For Immediate Distribution **18 March 2009**

1H09 PROFIT AFTER TAX UP 2.4%
INTERIM DIVIDEND MAINTAINED AT 1H08 RECORD LEVEL

- **1H09 Profit after Tax (PAT) up 2.4%** ($91.2 million 1H09 vs. $89.0 million 1H08)
- **Interim Dividend of 11 cents per share (fully franked)** declared – maintained at the record 1H08 level
- PAT* growth guidance of 0% to 5% for 2H09 & FY09 reaffirmed
- The Company has low debt levels & strong Cashflows

David Jones Limited (DJS) today reported **Profit after Tax of $91.2 million** for the first half of the 2009 financial year ended 24 January 2009 (1H09). This represents an **increase of 2.4%** on 1H08 ($89.0 million).

The Company's **Financial Services business** reported a **7.5% increase** in EBIT from $18.4 million in 1H08 to $19.7 million in 1H09.

Gross Profit Margin for the first half of FY09 was 39.5% (compared to 39.8% in 1H08). This is a pleasing result given the prevailing retail conditions.

The **Total Cost of Doing Business (CODB)** percentage for 1H09 was 28.7%, an **improvement of 70 basis points** on the CODB percentage in 1H08 (29.4%).

The Company's **'EBIT to Sales Ratio'** for 1H09 increased by 50 basis points to 12.6%.

David Jones continued its track record of tight **Stock management**, with inventory levels as at 24 January 2009 down 12.9% compared to last year. Aged inventory remained well below the Company's 5% benchmark.

Capital Expenditure (Capex) for 1H09 was $39.4 million. In FY09, the Company is forecasting total Capex (including the spend on the Bourke Street refurbishment) at $105 million, with funding from the sale of the Bourke Street Home Store ($42 million) and the Dividend Reinvestment Plan (DRP), ensuring that the Company's direct contribution is limited to no more than $50 million.

BUSINESS WELL POSITIONED TO ADDRESS ECONOMIC SLOWDOWN

David Jones CEO, Mr Mark McInnes said, "Throughout FY06 and FY07 we utilized the strong economic environment to plan for an impending downturn. Over this period we completed significant structural changes to our business to ensure our Company:

- continued to generate strong Cashflows;
- had low debt levels as we entered the economic downturn; and

- was able to continue to deliver Profit after Tax growth and Dividend growth in a downturn.

"As a result of the work undertaken by our Company during this two year period, our Company today has:

- sold its Bourke Street Melbourne CBD Home Store for a total transaction value of $50 million, generating $42 million of cash plus an $8 million 'Disruption Allowance';
- transferred $374.3 million of predominantly debt funded Receivables relating to our Store Card business to American Express;
- released approximately $35 million cash in the form of Working Capital following the transfer of Receivables to American Express;
- renegotiated trading terms with 2,700 suppliers;
- paid down approximately $100 million of debt from our strong Cashflows;
- planned and implemented a 4-year sustainable Cost Efficiency program;
- announced 5 new stores;
- announced and commenced the $85 million Bourke Street redevelopment;
- implemented a variable cost reduction program that fluctuates in line with expected sales; and
- implemented a tight inventory management program that fluctuates in line with expected sales.

"Whilst the current financial circumstances are worse than predicted, our Company is well prepared. We have over the past 24 - 36 months taken important steps to transform our Balance Sheet, preserve our strong Cashflows and manage the key variables of our business to ensure that today we have a resilient business model capable of withstanding a significant economic downturn," Mr McInnes said.

The Company today has:

- a loyal customer base covering three generations of women (daughter, mother and grandmother);
- a strong service heritage and ethic;
- the best national and international brand portfolio;
- ownership and control of the key David Jones CBD flagship stores in Sydney and Melbourne;
- an alliance with American Express for the David Jones American Express card and the existing David Jones Store Card;
- a proven track record of cost management;
- strong Cashflows; and
- low debt levels.

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

Balance Sheet

The Company has net debt of less than $100 million.

Mr McInnes said, "The interest payable on our debt is significantly less than the commercial rent that would be payable on our flagship Sydney and Melbourne CBD properties, had we not acquired them in September 2006.

