. EMPLOYEE SHARE PLANS (CONTINUED)

Inputs into the valuation of LTI Plan rights and retention rights

The valuation of the LTI and Retention Rights were prepared by an independent valuer using the Black Scholes and Monte Carlo pricing models. The valuations of LTI Plan rights were based on the following inputs:

	06 - 08 Offer		06 - 08 Offer to Executive Directors	
Grant date	3 April 2006		2 December 2005	
Share price	$2.81		$2.40	
Dividend yield	5.69%		5.83%	
Risk free rate	5.37%		5.32%	
Exercise price	—		—	
Volatility	30%		28%	
Valuation	TSR	ROFE	TSR	EPS
	$3.04	$2.47	$2.39	$2.06
Valuation model used	TSR – Monte Carlo simulation ROFE – Black Scholes		TSR – Monte Carlo simulation ROFE – Black Scholes	

	07 - 09 Offer		07 - 09 Offer to Executive Directors		08 - 10 Offer to Executive Directors	
Grant date	1 March 2007		1 December 2006		23 July 2008	
Share price	$4.37		$3.77		$3.33	
Dividend yield	5.80%		5.80%		4.90%	
Risk free rate	6.00%		6.00%		6.66%	
Exercise price	—		—		—	
Volatility	28%		28%		33%	
Valuation	TSR	EPS	TSR	EPS	TSR	EPS
	$2.60	$3.80	$2.03	$3.23	$1.69	$3.02
Valuation model used	TSR – Monte Carlo simulation EPS – Black Scholes		TSR – Monte Carlo simulation EPS – Black Scholes		TSR – Monte Carlo simulation EPS – Black Scholes	

The valuation of 09-12 retention rights to executives:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4
Grant date	24 July 2008	24 July 2008	24 July 2008	24 July 2008
Share price	$3.44	$3.44	$3.44	$3.44
Dividend yield	Expected future dividend payments			
Risk free rate	6.57%	6.50%	6.50%	6.43%
Volatility	33%	33%	33%	33%
Value per right - NPAT	$2.97	$2.74	$2.74	$2.51
Value per right - TSR	$2.09	$1.64	$1.65	$1.57

29. EMPLOYEE SHARE PLANS (CONTINUED)

The valuation of 09-11 retention rights to executive directors:

	Tranche 1	Tranche 2	Tranche 3
Grant date	28 November 2008	28 November 2008	28 November 2008
Share price (5 day VWAP)	$2.50	$2.50	$2.50
Dividend yield	Expected future dividend payments		
Risk free rate	3.5%	3.5%	3.5%
Volatility	39%	39%	39%
Value per right - NPAT	$1.82	$1.82	$1.82
Value per right - TSR	$1.63	$1.59	$1.61

Employee Share Plan (ESP)

The ESP provides employees with an interest-free loan to enable the purchase of ordinary shares in the Company. Shares under the ESP were acquired by a trustee on behalf of the employee. Dividends and other distributions on the shares are applied to repay the outstanding loan balance. The shares vest with the employee after three years. Each shareholder loan is limited in recourse to the proceeds on sale of the shares acquired.

The ESP is divided into a General and Executive division.

General division

This division was open to all full-time and permanent part-time employees with more than twelve months continuous service and casual employees whose service was deemed by the Company to be more than five years' continuous service. The Company had discretion to offer shares to particular employees with lesser periods of service. In 1995 each eligible employee received between 500 and 5,000 shares, depending upon their position within the Company.

A total of 2,571,500 shares ($5,143,000) were issued under the initial offer to employees under this division of the ESP on 27 November 1995. No shares have been issued under the general division since the initial offer.

Executive division

No shares under the Executive Division remain on issue to executives as they have all been forfeited by executives and sold by the Trustee.

Exempt Employee Share Plan (EESP)

The EESP provides eligible employees the opportunity to acquire an ownership interest in the Company. Non-Executive Directors of the Company are not eligible to participate in the EESP. Eligible employees may be offered up to $1,000 worth of the Company's ordinary shares each year, provided specific financial and qualitative corporate objectives are met to the satisfaction of the Board. Shares acquired under the offer must remain in the EESP until the earlier of three years after allocation, or termination of employment of the participant.

The Plan Trustee will use funds it receives from the Company to either subscribe to a new issue of shares in the Company on behalf of the participating employees or purchase shares on the ASX on behalf of the participating employees. These shares will be registered in the name of the Plan Trustee on behalf of the EESP participants.

