For Immediate Distribution **23 March 2011**

RECORD 1H11 PROFIT AFTER TAX UP 5.2%
RECORD HIGH INTERIM DIVIDEND

- **1H11 PAT up 5.2%** ($105.7 million 1H11 vs. $100.5 million 1H10). This is the highest 1H PAT delivered by the Company since listing in 1995
- **EBIT Margin up 70 bp** to 14.2% (from 13.5%)
- **GP Margin** 39.7% (within Company's target range of 39.5% - 40%)
- **CODB % down 80 bp** to 27.6% in 1H11 (vs. 28.4% in 1H10)
- **Record Interim Dividend up 8.3% to 13 cps (fully franked)**

David Jones Limited (DJS) today reported a record high first half **Profit after Tax (PAT) of $105.7 million** for the six months ended 29 January 2011 (1H11). This represents an **increase of 5.2%** on 1H10 ($100.5 million).

The Company's Department Store business reported a **4.2% increase in Earnings Before Interest & Tax (EBIT)** from $125.6 million in 1H10 to $130.9 million in 1H11.

The Company's **'EBIT to Sales Ratio'** for 1H11 **increased by 70 basis points** (bp) to 14.2%.

Gross Profit (GP) Margin for the first half of FY11 was **39.7%**, within the Company's target range of 39.5% – 40%. This represents a 30 bp decrease on 1H10 and reflects the heavy promotional activity and discounting by retailers throughout 2Q11. The Company was able to maintain its GP Margin within its target range through continued reallocation of space to high margin categories and the increase in department store exclusive brands, which protects the Company's competitive positioning.

The **Total Cost of Doing Business (CODB)** percentage for 1H11 was 27.6%, an **improvement of 80 bp** on the CODB percentage in 1H10 (28.4%). In September 2010 the Company stated it had 27 CODB projects to implement over FY11 and FY12 and it is on track to complete the implementation of these projects across this period.

David Jones continued its track record of tight **Inventory management.** Inventory levels were up 6% on last year reflecting:

- inventory required for the redeveloped Bourke Street Mall (Vic) flagship stores and the new Claremont Quarter (WA) store; and
- the timing difference in the accounting calendar compared to last year (FY10 was a 53 week year).

Overall the Company's Inventory is clean with Aged Stock below the internal benchmark of 5%.

Capital Expenditure (Capex) for 1H11 was $47.0 million compared to $37.6 million in 1H10 and includes investment in the new Claremont Quarter (WA) store, the refurbishment of the Wollongong (NSW) and Kotara (NSW) David Jones stores, as well as the completion of the Bourke Street Mall (Vic) stores in August 2010.

The Company's **Cash Flow** is strong with operating cash flow of $133.4 million at half year-end compared to $124.0 million at the end of 1H10.

The Company's **Balance Sheet** also remains healthy. Long-term net debt continues to be less than $100 million at the end of 1H11 with Gearing of 8.9%.

STORE PORTFOLIO

New Stores

In February 2011 the Company announced that it had entered into an Agreement for Lease with GPT (GPT Wholesale Shopping Centre Fund, Highpoint Property Group and the GPT Group) to open a new store at their Highpoint (Vic) shopping centre. The new David Jones store will be part of a bigger development that GPT is undertaking and involves adding a new fashion wing to the centre which David Jones will anchor. Work on the development has commenced and the new David Jones store is expected to open for trade in the first quarter of calendar 2013.

The new David Jones Highpoint (Vic) store takes to five the number of new stores in the Company's pipeline. Other new stores already announced include Macquarie (NSW), Pacific Fair (Qld), Sunshine Coast (Qld) and Whitford (WA). All five new stores are scheduled to open in the FY13 – FY16 period.