"All of our existing assets are of the highest quality and are supported by strong Cashflows reflecting the strong focus the Company has placed since 2003 on 'return on capital'.

"We are able to fund all strategic growth initiatives identified for the FY09 to FY12 period from:

- Capex (funded from operating Cashflows capped at an average of $50 million per annum (p.a.));
- contributions from external stakeholders;
- our DRP; and
- the sale proceeds of our Bourke Street Home Store,

without the need to draw down additional debt funding," Mr McInnes said.

David Jones American Express Card

The David Jones American Express Strategic Alliance announced in February 2008 was a Company transforming transaction, enabling David Jones to:

- transfer $374.3 million of predominantly debt funded Receivables to American Express on 1 August 2008;
- release approximately $35 million of cash in the form of Working Capital;
- deliver 7.5% EBIT growth p.a.; and
- build a long term loyalty card business.

Mr McInnes said, "Customers applying and being approved for the new David Jones American Express card are well ahead of our budget and feedback to date is that cardholders are delighted with the value they are getting on the card in the form of loyalty rewards."

The Company reconfirmed its guidance of a minimum of 7.5% p.a. EBIT growth for its Financial Services business.

INTERIM DIVIDEND

The Board of Directors has declared an **interim dividend of 11 cents per ordinary share (fully franked)** for the six months ended 24 January 2009.

David Jones Chairman, Mr Robert Savage said, "The 1H09 interim dividend reflects the strength of the Company's Balance Sheet, its strong Cashflows, low debt levels, as well as its ability to fully fund its future Capex program. It is these factors that give the Board the confidence to declare a 1H09 dividend (equivalent to the record 1H08 dividend), which would equate to an annualised average payout ratio of approximately 95%.

"This is in line with the record interim dividend declared in 1H08, at a time when the Company was trading in much stronger retail conditions and reported Sales growth of 9.5%," Mr Savage said.

The Record Date for the interim dividend will be 6 April 2009 and the Payment Date will be 4 May 2009.

OUTLOOK

Access Economics continues to predict a weak outlook for total retail sales in calendar 2009 with a return to sales growth in 2010 and 2011.

The Company has budgeted for like-for-like (LFL) Sales of (for refurbishment unaffected LFL stores) –10% in 2H09. If the EBIT protected stores under refurbishment (Bourke Street and Robina) are included this suggests LFL sales in the range of –12% to –13% for 2H09 across the

Company's store portfolio (excluding the positive impact of Doncaster which opened in October 2008 and the negative impact resulting from the closure of Claremont in January 2009).

On the basis of the above Sales Guidance the Company reaffirms its PAT growth guidance of 0% to 5% in 2H09 and FY09.

For the first seven weeks of 3Q09 the Company is on track with its Sales budget.

The Company reaffirms its LFL Sales Guidance of –3% to –5% in 1H10 and flat Sales in 2H10. On this basis the Company's PAT growth guidance for FY10 is 0% to 5%.

CONCLUSION

Mr McInnes concluded, "Whilst independent economic forecasters such as Access Economics are predicting an extremely challenging economic and retail outlook over the next 12 months, our Company has used the strong retail conditions in FY06 and FY07 to prepare for a downturn.

"Today our business has low debt, strong Cashflows and a strong balance sheet coupled with high quality assets. All of the growth initiatives we have planned for FY09 to FY12 can be funded by our operational Cashflows (capped at $50 million p.a.), external stakeholder funding and our DRP.

"As a result, despite the weak macro economic environment we are able to return excess cash generated by the Company to shareholders. Evidence of this is the 11 cents per share dividend declared and announced by the Board today, which is in line with the record dividend paid by the Company at the peak of the retail cycle in 1H08.

"In comparison to our peer group of department stores in the US, UK and Australia, David Jones is in an exceptionally strong position having the highest EBIT margin and the lowest debt levels.

"Historically, department stores are 'first in and first out' of an economic downturn. Even if our forecast of six negative Sales quarters eventuates, making the current conditions worse than those experienced in the 1990/91 recession, we are confident that our Company will emerge with a strong brand, a loyal customer base, the best brand portfolio and a strong financial base from which to leverage the inevitable upturn," Mr McInnes said.