No shares were issued to eligible employees during the period and no shares were purchased by the Trustee on behalf of participants under the Plan.

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29. EMPLOYEE SHARE PLANS (CONTINUED)

Deferred Employee Share Plan (DESP)

Shareholders approved the DESP at the Annual General Meeting held on 23 November 1998.

This plan provides eligible employees the opportunity to acquire an ownership interest in the Company. Eligible employees may salary sacrifice a minimum of $3,000 per annum to acquire ordinary shares in the capital of the Company each year.

Under the rules of the DESP, the Board may impose relevant requirements, being vesting conditions and other conditions before the participant can withdraw shares from the DESP.

When a participating employee's employment ends, they will receive the Company's shares held on their behalf except where relevant requirements have been imposed by the Board and are not met or where an employee has been dismissed as a result of fraudulent or wrongful conduct in which case the Board has the discretion to require forfeiture of any shares under the plan.

In light of the 2009 Federal Budget announced changes to employee share plans, the Board approved the suspension of the DESP to new share acquisitions effective 4 June 2009. The DESP is currently under review.

Details of the shares in each plan for the year are as follows:

	ESP Number	EESP Number	DESP Number
Shares held in plan at 27 July 2008	**365,000**	**283,400**	**289,135**
Shares purchased during the year	—	—	**20,738**
Share issued from DRP	—	**6,809**	**18,150**
Shares disposed during the year	**(19,000)**	**(10,015)**	**(22,395)**
Shares held in plan at 25 July 2009	**346,000**	**280,194**	**305,628**
	$	**$**	**$**
David Jones share price at 25 July 2009	5.05	5.05	5.05
Market value of shares	1,747,300	1,414,980	1,543,421
Loan balance at 26 July 2008	**303,395**	—	—
Loan repayments	**(82,236)**	—	—
Loan balance at 25 July 2009	**221,159**	—	—

30. CONSOLIDATED ENTITIES

		Class of Share	Interest Held	
			2009	2008
			%	%
Parent entity:				
David Jones Limited	(i)			
Subsidiaries:	(ii)			
Aherns Holdings Pty Ltd (investor)		Ordinary	**100**	100
Ahern's (Suburban) Pty Ltd (retailer)	(iii)	Ordinary	**100**	100
Akitin Pty Limited (investor)		Ordinary	**100**	100
Helland Close Pty Ltd (liquor licence holder)		Ordinary	**100**	100
299-307 Bourke Street Pty Ltd (property owner)	(iv)	Ordinary	**100**	100
David Jones Credit Pty Limited (investor)		Ordinary	**100**	100
John Martin Retailers Pty Limited(non-operating)		Ordinary	**100**	100
David Jones Financial Services Limited (financial services)		Ordinary	**100**	100
David Jones Insurance Pty Limited (financial services)		Ordinary	**100**	100
David Jones Finance Pty Limited (finance company)		Ordinary	**100**	100
David Jones (Adelaide) Pty Limited (investor)	(v)	Ordinary	**100**	100
Buckley & Nunn Pty Limited (investor)		Ordinary	**100**	100
David Jones Properties (South Australia) Pty Limited (investor)		Ordinary	**100**	100
David Jones Properties (Victoria) Pty Limited (property owner)		Ordinary	**100**	100
David Jones Properties (Queensland) Pty Limited (property owner)		Ordinary	**100**	100
Speertill Pty Ltd (liquor licence holder)		Ordinary	**100**	100
David Jones Properties Pty Limited (property owner)		Ordinary	**100**	100
David Jones Employee Share Plan Pty Limited (corporate trustee)		Ordinary	**100**	100
David Jones Share Plans Pty Limited (corporate trustee)		Ordinary	**100**	100

Notes:

(i) David Jones Limited is the ultimate parent entity.

(ii) All subsidiaries are incorporated in Australia and carry on business in their country of incorporation.

(iii) Issued capital is owned by Aherns Holdings Pty Ltd.

(iv) Issued capital is owned by David Jones Finance Pty Limited.

(v) Issued capital of the entity is owned 50% by David Jones Limited and 50% by David Jones Properties (South Australia) Pty Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

31. RELATED PARTY DISCLOSURES

Transactions between Directors and the Company

From time to time Directors may purchase goods from the Company. These purchases are on the same terms and conditions as those entered into by senior management.

Details of indemnification and insurance of Directors and Officers are disclosed in the Directors' Report.