Refurbishments

The Company's refurbishment projects for FY11 are all on track:

- The new, redeveloped Claremont Quarter (WA) store was launched on 16 February 2011 with 85% more selling space;
- The Kotara (NSW) and Wollongong (NSW) store refurbishments were completed in October 2010 and are now trading uninterrupted;
- Work has commenced on the major upgrades of the Company's Chadstone (Vic) and Warringah Mall (NSW) stores. Both of these projects will deliver more selling space, and whilst some planned disruption to sales in calendar 2011 will occur, the projects are on track to complete well in time for Christmas trading; and
- The refurbishment of the Company's Marion (SA) store will commence in July 2011 and will be completed in time for Christmas trading.

The Company is also tracking to plan in its program for the rollout of 1000 new branded installations in FY11 and FY12.

Store Closures

The Company closed two of its tier 4 stores, Toombul (Qld) and Newcastle (NSW) on 29 January 2011 and is transitioning the EBIT contribution of those stores to its nearby Chermside (Qld) and newly refurbished Kotara (NSW) stores respectively.

David Jones CEO Paul Zahra said, "By closing non performing stores we are better able to focus on our high value stores which is an important component of reducing our CODB percentage over the long term."

BRAND PORTFOLIO

The Company has continued to grow and evolve its Brand portfolio to ensure it remains fresh, relevant and reflects what customers want. On 13 January 2011 the Company announced the addition of 30 new department store exclusive brands and the exit of three brands. At the time the Company explained that it looks to maximize returns per square metre of selling space and that non-performing brands would be deleted to make way for new brands or strong performing brands.

The Company also announced that it had terminated its relationship with womenswear brand sass & bide from end Winter 2011, which sold a controlling stake of its business to a competing department store. The rationale for the decision was that David Jones has a clear business strategy and is not growing its private label business or managing specialty retail outlets. The Company reiterated its strategy and focus, which is to be Australia's pre-eminent "Home of Brands" department store, offering the best national and international brands. A detailed program is in place to ensure that the sass & bide sales are fully replaced by other brands within the Company's portfolio.

ONLINE TRADING

The Company successfully launched its online site in November 2010 in time for Christmas trading. The site has been trading continuously since then and now offers a year-round gifting destination, which will progressively develop and expand over time.

Mr Zahra said, "We see our online business as a growth opportunity in the medium to long term. We are working to become a multi channel retailer with an integrated digital marketing plan. We will do this in a stepped and measured approach ensuring we manage the risk and return of our investment in this area."

FINANCIAL SERVICES

The Company's Financial Services business also performed in line with expectations delivering EBIT growth for 1H11 of 7.5%. The David Jones American Express Card has obtained a material share of the new credit card account openings in the total market, since its launch in October 2008 and customer acquisitions continue to be ahead of target. The new value proposition launched in October 2010 has been well received and the Company is now focusing on increasing both the spend and balance of the cards in the portfolio.

INTERIM DIVIDEND

The Board of Directors has declared an **Interim Dividend of 13 cents per ordinary share (cps) fully franked** for the six months ended 29 January 2011.

The increase in David Jones' 1H11 interim dividend reflects the strength of the Company's balance sheet, its strong cash flows, low debt levels, as well as its ability to fully fund its future capex program. In light of these factors the Board has declared an **all-time high 1H11 dividend**.

The Record Date for the interim dividend will be 12 April 2011 and the Payment Date will be 9 May 2011.

FY13 – FY16 STRATEGIC PLAN
Mr Zahra said, "I am pleased to report that we have commenced work on our FY13 – FY16 Strategic Plan with a view to announcing our Plan to the market in calendar 2012."

CONCLUSION: STRONG BUSINESS MODEL
Mr Zahra said, "Despite a very competitive environment in 1H11, with heavy promotional activity by retailers, we are pleased to report that our 1H11 PAT was up 5.2%. Our GP margin remained within our target band of 39.5% – 40%, our CODB was reduced by 80 bp, our Inventory was well managed and our interim dividend was up 1 cent to a record high first half of 13 cps fully franked.