ENDS

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

NOTE:
**** Profit After Tax (PAT)*** *reflects underlying PAT after removing the profit from the sale of Bourke St Home Store in 2H08.*

APPENDIX A: KEY PROFIT PERFORMANCE INDICATORS

PROFIT SUMMARY	1H09 ACTUAL $m	1H08 ACTUAL $m	Change %
Sales	**1,061.2**	1,134.2	- 6.4%
Gross profit	**418.9**	451.7	- 7.3%
% to Sales	**39.5%**	39.8%	
Cost of Doing Business	**(304.5)**	(333.2)	- 8.6%
% to Sales	**28.7%**	29.4%	
EBIT - Department stores	**114.4**	118.4	- 3.5%
% to Sales	**10.8%**	10.4%	
Financial Services	**19.7**	18.4	+ 7.5%
EBIT - Total	**134.1**	136.8	- 2.0%
% to Sales	**12.6%**	12.1%	
Net Interest Expense	**(4.1)**	(8.3)	- 50.4%
Profit Before Tax	**130.0**	128.5	+ 1.1%
Income Tax Expense	**(38.8)**	(39.5)	- 1.8%
Profit After Tax	**91.2**	89.0	+ 2.4%

NOTE: Excluding the one-off Organisational Realignment costs of $7.1 million (all of which were incurred in 1H09) the Company's Department Store EBIT was up 2.5% and Total EBIT was up 3.2% for the half.

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 24 January 2009
	Previous Corresponding Period:	26 Weeks ended 26 January 2008

Results For Announcement to the Market

				$A'000
Revenues from ordinary activities	Down	(6.4%)	to	1,061,238
Profit from ordinary activities after tax attributable to members	Up	2.4%	to	91,160

Dividends – Ordinary Shares	Amount per security	Franked amount per security
2009 Interim dividend declared 18 March 2009 (payable 4 May 2009)	11¢	11¢
2008 Final dividend (paid 5 November 2008)	16¢	16¢
Previous corresponding period		
2008 Interim dividend (paid 7 May 2008)	11¢	11 ¢
2007 Final dividend (paid 8 November 2007)	13¢	13¢

Record date for determining entitlements to the interim dividend	6 April 2009

David Jones Limited operates a Dividend Reinvestment Plan (DRP) under which shareholders can reinvest the dividends payable in ordinary shares in David Jones Limited acquired on market. The last date of receipt of an election notice for participation in the DRP is 6 April 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 Interim Financial Report.

Net Tangible Asset Backing	Current Period	Previous Corresponding Period
Net tangible asset backing per ordinary security	$1.13	$1.04

The attached 24 January 2009 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 24 JANUARY 2009

CONTENTS

The half year financial report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.2A.3 and should be read in conjunction with the 2008 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 24 January 2009.

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	Chairman and independent Non-Executive Director
John Coates AC	Deputy Chairman and independent Non-Executive Director
Mark McInnes	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

Review of Operations

Comments on the operations and the results of those operations are shown on pages 1 to 5 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, and is set out on page 20.

No person, who was an Officer of the Company during the half year, was a director or partner of the Consolidated Entity's external auditors at a time when the Consolidated Entity's external auditors conducted a review of the Consolidated Entity.

Indemnification of Directors

The Company has indemnified each Director referred to on page 8 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 as at 24 January 2009 amounts in this Report and the accompanying financial statements have been rounded to the nearest one thousand dollars unless otherwise indicated.

