For Immediate Distribution **25 May 2006**

DAVID JONES DELIVERS 3Q06 SALES GROWTH OF 3.3%

- **3Q06 Sales Revenue growth of 3.3%**
- **Better than expected Sales result** – last 5 weeks of quarter were strong
- **Well positioned to leverage next phase of economic cycle** through:
  - Sales growth in line with strengthening economic cycle and returns from strategic refurbishments
  - Continued management of gross margins, costs and inventory
- **Continued strong financial fundamentals**

David Jones Limited (DJS) today reported **Sales Revenue of $402.8 million** for the third quarter of the 2006 financial year **(3Q06)** being the period 29 January 2006 to 29 April 2006. This represents **3.3% growth** on 3Q05 ($390.0 million).

David Jones CEO Mr Mark McInnes said, "We were pleased with our 3Q06 Sales performance. As stated at the 1H06 Results announcement, Sales growth was flat in February and March. In the last five weeks of the quarter however, trading improved as we leveraged the late Easter trading period to deliver a better than expected 3Q06 Sales growth result.

"We were particularly pleased with the performance of our Womens, Mens and Childrens Apparel, Footwear, Accessories, Cosmetics and Home Entertainment categories, all of which delivered solid sales throughout the quarter," Mr McInnes said.

TOTAL SALES

PERIOD	FY06 $m	FY05 $m	% Change
First Quarter (1Q) of Financial Year	$405.0	$418.1	(3.1)%
Second Quarter (2Q) of Financial Year	$557.6	$559.6	(0.4)%
First Half (1H) of Financial Year	**$962.6**	**$977.7**	**(1.6)%**
Third Quarter (3Q) of Financial Year	$402.8	$390.0	3.3%
Year to Date	**$1365.3**	**$1367.7**	**(0.2)%**

Throughout the quarter the Company continued its strategy of concentrating on:
- managing Gross Profit margins;
- generating further cost efficiency savings; and
- effective management of Inventory.

The Department store sector has traded well in 3Q06. In fact, if David Jones' Sales growth is restated to reflect the same calendar trading weeks last year as its major department store competitor, the Company's growth rate, as explained in the 3Q05 results last year, would have been 2.2% higher.

TRADING ENVIRONMENT & OUTLOOK

The Company reiterates the comments it made at the time of its 1H06 Results announcement in relation to economic outlook, namely that independent economists continue to suggest a modest improvement in consumer sentiment in 2H06 and further strengthening of Sales growth in FY07.

There are a number of recent external economic factors such as interest rates, petrol prices, tax cuts and consumer confidence that influence retail sales. Whilst external economists broadly believe that the overall trend of the retail cycle is positive, the timing of this upswing is still unclear. As a result, the Company is maintaining its previous guidance of Profit After Tax (PAT) growth for 2H06. Namely, it expects PAT growth for 2H06 to be at the lower end of its 5%-10% target growth range under AGAAP (which is broadly comparable under AIFRS).

Mr McInnes said, "The Clearance period is the key trading period for the winter season. Whilst our trading to date has been better than expected, we are a trading business and need to see the results of Clearance before commenting further on our profit outlook."

Mr McInnes said, "Our key refurbishments have been timed to coincide with the strengthening retail cycle. Our first floor Elizabeth St store 'Young Fashion' destination is complete and customer response has been outstanding. We are now underway and well on track to completing the refurbishment of our Ground Floor Cosmetics & Accessories Hall in our Bourke St, Melbourne store by late October 2006. Our new QueensPlaza store in Brisbane is now expected to be completed in the third quarter of calendar 2007."

On 13 December 2005 the Company announced that it had entered into an agreement with Deutsche Bank AG (DBAG) to reacquire David Jones' flagship Sydney and Melbourne CBD store properties by unwinding the Sale and Leaseback transaction entered into in 2000. The agreement was conditional on satisfactory tax ruling outcomes being reached between the Australian Taxation Office (ATO) and DBAG, and subsequently IYS minority unitholder approval being obtained. It is understood that the ATO's response to DBAG's position is imminent and as a result the Company will await DBAG's advice as to the next steps in this process.

The Company has re-affirmed the guidance it provided in its 1H06 Results announcement, that as it continues its rollout of refurbishments and brand installations, PAT growth in FY07 and FY08 would be within its target range of 5%-10% p.a. and that it would continue to deliver dividend growth in each of these years.

ENDS

FOR FURTHER INFORMATION CONTACT:

Helen Karlis
General Manager Corporate Affairs, Communications & Investor Relations
David Jones Limited
02 9266 5960
0404 045 325

NOTE:

The Sales numbers quoted in this ASX Release have not been adjusted to take into account changes to the provisions for returns or lay-by. These changes are required under AIFRS and will be reflected in the year-end Sales figures in the Company's Income Statement. Any change is expected to be immaterial.

APPENDIX: 2H05 SEGMENT REPORT UNDER AIFRS

Set out below is a summary of the 1H05, 2H05 and FY05 result reported under AIFRS in a segment-reporting format. The information provided is consistent with the results disclosed in the Company's 1H06 Results announcement on 22 March 2006.

PROFIT SUMMARY	1H05 ACTUAL $m	2H05 ACTUAL $m	FY05 ACTUAL $m
Sales - Department stores	978.4	822.4	1800.8
TOTAL SALES	978.4	822.4	1800.8
Gross profit - Department stores	378.7	311.9	690.6
% to sales - department stores	38.7%	37.9%	38.4%
Cost of Doing Business	326.3	303.9	630.2
% to sales - department stores	33.4%	37.0%	35.0%
EBIT - Department stores	52.4	8.0	60.4
% to sales - department stores	5.4%	1.0%	3.4%
- Credit	15.1	17.0	32.1
- Property	1.6	1.1	2.7
EBIT - Total	69.1	26.1	95.2
% to total sales	7.1%	3.2%	5.3%
Net interest income / (expense)	0.8	2.1	2.9
Profit before tax	69.9	28.2	98.1
Income tax expense	22.3	7.8	30.1
Profit after tax	47.5	20.5	68.0
Adjustment to apply AASB132/139 (Note 1)	(3.2)	(2.7)	(5.9)
Like for like Profit under AIFRS	44.3	17.8	62.1

Notes:

1) The financial impact of adopting AASB 132 Financial Instruments: Disclosure & Presentation and AASB 139 Financial Instruments: Recognition & Measurement is not reflected in the PAT for FY05 due to the Company electing not to early adopt these standards in line with common practice (as allowed under AASB1 First-time Adoption of Australian Equivalent to International Financial Reporting Standards). Had the Company early adopted AASB 132 and AASB 139 in FY05, the PAT reflecting the additional AIFRS adjustments is shown as 'Like for like Profit under AIFRS'.

2) In relation to segment reporting, please note the following:
   - Items relating to AASB 132 & 139 including the RPS dividend were shown in the Department store segment under Cost of Doing Business for 1H06.
   - The Credit segment is shown as net of securitised funds.
   - The segment allocations will be subject to further review before being finalised at year-end.