"Our ability to deliver these strong results is testament to the strength of our Business Model and its ability to generate shareholder growth throughout the peaks and troughs of the economic cycle.

"Our Company has continued its stringent management of costs, making good progress in implementing the Cost Efficiency Initiatives we announced in September 2010. These initiatives include:

- centralised Contact Centre;
- cash management equipment;
- West Australia direct to store deliveries;
- elimination of third party security labour;
- Procurement – contract negotiations;
- frontline staff online orientation; and
- efficiencies in marketing supply arrangements.

"We have net debt of less than $100 million and all of our existing assets are of the highest quality and are supported by strong cash flows reflecting the strong focus the Company has placed since 2003 on return on capital," Mr Zahra said.

David Jones today has a:

- resilient business model;
- distinct competitive positioning;
- strong track record of performance;
- strong management team; and
- a strong balance sheet.

This provides a strong foundation from which to trade through the current challenging macro economic environment.

OUTLOOK
The recent trading environment has been negatively influenced by adverse weather and significant events such as the floods in Queensland and Victoria, the earthquake and tsunami in Japan and the unrest in Libya. All of these have resulted in volatile markets and a deterioration in consumer sentiment.

Mr Zahra said, “Subject to no further deterioration in consumer sentiment and no further adverse changes in the macro economic environment, we reaffirm our 5% - 10% PAT growth guidance for 2H11 and FY12, noting however that if consumer shopping behaviour continues as per 2Q11 we expect our PAT growth will be at the lower end of our guidance.”

A further update of trading conditions will be provided by the Company at its 3Q11 Sales announcement in May. This will include the Company’s trading performance over the Easter promotional period in mid/late April.

ENDS

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

APPENDIX 1

PROFIT SUMMARY	1H11 ACTUAL $m	1H10 ACTUAL $m	Change %
Sales	**1,083.4**	1,086.1	- 0.2%
Gross Profit	**429.9**	434.5	- 1.1%
% to Sales	**39.7%**	40.0%	- 30bp
Cost of Doing Business	**(299.0)**	(308.9)	- 3.2%
% to Sales	**27.6%**	28.4%	- 80bp
EBIT - Department Stores	**130.9**	125.6	+ 4.2%
% to Sales	**12.1%**	11.6%	+ 50bp
Financial Services	**22.8**	21.2	+ 7.5%
EBIT - Total	**153.7**	146.8	+ 4.7%
% to Sales	**14.2%**	13.5%	+ 70bp
Net Interest Expense	**(3.5)**	(3.3)	+ 7.4%
Profit Before Tax	**150.1**	143.5	+ 4.6%
Income Tax Expense	**(44.4)**	(43.0)	+ 3.3%
Tax Rate	**29.6%**	30.0%	- 40bp
Profit After Tax	**105.7**	100.5	+ 5.2%

ASX Listing Rule 4.2A.3

APPENDIX 4D

INTERIM FINANCIAL REPORT

DAVID JONES LIMITED INTERIM FINANCIAL REPORT

ABN 75 000 074 573	Current Reporting Period:	26 Weeks ended 29 January 2011
	Previous Corresponding Period:	26 Weeks ended 23 January 2010

Results For Announcement to the Market

				$A'000
Revenues from ordinary activities	Down	0.2%	to	1,083,436
Profit from ordinary activities after tax attributable to members	Up	5.2%	to	105,702

Dividends – Ordinary Shares	Amount per security	Franked amount per security
2011 Interim dividend declared 23 March 2011 (payable 9 May 2011)	13¢	13¢
2010 Final dividend (paid 8 November 2010)	18¢	18¢
Previous corresponding period		
2010 Interim dividend (paid 3 May 2010)	12¢	12 ¢
2009 Final dividend (paid 2 November 2009)	17¢	17¢

Record date for determining entitlements to the interim dividend	9 April 2011

David Jones Limited operates a Dividend Reinvestment Plan (DRP) that enables shareholders to reinvest dividends paid on ordinary shares in David Jones Limited. An election notice for participation in the DRP in respect of the 2011 interim dividend must be lodged by 12 April 2011.