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

Robert Savage

Chairman

Mark McInnes

Chief Executive Officer

18 March 2009

INCOME STATEMENT

FOR THE 26 WEEKS ENDED 24 JANUARY 2009 AND 26 WEEKS ENDED 26 JANUARY 2008

	Note	**CONSOLIDATED 24 January 2009 $000**	CONSOLIDATED 26 January 2008 $000
Revenue from sale of goods		**1,061,238**	1,134,172
Cost of sales		**(642,374)**	(682,512)
Gross profit		**418,864**	451,660
Other revenues		**38,340**	42,561
Employee benefits expenses		**(172,768)**	(181,836)
Lease and occupancy expenses		**(77,383)**	(83,247)
Depreciation and amortisation expense		**(22,916)**	(18,751)
Advertising, merchandising and visual expenses		**(27,263)**	(28,762)
Administration expenses		**(12,923)**	(14,902)
Net financing expenses		**(5,252)**	(21,529)
Other expenses		**(8,731)**	(16,695)
Profit before income tax expense		**129,968**	128,499
Income tax expense		**(38,808)**	(39,517)
Profit after income tax expense attributable to equity holders of the parent entity		**91,160**	88,982
Basic earnings per share (cents per share)		**18.5**	18.6
Diluted earnings per share (cents per share)		**17.7**	18.2

The consolidated income statement is to be read in conjunction with the accompanying notes to the financial statements.

BALANCE SHEET

AS AT 24 JANUARY 2009 AND 26 JULY 2008

	Note	**24 January 2009 $000**	26 July 2008 $000
CURRENT ASSETS			
Cash and cash equivalents		**11,490**	66,564
Receivables	4	**27,934**	414,980
Inventories		**240,845**	257,288
Financial assets		**6,627**	704
Other assets		**9,742**	7,769
Total current assets		**296,638**	747,305
NON-CURRENT ASSETS			
Financial assets		**1,856**	798
Property, plant and equipment		**684,738**	670,687
Intangible assets		**39,361**	36,910
Deferred tax assets		**60,808**	73,910
Other assets		**1,555**	35
Total non-current assets		**788,318**	782,340
Total assets		**1,084,956**	1,529,645
CURRENT LIABILITIES			
Payables		**240,654**	274,608
Interest bearing liabilities	4	**8,967**	242,360
Current tax liabilities		**8,583**	22,997
Provisions		**44,523**	53,731
Financial liabilities		**1,729**	1,009
Other liabilities		**520**	8,828
Total current liabilities		**304,976**	603,533
NON-CURRENT LIABILITIES			
Interest bearing liabilities	4	**79,000**	270,000
Provisions		**9,709**	7,904
Financial liabilities		**1,236**	695
Other liabilities		**28,232**	27,723
Total non-current liabilities		**118,177**	306,322
Total liabilities		**423,153**	909,855
Net assets		**661,803**	619,790
EQUITY			
Contributed equity	3	**471,234**	455,341
Reserves		**48,969**	35,460
Retained earnings		**141,600**	128,989
Total equity		**661,803**	619,790

The consolidated balance sheet is to be read in conjunction with the accompanying notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE 26 WEEKS ENDED 24 JANUARY 2009 AND 26 WEEKS ENDED 26 JANUARY 2008

	Note	**24 January 2009 $000**	26 January 2008 $000
TOTAL EQUITY AT THE BEGINNING OF THE PERIOD		**619,790**	513,296
Unrealised gains on cash flow hedges		**13,118**	8,757
Unrealised losses on cash flow hedges		**(6,851)**	(2,789)
Realised gains on cash flow hedges		**(546)**	(329)
Realised gain on early termination of cash flow hedge		**(300)**	—
Income tax recognised directly in equity		**2,769**	706
NET PROFIT RECOGNISED DIRECTLY IN EQUITY		**8,190**	6,345
Profit for the half year		**91,160**	88,982
TOTAL RECOGNISED INCOME FOR THE PERIOD		**99,350**	95,327
Transactions with equity holders in their capacity as equity holders:			
Issue of shares:			
- Employee shares plans		**48**	53
- Dividend Reinvestment Plan		**15,845**	18,215
Conversion of RPS to ordinary shares		**—**	33,187
Dividend provided for or paid: cash component	2	**(62,704)**	(43,729)
Dividend provided for or paid: dividend reinvestment		**(15,845)**	(18,215)
Share-based payments		**5,319**	4,767
Total equity at the end of the period		**661,803**	602,901