Interest in controlled entities

Information relating to controlled entities is set out in notes 5, 11, 16, 24, 25 and 30.

Superannuation plans

The Company contributes to several defined contribution superannuation plans.

All superannuation contributions are made in accordance with the relevant trust deeds and the Superannuation Guarantee Charge.

Other related party transactions

Interest on borrowings between entities is charged at commercial rates, which are at the discretion of David Jones Limited

32. CAPITAL AND FINANCIAL RISK MANAGEMENT

CAPITAL RISK MANAGEMENT

The Consolidated Entity's key objective when managing capital is to minimise its weighted average cost of capital while retaining flexibility to pursue growth and capital management opportunities.

In managing its capital structure, the Consolidated Entity also seeks to safeguard it's ability to continue as a going concern so that it can continue to provide appropriate returns to shareholders and benefits for other stakeholders.

Total capital of the Consolidated Entity consists of debt, which includes interest bearing liabilities (refer note 17), cash and cash equivalents (refer note 8), and equity comprising issued capital, reserves and retained earnings (refer notes 22, 23 and 24 respectively and the Statement of Changes in Equity).

The capital structure of the Consolidated Entity is monitored using a gearing ratio based on balances at year end. The gearing ratio is calculated as net debt divided by the sum of net debt plus equity. In view of the transaction completed on 1 August 2008 in relation to receivables, net debt is calculated as total interest bearing liabilities (excluding the amount attributable to the funding of receivables) less cash and cash equivalents, and equity is calculated with reference to the amount of equity shown in the Balance Sheet (excluding the amount attributable to the Financial Services segment).

The calculation of the Consolidated Entity's gearing ratio at the balance date of 11.3% (2008: 15.3%) is shown below:

	CONSOLIDATED			
GEARING RATIO[1]	**2009**	**2009**	2008	2008
	$000	**%**	$000	%
Net debt	**88,255**	**11.3**	104,796	15.3
Equity	**689,486**	**88.7**	580,803	84.7
Capital employed	**777,741**	**100.0**	685,599	100.0

Note:

1 The gearing ratio for the Company is not shown as all debt and cash deposits are transacted by a subsidiary company.

The Company utilises its Dividend Reinvestment Plan to assist with raising equity for the expansion of its retail store portfolio.

The Company's policy for dividend payments to shareholders is to maintain a payout ratio of not less than 85% of profit after tax. Franking credits available for distribution after 25 July 2009 are estimated to be $47.648 million (following payment of the 2009 final dividend).

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT

The Consolidated Entity's key objective of financial risk management is to drive profitable growth while limiting its exposure to adverse financial impacts arising from exposures to market, credit and liquidity risks.

By setting and implementing appropriate policies, creating transparent limits on risks exposures, optimising investment decision making and developing analytical capabilities, risk management contributes to the Consolidated Entity's efforts to create shareholder and customer value.

In addition to business risk, the Consolidated Entity recognises four fundamental sources of risk:

- Interest rate risk
- Foreign currency risk
- Credit risk
- Liquidity risk

The Consolidated Entity seeks to manage the effects of these risks using derivative financial instruments.

The use of financial derivatives is governed by written policies approved by the Company's Board of Directors, including the Treasury Policy and Delegations Manual.

The level of exposure to the above sources of risk is routinely monitored by the Company's Board of Directors. The Consolidated Entity's Treasury department is responsible for the management of these risks, with the exception of consumer credit risk which is managed by Financial Services.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT (continued)

A summary of the underlying economic positions as represented by the carrying values and fair values of the Consolidated Entity's financial assets and financial liabilities is shown below:

	CONSOLIDATED				DAVID JONES LIMITED			
	CARRYING AMOUNT		FAIR VALUE		CARRYING AMOUNT		FAIR VALUE	
	2009	2008	**2009**	2008	**2009**	2008	**2009**	2008
	$000	$000	**$000**	$000	**$000**	$000	**$000**	$000
FINANCIAL ASSETS								
Cash and cash equivalents	**13,615**	66,564	**13,615**	66,564	**13,615**	10,564	**13,615**	10,564
Receivables	**25,942**	414,980	**25,942**	414,980	**25,106**	31,903	**25,106**	31,903
Forward exchange contracts	**774**	598	**774**	598	**774**	598	**774**	598
Interest rate swap contracts	**8,031**	892	**8,031**	892	**—**	—	**—**	—
Shares in other corporations	**12**	12	**12**	12	**12**	12	**12**	12
Total financial assets	**48,374**	483,046	**48,374**	483,046	**39,507**	43,077	**39,507**	43,077
FINANCIAL LIABILITIES								
Payables	**244,102**	274,608	**244,102**	274,608	**464,845**	588,077	**464,845**	588,077
Current tax liabilities	**3,349**	22,997	**3,349**	22,997	**3,349**	22,997	**3,349**	22,997
Interest bearing liabilities:								
Bank overdraft	**1,870**	1,360	**1,870**	1,360	**1,870**	1,360	**1,870**	1,360
Receivables purchase facility	**—**	241,000	**—**	241,000	**—**	—	**—**	—
Unsecured bank loan	**100,000**	270,000	**93,730**	270,000	**—**	—	**—**	—
Forward exchange contracts	**521**	1,704	**521**	1,704	**521**	1,704	**521**	1,704
Interest rate swap contracts	**1,788**	—	**1,788**	—	**—**	—	**—**	—
Total financial liabilities	**351,630**	811,669	**345,360**	811,669	**470,585**	614,138	**470,585**	614,138

Significant accounting policies in relation to the financial assets and financial liabilities are disclosed in note 1. Unless otherwise stated, all calculations and methodologies are unchanged from prior reporting periods.

A description of each of the fundamental sources of risk recognised by the Consolidated Entity is shown below.

(a) Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The Consolidated Entity's exposure to the risk of changes in market interest rates relates primarily to unsecured bank loans and previously the store card receivables.

The Consolidated Entity's policy is to manage its interest cost using a mix of fixed and variable rate debt and to enter into interest rate swap contracts in respect of these underlying transactions. At balance date, the fixed rate was 6.9% (2008: 6.85%) and the floating rates were at bank bill rates plus the Consolidated Entity's credit margin.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT (continued)

(a) Interest rate risk (continued)

The table below shows the level of exposure to interest rate risk at balance date for financial assets and financial liabilities.

	CONSOLIDATED				DAVID JONES LIMITED			
	Interest Bearing	Non Interest Bearing	Total	Average Interest Rate	Interest Bearing	Non Interest Bearing	Total	Average Interest Rate
2009	$000	$000	$000	% Per annum	$000	$000	$000	% Per annum
FINANCIAL ASSETS								
Cash and cash equivalents	**—**	**13,615**	**13,615**	**0.00**	**—**	**13,615**	**13,615**	**0.00**
Receivables	**—**	**25,942**	**25,942**	**0.00**	**—**	**25,106**	**25,106**	**0.00**
	—	**39,557**	**39,557**		**—**	**38,721**	**38,721**	
FINANCIAL LIABILITIES								
Payables	**—**	**244,102**	**244,102**	**0.00**	**—**	**464,845**	**464,845**	**0.00**
Bank overdraft	**1,870**	**—**	**1,870**	**9.25**	**1,870**	**—**	**1,870**	**9.25**
Unsecured bank loan	**21,000**	**—**	**21,000**	**3.60**	**—**	**—**	**—**	**0.00**
Interest rate swap contracts	**—**	**1,788**	**1,788**	**0.00**	**—**	**—**	**—**	**0.00**
	22,870	**245,890**	**268,760**		**1,870**	**464,845**	**466,715**	
2008								
FINANCIAL ASSETS								
Cash and cash equivalents	56,000	10,564	66,564	7.25	—	10,564	10,564	—
Receivables	383,077	31,903	414,980	15.70	—	31,903	31,903	—
Interest rate swap contracts	—	892	892	—	—	—	—	—
	439,077	43,359	482,436		—	42,467	42,467	
FINANCIAL LIABILITIES								
Payables	—	274,608	274,608	—	—	588,077	588,077	—
Bank overdraft	1,360	—	1,360	11.60	1,360	—	1,360	11.60
Receivables purchase facility	241,000	—	241,000	7.92	—	—	—	—
Unsecured bank loan	270,000	—	270,000	8.01	—	—	—	—
	512,360	274,608	786,968		1,360	588,077	589,437	

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT (continued)

(a) Interest rate risk (continued)

Interest rate sensitivity analysis

The table below shows the effect on profit before tax and equity, if interest rates at balance date had been 100 basis points (bps) higher or lower with all other variables remaining constant. There is no sensitivity analysis for the Company as it is not directly subject to interest rate risk.