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 Interim Financial Report.

Net Tangible Asset Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	$1.32	$ 1.22

The attached 29 January 2011 Half Year Financial Report of David Jones Limited and its Controlled Entities has been subject to review.

DAVID JONES LIMITED

ABN 75 000 074 573

AND CONTROLLED ENTITIES

FINANCIAL REPORT FOR THE HALF YEAR ENDED 29 JANUARY 2011

CONTENTS

The half year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2010 annual financial report and any announcements made to the market during the period.

DIRECTORS' REPORT

Your Directors present their report on the Consolidated Entity consisting of David Jones Limited and the entities it controlled at the end of, or during, the half year ended 29 January 2011.

Directors

The Directors of the Company in office at any time during, or since, the end of the half year are as follows:

Robert Savage AM	Chairman and independent Non-Executive Director
John Coates AC	Deputy Chairman and independent Non-Executive Director
Paul Zahra	Chief Executive Officer and Executive Director
Stephen Goddard	Finance Director and Executive Director
Reginald Clairs AO	Independent Non-Executive Director
John Harvey	Independent Non-Executive Director
Katie Lahey	Independent Non-Executive Director
Peter Mason AM	Independent Non-Executive Director
Philippa Stone	Independent Non-Executive Director

Review of Operations

Comments on the operations and the results of those operations are shown on pages 1 to 6 of this financial report.

Auditor's Independence Declaration

The auditor's independence declaration to the Directors of the Company in relation to the auditor's compliance with the independence requirements of the Corporations Act and the professional code of conduct for external auditors, forms part of the Directors' Report.

Indemnification of Directors

The Company has indemnified each Director referred to on page 9 of this report, the Company Secretary and previous Directors and Secretaries (Officers) against all liabilities or loss (other than to the Company or a related body corporate) that may arise from their position as Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act. The indemnity stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses, and covers a period of seven years after ceasing to be an Officer of the Company. The indemnity is contained in a Deed of Access, Insurance and Indemnity, which also gives each Officer access to the Company's books and records.

The Company has also indemnified the current and previous Directors of its controlled entities and certain members of the Company's senior management for all liabilities and loss (other than to the Company or a related body corporate) that may arise from their position, except where the liability arises out of conduct involving a lack of good faith or indemnification is otherwise not permitted under the Corporations Act.

DIRECTORS' REPORT (CONTINUED)

Indemnification of Auditors

The Constitution of the Company provides that it must indemnify its auditors, Ernst & Young, against any liability incurred in their capacity as auditor in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application in relation to any such proceedings in which relief is granted under the Corporations Act.

As part of the Company's terms of engagement with Ernst & Young, the Company has agreed to indemnify Ernst & Young against certain liabilities to third parties arising from their engagement as auditor. The indemnity does not extend to any liability resulting from a negligent, wrongful or wilful act or omission by Ernst & Young.

Rounding of Amounts

The Company is of a kind referred to in Class Order 98/100 issued by the Australian Securities and Investment Commission and in accordance with that Class Order as in force at 29 January 2011 amounts in this Report and the accompanying financial statements have been rounded to the nearest thousand dollars unless otherwise stated.

This report is made in accordance with a resolution of the Directors.