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

CASH FLOW STATEMENT

FOR THE 26 WEEKS ENDED 24 JANUARY 2009 AND 26 WEEKS ENDED 26 JANUARY 2008

	24 January 2009 $000	26 January 2008 $000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers (inclusive of GST)	**1,185,523**	1,267,443
Payments to suppliers and employees (inclusive of GST)	**(1,066,995)**	(1,137,627)
Commissions received	**20,018**	—
Interest received	**925**	26,172
Borrowing costs paid	**(5,038)**	(21,567)
Income tax paid	**(37,351)**	(39,581)
Net cash from operating activities	**97,082**	94,840
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	**(39,418)**	(19,365)
Net cash from investing activities	**(39,418)**	(19,365)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of ordinary shares under Employee share plan	**48**	53
Dividends paid on ordinary shares	**(62,704)**	(43,729)
Interest paid on RPS	**—**	(1,333)
Sale of store card and credit reserve receivables	**374,311**	—
Repayment of receivables purchase facility	**(241,000)**	—
Repayments of long term borrowings	**(191,000)**	(180,000)
Net cash from financing activities	**(120,345)**	(225,009)
Net decrease in cash and cash equivalents	**(62,681)**	(149,534)
Cash and cash equivalents at beginning of the period	**65,204**	161,308
Cash and cash equivalents at end of the period	**2,523**	11,774

Note:

(i) Reconciliation to the Balance Sheet

Cash and cash equivalents is comprised of the following:

Cash and cash equivalents	**11,490**	20,636
Bank overdraft (interest bearing liabilities)	**(8,967)**	(8,862)
	2,523	11,774

(ii) Non-cash financing and investing activities

During the period 5,164,058 shares (2008: 3,729,204) were issued under the DRP. Dividends settled in shares rather than cash during the period were $15.845 million (2008: $18.215 million).

The consolidated cash flow statement is to be read in conjunction with the accompanying notes to the interim financial report.

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS

FOR THE 26 WEEKS ENDED 24 JANUARY 2009

1. SUMMARY OF ACCOUNTING POLICIES

David Jones Limited (the Company) is a public company domiciled in Australia and is listed on the Australian Stock Exchange. The consolidated interim financial report for the 26 weeks ended 24 January 2009 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 26 July 2008 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.

The interim financial report is prepared on the historical cost basis except for derivative financial instruments that are stated at their fair value.

The Consolidated Entity 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 report have been rounded to the nearest thousand dollars, unless otherwise stated.

The same accounting policies have been applied by each entity in the Consolidated Entity and are consistent with those adopted and disclosed in the annual financial report for the year ended 26 July 2008.

2. DIVIDENDS

Dividends recognised at the reporting date are:

	AMOUNT PER SHARE	TOTAL AMOUNT $000	DATE OF PAYMENT
24 January 2009:			
Final 2008 ordinary	16.000¢	78,549	5 November 2008
Total amount		78,549	
26 January 2008:			
Final 2007 ordinary	13.000¢	61,940	8 November 2007
Total amount		61,940	

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

Subsequent event

Subsequent to 24 January 2009, 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 2009 ordinary	11.000¢	54,518	7 May 2009

The financial effect of the interim ordinary dividend for 2009 has not been recognised in the Interim Financial Statements for the half year ended 24 January 2009 and will be recognised in subsequent Financial Statements.

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)

FOR THE 26 WEEKS ENDED 24 JANUARY 2009

	HALF YEAR ENDED 24 JANUARY 2009 $000	YEAR ENDED 26 JULY 2008 $000

3. CONTRIBUTED EQUITY

	HALF YEAR ENDED 24 JANUARY 2009 $000	YEAR ENDED 26 JULY 2008 $000
Ordinary shares, fully paid	**471,234**	455,341
Movements in ordinary contributed equity		
Balance at the beginning of the period	**455,341**	392,496
Allocation under Long Term Incentive (LTI) Plan	**48**	97
Dividend reinvestment plan	**15,845**	29,561
Conversion of RPS	**—**	33,187
Balance at the end of the period	**471,234**	455,341

Movements in the number of ordinary shares	**NUMBER OF SHARES**	NUMBER OF SHARES
Balance at the beginning of the period	**483,452,861**	451,021,398
Shares issued under the LTI Plan	**7,001,157**	2,180,219
Dividend reinvestment plan	**5,164,058**	6,963,393
Conversion of RPS	**—**	23,287,851
Balance at the end of the period	**495,618,076**	483,452,861