	CONSOLIDATED			
	Profit before Tax		Equity	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Interest rates 100bps higher: increase/(decrease) in:	**(229)**	(2,860)	**405**	1,026
Interest rates 100bps lower: increase/(decrease) in:	**229**	2,860	**(414)**	(1,045)

A sensitivity interval of 100 bps has been selected based on an analysis of historical rates and market expectations of the direction of future interest rates in Australia. A 100 bps upward shift would move short term interest rates at balance date from 6.52% to 7.52% (2008: 7.66% to 8.66%) and from 6.52% to 5.52% (2008: 7.66% to 6.66%) for a downwards shift. The sensitivity interval of 100 bps is considered reasonable in view of the current level of volatility in credit markets.

The sensitivity analysis shown for the prior year was based on unhedged interest bearing liabilities at 26 July 2008 relating to the funding of store card and credit reserve receivables.

(b) Foreign currency risk

Foreign currency risk refers to the risk that the value or the cash flows arising from a financial commitment, or recognised asset or liability will fluctuate due to changes in foreign currency rates.

The Consolidated Entity has exposure to movements in foreign exchange rates in relation to forecast purchases of imported goods denominated in foreign currencies. The Consolidated Entity enters into forward foreign exchange contracts to hedge its anticipated foreign currency risk. Currencies utilised to purchase imported goods are denominated in Euro, United States Dollars, Hong Kong Dollars and Pounds Sterling.

It is the Consolidated Entity's policy not to enter into forward contracts until a firm commitment is in place and to negotiate the terms of the hedge derivative instrument to match the terms of the hedged item so as to maximise hedge effectiveness. All forward currency contracts are in the same currency as the hedged item.

At balance date, the Consolidated Entity had hedged 99% (2008: 99%) of its foreign currency purchases for which firm commitments existed.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT (continued)

(b) Foreign currency risk (continued)

The following table sets out the gross value to be paid under foreign currency contracts and the weighted average contracted exchange rates of contracts outstanding at balance date. All contracts expire by 2010. The information shown is for the Consolidated Entity and the Company.

Gross Value Payable under Foreign Currency Contracts:	Exchange Rate 2009	Exchange Rate 2008	Australian Dollar Equivalent 2009 $000	Australian Dollar Equivalent 2008 $000
Buy Euro	**0.5574**	0.6136	**10,063**	28,164
Buy United States Dollars	**0.8360**	0.8443	**13,593**	24,246
Buy Hong Kong Dollars	**—**	6.9979	**—**	114
Buy Pounds Sterling	**0.4518**	0.4686	**610**	576
			24,266	53,100

As these contracts are hedging firm purchase commitments, any unrealised gains and losses on the contracts, together with the cost of the contracts, will be recognised in the Financial Statements at the time the underlying transaction occurs. The mark to market gain on the contracts at balance date was $0.253 million (2008: Loss $1.106 million).

The Consolidated Entity also enjoys a natural hedge for adverse foreign currency fluctuations relating to the purchase of imported goods through its ability to set the retail price of this merchandise.

Foreign currency exchange rate sensitivity analysis

The table below shows the effect on both the profit before tax and equity if foreign exchange rates at balance date had been 10% higher or lower with all other variables remaining constant. The information shown is for the Consolidated Entity and the Company.

Foreign Currency Exchange Rate Sensitivity Analysis	Profit before Tax 2009 $000	Profit before Tax 2008 $000	Equity 2009 $000	Equity 2008 $000
Foreign exchange rates 10% higher: increase/(decrease) in:	**7**	38	**(2,194)**	(4,530)
Foreign exchange rates 10% lower: increase/(decrease) in:	**(8)**	(46)	**2,679**	5,557

A sensitivity interval of 10% is considered reasonable based on an analysis of historical exchange rate movements over the last five years, and expectations of potential future movements in the exchange rate.

(c) Credit risk

Credit risk is the risk that a contracting entity or counterparty will not complete its obligations under a financial instrument and cause the Consolidated Entity to incur a financial loss. The Consolidated Entity has exposure to credit risk on all financial assets in its Balance Sheet.

Credit risks can be divided into two broad categories: consumer credit risk and institutional credit risk.

Consumer credit risk

Consumer credit risk arose principally from the David Jones store credit card and associated financial loan products. As this portfolio consisted of hundreds of thousands of borrowers across multiple geographies, occupations and social segments, its risk was substantially reduced through diversification. Store card holders were typically domiciled in Australia.