Robert Savage

Chairman

Paul Zahra

Chief Executive Officer

23 March 2011

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 29 JANUARY 2011 AND 31 JULY 2010

	Note	29 January 2011 $000	31 July 2010 $000
CURRENT ASSETS			
Cash and cash equivalents		**17,460**	17,594
Receivables		**29,199**	22,750
Inventories		**263,762**	282,346
Financial assets		**3**	14
Other assets		**5,313**	5,380
Total current assets		**315,737**	328,084
NON-CURRENT ASSETS			
Financial assets		**12**	12
Property, plant and equipment		**783,650**	761,565
Intangible assets		**35,157**	36,380
Deferred tax assets		**69,008**	68,483
Other assets		**317**	397
Total non-current assets		**888,144**	866,837
Total assets		**1,203,881**	1,194,921
CURRENT LIABILITIES			
Payables		**221,661**	244,529
Interest bearing liabilities		**807**	2,945
Current tax liabilities		**35,031**	22,957
Provisions		**34,467**	40,330
Financial liabilities		**1,905**	1,923
Other liabilities		**539**	616
Total current liabilities		**294,410**	313,300
NON-CURRENT LIABILITIES			
Interest bearing liabilities		**93,000**	101,000
Provisions		**6,748**	7,090
Other liabilities		**29,554**	29,293
Total non-current liabilities		**129,302**	137,383
Total liabilities		**423,712**	450,683
Net assets		**780,169**	744,238
EQUITY			
Contributed equity	3	**517,115**	502,199
Reserves		**73,391**	66,734
Retained earnings		**189,663**	175,305
Total equity		**780,169**	744,238

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes to the Financial Statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE 26 WEEKS ENDED 29 JANUARY 2011 AND 26 WEEKS ENDED 23 JANUARY 2010

	Note	**29 January 2011 $000**	23 January 2010 $000
Revenue from sale of goods		**1,083,436**	1,086,136
Cost of sales		**(653,545)**	(651,682)
Gross profit		**429,891**	434,454
Other revenues		**27,004**	24,777
Employee benefits expenses		**(153,342)**	(164,007)
Lease and occupancy expenses		**(88,399)**	(88,279)
Depreciation and amortisation expense		**(25,810)**	(21,160)
Advertising, merchandising and visual expenses		**(18,518)**	(24,615)
Administration expenses		**(8,807)**	(5,806)
Financing expenses		**(3,877)**	(3,413)
Other expenses		**(8,001)**	(8,454)
Profit from continuing operations before income tax expense		**150,141**	143,497
Income tax expense		**(44,439)**	(43,038)
Net profit for the period		**105,702**	100,459

Other comprehensive income		
Gains/(losses) on cash flow hedges	**729**	534
Transfer of realised gains to profit and loss	**(721)**	(463)
Income tax on items of other comprehensive income	**(2)**	(21)
Other comprehensive income for the period, net of tax	**6**	50
Total comprehensive income for the period	**105,708**	100,509
Basic earnings per share (cents per share)	**20.8**	20.0
Diluted earnings per share (cents per share)	**20.5**	19.4

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the accompanying notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 26 WEEKS ENDED 29 JANUARY 2011 AND 26 WEEKS ENDED 23 JANUARY 2010

For the period ending 29 January 2011:	Note	Share Capital $000	Cash Flow Hedge Reserve $000	Share Based Payments Reserve $000	Retained Earnings $000	Total $000
Total equity at the beginning of the period		502,199	(1,337)	68,071	175,305	744,238
Profit for the period		—	—	—	105,702	105,702
Other comprehensive income, net of tax		—	6	—	—	6
Total comprehensive income for the period		—	6	—	105,702	105,708
Transactions with owners, recorded directly in equity:						
Issue of ordinary shares through Dividend Reinvestment Plan		14,779	—	—	—	14,779
Dividends paid	2	—	—	—	(91,344)	(91,344)
Employee share plan		137	—	—	—	137
Share based payment transactions		—	—	5,110	—	5,110
Income tax		—	—	1,541	—	1,541
Total contributions by and distributions to owners		14,916	—	6,651	(91,344)	(69,777)
Total equity at the end of the period		517,115	(1,331)	74,722	189,663	780,169