LTI Plan rights	**Number of potential shares 000**	Number of potential shares 000
Balance at the end of the previous period	**24,108**	11,215
Rights granted during the period	**5,220**	15,115
Rights forfeited during the period	**(378)**	(42)
Rights converted to Ordinary shares during the period	**(7,001)**	(2,180)
Balance at the end of the period	**21,949**	24,108

During the period, LTI Plan rights were converted into 7,001,157 (2008: 2,180,219) ordinary shares in David Jones Limited. The shares were issued for nil consideration.

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)

FOR THE 26 WEEKS ENDED 24 JANUARY 2009

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 half year:

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

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.

Business segments for the 26 weeks ended 24 January 2009 and 26 weeks ended 26 January 2008:

Primary reporting – business segments	Department Stores		Financial Services		Consolidated	
	24 Jan 2009 $000	26 Jan 2008 $000	**24 Jan 2009 $000**	26 Jan 2008 $000	**24 Jan 2009 $000**	26 Jan 2008 $000
Revenue						
Sales to customers outside the Consolidated Entity	**1,061,238**	1,134,172	**—**	—	**1,061,238**	1,134,172
Other revenues from customers outside the Consolidated Entity	**6,962**	2,391	**30,279**	38,287	**37,241**	40,678
Total segment revenues	**1,068,200**	1,136,563	**30,279**	38,287	**1,098,479**	1,174,850
Unallocated revenue					**1,099**	1,883
Total consolidated revenue					**1,099,578**	1,176,733
Results						
Segment results	**109,676**	108,610	**19,733**	18,353	**129,409**	126,963
Unallocated net revenue					**559**	1,536
Net profit from ordinary activities before income tax expense					**129,968**	128,499

Financial Services – Agreement with American Express

On 19 February 2008, the Consolidated Entity entered into agreements with American Express relating to the assignment of all store card and credit reserve receivables on 1 August 2008 and the launch of a general purpose credit card.

NOTES TO THE HALF YEAR FINANCIAL STATEMENTS (CONTINUED)

FOR THE 26 WEEKS ENDED 24 JANUARY 2009

4. SEGMENT REPORTING (CONTINUED)

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 $374.3 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 $374.3 million was partly used to repay bank finance facilities (reducing current interest bearing liabilities by $241.0 million and non-current interest bearing liabilities of $100.0 million). The balance of funds received resulted in an increase in cash assets of $33.3 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 $30.279 million disclosed above primarily represents commissions received from American Express during the period.

5. CONTINGENT LIABILITIES

The nature and amount of contingent liabilities are disclosed in Note 25 to the Consolidated Entity's 26 July 2008 Financial Statements.

The Directors are not aware of any circumstance or information, which would lead them to believe that these liabilities have crystallised and consequently no provisions are included in the financial statements in respect of these matters. There have been no changes to the contingent liabilities since the previous reporting period.

6. EVENTS OCCURRING AFTER THE REPORTING DATE

Dividends

Dividends declared after 24 January 2009 are disclosed in note 2.

DIRECTORS' DECLARATION

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

(a) the interim financial report set out on pages 10 to 19, are in accordance with the Corporations Act, including:

(i) giving a true and fair view of the financial position of the Consolidated Entity as at 24 January 2009 and it's performance, as represented by the results of it's 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

Mark McInnes

Chief Executive Officer

Sydney, 18 March 2008

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
www.ey.com/au

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 24 January 2009, 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

18 March 2009

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of David Jones Limited, which comprises the balance sheet as at 24 January 2009, and the income statement, statement of changes in equity and cash flow statement for the 26 weeks ended on that date, other selected explanatory notes 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 and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 Interim and Other Financial Reports 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 24 January 2009 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.

ERNST & YOUNG

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:

i) giving a true and fair view of the consolidated entity's financial position as at 24 January 2009 and of its performance for the 26 weeks ended on that date; and

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

Ernst & Young

Ernst & Young

Graeme McKenzie
Partner

18 March 2009