The level of consumer credit risk losses was affected by general economic conditions and borrowing specific events. Consumer credit risk was managed by the Company according to policies covering new card approvals, credit limits, extensions and authorisations, collections and fraud prevention.

NOTES TO THE FINANCIAL STATEMENTS

For the 52 weeks ended 25 July 2009 and 52 weeks ended 26 July 2008

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT (continued)

(c) Credit risk (continued)

Institutional credit risk

Institutional credit risk arises principally from short term deposits, derivative financial instruments and other receivables between the Consolidated Entity and a counterparty.

Unlike consumer credit risk, institutional credit risk is characterised by a lower loss frequency but higher severity.

Under the Company's Treasury policy, credit risk on short term deposits and derivative hedge instruments is mitigated, as counterparties are required to be pre approved financial institutions, with a minimum Standard & Poor's long term credit rating of A. Dealing limits are also applied to each counterparty.

The maximum exposure to credit risk of the Consolidated Entity at balance date, by class of financial asset is represented by the carrying amount of the financial assets presented in the Balance Sheet and notes to the Financial Statements.

The Consolidated Entity does not have any significant credit risk exposure to a single or group of customers or institutions. At 25 July 2009, the Consolidated Entity had 100% of its aggregate institutional credit risk spread over four counterparties, with a Standard & Poor's long term credit rating of A to AA.

(d) Liquidity risk

Liquidity risk is the risk that the Consolidated Entity will not be able to meet its financial obligations as and when they fall due.

The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

Various factors are considered by the Consolidated Entity in determining its liquidity needs including economic and financial market conditions, the retail industry cycle, seasonality in business operations, growth in business segments, cost and availability of alternative liquidity sources.

The Consolidated Entity's Treasury Policy requires it to have readily accessible funding arrangements in place, and to maintain a minimum liquidity reserve of $40 million at all times in the form of undrawn standby facilities. The balance of the liquidity reserve at the balance date was $268.130 million (2008: $273.100 million).

DIRECTORS' DECLARATION

32. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONTINUED)

FINANCIAL RISK MANAGEMENT (continued)

(d) Liquidity risk (continued)

The contractual maturities of financial liabilities is set out below:

	CONSOLIDATED				DAVID JONES LIMITED			
Maturing in:	0 – 6 Months	6 – 12 Months	Over 1 to 5 Years	TOTAL	0 – 6 Months	6 – 12 Months	Over 1 to 5 Years	0 – 6 Months
2009	$000	$000	$000	$000	$000	$000	$000	$000
FINANCIAL LIABILITIES								
Payables	**244,102**	**—**	**—**	**244,102**	**464,845**	**—**	**—**	**464,845**
Current tax liabilities	**3,349**	**—**	**—**	**3,349**	**3,349**	**—**	**—**	**3,349**
Bank overdraft	**1,965**	**—**	**—**	**1,965**	**1,965**	**—**	**—**	**1,965**
Unsecured bank loan	**1,759**	**1,731**	**107,611**	**111,101**	**—**	**—**	**—**	**—**
Forward exchange contracts	**17,122**	**7,144**	**—**	**24,266**	**17,122**	**7,144**	**—**	**24,266**
Interest rate swaps	**1,029**	**755**	**4**	**1,788**	**—**	**—**	**—**	**—**
	269,326	**9,630**	**107,615**	**386,571**	**487,281**	**7,144**	**—**	**494,425**
2008								
FINANCIAL LIABILITIES								
Payables	274,608	—	—	274,608	588,077	—	—	588,077
Current tax liabilities	22,997	—	—	22,997	22,997	—	—	22,997
Bank overdraft	1,415	—	—	1,415	1,415	—	—	1,415
Receivables purchase facility	248,583	—	—	248,583	—	—	—	—
Unsecured bank loan	10,814	10,814	338,732	360,360	—	—	—	—
Forward exchange contracts	19,238	21,629	12,233	53,100	19,238	21,269	12,233	53,100
	577,655	32,443	350,965	961,063	631,727	21,629	12,233	665,589

The cash flows presented above are contractual and calculated on an undiscounted basis. They are based on interest rates at balance date and may not therefore reconcile to the carrying amounts shown in the Balance Sheet. The interest rate swap contracts are classified as being effective hedging instruments and therefore all cash flow movements will be recognised in the Balance Sheet.

33. EVENTS SUBSEQUENT TO REPORTING DATE

Dividends

Dividends declared after 25 July 2009 are disclosed in note 6.