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE 26 WEEKS ENDED 29 JANUARY 2011 AND 26 WEEKS ENDED 23 JANUARY 2010

For the period ending 23 January 2010:	Note	Share Capital $000	Cash Flow Hedge Reserve $000	Share Based Payments Reserve $000	Retained Earnings $000	Total $000
Total equity at the beginning of the period		479,117	(1,075)	56,823	149,977	684,842
Profit for the period		—	—	—	100,459	100,459
Other comprehensive income, net of tax		—	50	—	—	50
Total comprehensive income for the period		—	50	—	100,459	100,509
Transactions with owners, recorded directly in equity:						
Issue of ordinary shares through Dividend Reinvestment Plan		16,483	—	—	—	16,483
Dividends paid	2	—	—	—	(85,112)	(85,112)
Employee share plan		49	—	—	—	49
Share based payment transactions		—	—	5,982	—	5,982
Income tax		—	—	1,185	—	1,185
Total contributions by and distributions to owners		16,532	—	7,167	(85,112)	(61,413)
Total equity at the end of the period		495,649	(1,025)	63,990	165,324	723,938

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes to the Financial Statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE 26 WEEKS ENDED 29 JANUARY 2011 AND 26 WEEKS ENDED 23 JANUARY 2010

	29 January 2011 $000	23 January 2010 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	**1,195,280**	1,197,498
Payments to suppliers and employees (inclusive of GST)	**(1,051,902)**	(1,075,912)
Commissions received	**24,887**	22,850
Interest received	**263**	112
Borrowing costs paid	**(3,795)**	(3,457)
Income tax paid	**(31,351)**	(17,082)
Net cash from operating activities	**133,382**	124,009
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(46,812)**	(37,121)
Payments for software	**(138)**	(1,015)
Proceeds from disposal of property, plant and equipment	**—**	555
Net cash from investing activities	**(46,950)**	(37,581)
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid on ordinary shares	**(76,565)**	(68,628)
Repayments of long term borrowings	**(8,000)**	(23,000)
Proceeds from issue of ordinary shares/ repayments under Employee share plan	**137**	49
Net cash from financing activities	**(84,428)**	(91,579)
Net increase/(decrease) in cash and cash equivalents	**2,004**	(5,151)
Cash and cash equivalents at beginning of the period	**14,649**	11,745
Cash and cash equivalents at end of the period	**16,653**	6,594

Note:

(i) Reconciliation to the statement of financial position

Cash and cash equivalents is comprised of the following:

Cash and cash equivalents	**17,460**	14,560
Bank overdraft (interest bearing liabilities)	**(807)**	(7,966)
	16,653	6,594

(ii) Non-cash financing and investing activities

During the period 3,088,935 shares (2010: 2,867,789) were issued under the Dividend Reinvestment Plan. Dividends settled in shares rather than cash during the period amounted to $14.779 million (2010: $16.483 million).

The Consolidated Cash Flow Statement is to be read in conjunction with the accompanying notes to the Financial Statements.

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 29 JANUARY 2011 AND 26 WEEKS ENDED 23 JANUARY 2010

1. SUMMARY OF ACCOUNTING POLICIES

David Jones Limited (the Company) is a public company domiciled in Australia and is listed on the Australian Securities Exchange. The consolidated Interim Financial Report for the 26 weeks ended 29 January 2011 comprises the Company and its subsidiaries (together referred to as the Consolidated Entity).

Statement of Compliance

This consolidated Interim Financial Report is a general purpose financial report and has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The Interim Financial Report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the Annual Report for the year ended 31 July 2010 and any public announcements made by David Jones Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Basis of Preparation

The Interim Financial Report is presented in Australian dollars and is prepared on an historical cost basis except for derivative financial instruments, which are stated at their fair value.

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100. Accordingly, amounts in the Interim Financial Report have been rounded to the nearest thousand dollars, unless otherwise stated.

Apart from those noted below, the accounting policies applied are consistent with those adopted and disclosed in the Annual Financial Report for the year ended 31 July 2010.

New accounting standards and interpretations

There have been no new accounting standards or amendments applicable to the Consolidated Entity which have a material impact on the Interim Financial Report.

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 29 JANUARY 2011 AND 26 WEEKS ENDED 23 JANUARY 2010

2. DIVIDENDS

Dividends recognised at the reporting date are:

	AMOUNT PER SHARE	TOTAL AMOUNT $000	DATE OF PAYMENT
29 January 2011:			
Final 2010 ordinary	18.000¢	91,344	8 November 2010
Total amount		91,344	
23 January 2010:			
Final 2009 ordinary	17.000¢	85,112	2 November 2009
Total amount		85,112	

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

Subsequent event

Subsequent to 29 January 2011, the Directors have declared the following dividend franked on ordinary shares at the tax rate of 30%:

	AMOUNT PER SHARE	TOTAL AMOUNT $000	DATE PAYABLE
Interim 2011 ordinary	13 .000¢	66,825	9 May 2011

The financial effect of the interim ordinary dividend for 2011 has not been recognised in the Interim Financial Statements for the half year ended 29 January 2011 and will be recognised in subsequent financial statements.

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)

FOR THE 26 WEEKS ENDED 29 JANUARY 2011 AND 26 WEEKS ENDED 23 JANUARY 2010

3. CONTRIBUTED EQUITY

	HALF YEAR ENDED 29 January 2011 $000	YEAR ENDED 31 July 2010 $000
Ordinary shares, fully paid	**517,115**	502,199
Movements in ordinary contributed equity		
Balance at the beginning of the period	**502,199**	479,117
Dividend Reinvestment Plan	**14,779**	27,612
Employee share plan	**137**	84
On-market purchase of shares by Trust	**—**	(4,614)
Balance at the end of the period	**517,115**	502,199

Movements in the number of ordinary shares	**NUMBER OF SHARES**	NUMBER OF SHARES
Balance at the beginning of the period	**510,945,759**	500,656,676
Dividend Reinvestment Plan	**3,088,935**	5,289,083
Shares issued to and held by Trust	**—**	5,000,000
Balance at the end of the period	**514,034,694**	510,945,759
Less: ordinary shares held by Trust	**(3,478,674)**	(6,330,415)
Balance for Consolidated Entity at the end of the period	**510,556,020**	504,615,344

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)

FOR THE 26 WEEKS ENDED 29 JANUARY 2011 AND 26 WEEKS ENDED 23 JANUARY 2010

4. SEGMENT REPORTING

Business and geographical segments

Operating Segments are defined with reference to information regularly reviewed by the Consolidated Entity's Chief Executive Officer (chief operating decision maker). The Consolidated Entity operates in Australia and was organised into the following operating segments by product and service type for the half year:

- Department Stores comprising David Jones department stores, rack stores and corporate head office; and
- Financial Services comprising the alliance between David Jones and American Express.

Unallocated items

Interest revenue and some interest expenses are not allocated to operating segments, as they are not considered part of the core operations of any segment.

Seasonality of operations

The financial performance of the Consolidated Entity is exposed to seasonality in sales volumes, such that the revenue and profit of its Department Stores segment is historically weighted in favour of the first half of the financial year. The seasonality is a reflection of the additional retail sales generated during the Christmas trading period each year.

Operating segments for the 26 weeks ended 29 January 2011 were:

Operating segments:	Department Stores	Financial Services	Unallocated	Consolidated
	$'000	$'000	$'000	$'000
External revenue	1,083,436	—	—	1,083,436
Other income:				
Commissions earned	—	25,344	—	25,344
Other revenues from external customers	1,660	—	—	1,660
Total segment revenue and other income	1,085,096	25,344	—	1,110,440
Gross profit	429,891	—	—	429,891
Depreciation and amortisation	(25,806)	(4)	—	(25,810)
Share based payments	(5,110)	—	—	(5,110)
All other expenses	(269,773)	(2,528)	—	(272,301)
Total expenses	(300,689)	(2,532)	—	(303,221)
Segment earnings before interest and tax	130,862	22,812	—	153,674
Interest revenue	—	—	262	262
Interest expense	(3,406)	—	(389)	(3,795)
Net interest expense	(3,406)	—	(127)	(3,533)
Segment profit before tax	127,456	22,812	(127)	150,141

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)

FOR THE 26 WEEKS ENDED 29 JANUARY 2011 AND 26 WEEKS ENDED 23 JANUARY 2010

4. SEGMENT REPORTING (CONTINUED)

Operating segments for the 26 weeks ended 23 January 2010 were:

Operating segments:	Department Stores	Financial Services	Unallocated	Consolidated
External revenue	1,086,136	—	—	1,086,136
Other income:				
Commissions earned	—	22,984	—	22,984
Other revenues from external customers	1,625	—	—	1,625
Total segment revenue and other income	1,087,761	22,984	—	1,110,745
Gross profit	434,454	—	—	434,454
Depreciation and amortisation	(21,151)	(9)	—	(21,160)
Share based payments	(5,982)	—	—	(5,982)
All other expenses	(283,380)	(1,755)	—	(285,135)
Total expenses	(310,513)	(1,764)	—	(312,277)
Segment earnings before interest and tax	125,566	21,220	—	146,786
Interest revenue	—	—	168	168
Interest expense	(3,057)	—	(400)	(3,457)
Net interest (expense)/revenue	(3,057)	—	(232)	(3,289)
Segment profit before tax	122,509	21,220	(232)	143,497

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)

FOR THE 26 WEEKS ENDED 29 JANUARY 2011 AND 26 WEEKS ENDED 23 JANUARY 2010

5. CONTINGENT LIABILITIES

The nature and amount of contingent liabilities are disclosed in Note 24 to the Consolidated Entity's 31 July 2010 Financial Statements.

Subsequent to 31 July 2010, and as reported in the Company's announcement to the Australian Securities Exchange on 18 October 2010, a settlement was reached with a former employee in relation to proceedings in the Federal Court and her complaint in the Australian Human Rights Commission.

With the exception of the above, the Directors are not aware of any other circumstance or information which would lead them to believe that liabilities in relation to any other matters disclosed in the Company's 31 July 2010 Financial Statements have crystallised, and consequently no provisions are included in the financial statements in respect of these matters. There have been no other changes to the contingent liabilities since the previous reporting period.

6. EVENTS OCCURRING AFTER THE REPORTING DATE

Dividends

Dividends declared after 29 January 2011 are disclosed in note 2.

DIRECTORS' DECLARATION

In the opinion of the Directors of David Jones Limited (Company):

(a) the Interim Financial Report, as set out on pages 11 to 22, is in accordance with the Corporations Act, including:

   (i) giving a true and fair view of the financial position of the Consolidated Entity as at 29 January 2011 and its performance, as represented by the results of its operations and cash flows, for the half year ended on that date; and

   (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Robert Savage

Chairman

Paul Zahra

Chief Executive Officer

Sydney, 23 March 2011

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Auditor's Independence Declaration to the Directors of David Jones Limited

In relation to our review of the financial report of David Jones Limited for the 26 weeks ended 29 January 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Graeme McKenzie
Partner
23 March 2011

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Independent Auditor's Report to Members of David Jones Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of David Jones Limited which comprises the statement of financial position as at 29 January 2011, the statement of comprehensive income, statement of changes in equity and cash flow statement for the 26 weeks ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 29 January 2011 and its performance for the 26 weeks ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* . As the auditor of David Jones Limited and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of David Jones Limited is not in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated entity's financial position as at 29 January 2011 and of its performance for the 26 weeks ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Graeme McKenzie
Partner
Sydney
23 March 2011