



For Immediate Distribution

9 May 2007

DAVID JONES DELIVERS STRONG 3Q07 SALES GROWTH OF 8.4%

- **3Q07 Sales Revenue growth of 8.4%**
- **FY07 year-to-date Sales Growth of 8.0%**
- **All categories traded well** in particular Apparel (Womens & Mens), Accessories, Cosmetics, Footwear & Homewares
- Stores in **all States delivered strong Sales**
- Well positioned to leverage next phase of long term economic cycle

David Jones Limited (DJS) today reported **Sales Revenue of \$436.7 million** for the third quarter of the 2007 financial year (**3Q07**) being the period 28 January 2007 to 28 April 2007. This represents **8.4% growth** on 3Q06 (\$402.8 million). The Company's FY07 **year-to-date Sales Revenue is up 8.0%** to \$1,474.3 million versus \$1,365.3 million for the corresponding period in FY06. These Sales results are on total and like for like basis.

David Jones CEO Mr Mark McInnes said, "We are delighted with our 3Q07 Sales performance. Our Sales growth this quarter reflects the ongoing strength of consumer sentiment and spending that we have witnessed over the past 12 months. In particular, we are pleased that we continued to deliver strong sales in April despite cycling strong growth in April 2006.

"Sales in all categories traded well, with Mens and Womens Apparel, Accessories, Cosmetics, Footwear and Homewares being the standout performers.

"All States delivered strong Sales growth with Western Australia being the stand out performer," Mr McInnes said.

TOTAL SALES

PERIOD	FY07 \$m	FY06 \$m	Change %
First Quarter (1Q) of Financial Year	430.3	405.0	+6.3
Second Quarter (2Q) of Financial Year	607.3	557.6	+8.9
First Half (1H) of Financial Year	1037.6	962.6	+7.8
Third Quarter (3Q) of Financial Year	436.7	402.8	+8.4
Year to Date	1474.3	1365.3	+8.0

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TRADING ENVIRONMENT & OUTLOOK

Independent economic forecasters, Access Economics, are predicting a good retail environment for the remainder of calendar 2007, with consumer sentiment remaining strong, subject to any significant adverse changes in 'consumer sensitive' events.

Mr McInnes said, "In terms of giving guidance, the fourth quarter is the major contributor to Sales and Profit after Tax in the second half of our financial year, so whilst we are pleased with our strong 3Q07 Sales growth, we feel that it is premature to update our 4Q07 Sales guidance until we trade through the all important May and June trading periods. This is particularly the case given we will be cycling the high growth of 5.4% experienced in 4Q06.

"Added to this, we have the uncertainty of knowing how trade in July 2007 will compare to July 2006, when we experienced a one-off, sales flow-on effect due to the change in ownership of Myer and the new owners launching their 'History Making Inventory Clearance Sale'.

"Given we are a trading business with a significant period of the financial year still left to trade and in light of the above factors, we are not in a position to update our 2H07 underlying PAT guidance of 8.5% - 13.5%.

"From a longer term perspective, we see significant growth opportunities particularly in the areas of Store Portfolio expansion, Financial Services (through the introduction of a General Purpose Card), benefits arising from the recent industry restructure and core business expansion through strategic refurbishments, ongoing brand introduction and continuation of our Cost Efficiency program.

"We believe our Company has a bright future, we have a proven business model and management team and are well positioned to continue our track record (since 2003) of delivering year-on-year growth in shareholder returns. We continue to be confident of delivering 5%-10% PAT growth (excluding the positive benefit to PAT in FY08 following the conversion of the RPS on 1/8/07) and attractive dividends for shareholders in FY08," Mr McInnes said.

STORE PORTFOLIO UPDATE

In addition to its Sales announcement, David Jones today also provided the market with an update on its Store Portfolio and Retail Development Strategy. The Company's position remains firm – it will not commit to a long-term lease on the basis of short-term Sales growth, and the decision will always be based on what delivers best overall value to our shareholders over the life of each lease.

Burwood

Mr McInnes said, "We are pleased to announce that on 5 May 2007 (after the 3Q07 period ended) we formally opened our first new store in six years in the Westfield Burwood (NSW) Shopping centre.

"The new store has been well received by customers and the first few days of trading have been outstanding. Our Burwood store is a strategic and very advantageous addition to our Store portfolio. Our recent capex injection in this store, coupled with our outstanding brand offering and our high customer service levels, means we are ideally placed to capitalise on this increasingly affluent, inner west demographic," Mr McInnes said.

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Chermside, QueensPlaza and Doncaster

In terms of new Queensland store openings, the Company is on track to open its new Chermside store in the first week of August 2007 and its new QueensPlaza (Brisbane CBD) store in February 2008. The new QueensPlaza store will result in David Jones significantly increasing its Sales by doubling the existing selling space at this site.

The new David Jones store in Westfield's Doncaster centre (Victoria) is scheduled to open in October 2008, following significant investment in the centre by Westfield.

Mr McInnes said, "We are currently engaged in negotiations relating to an additional four to six high value shopping centres, all of which have attractive demographics. Our negotiations are premised on the fact that we will only enter agreements which fully reflect the value of the David Jones brand and which deliver long term value to our shareholders."

Bankstown

The Company's Bankstown store lease expired in September 2006 and since that date the Company has operated in Centro's Bankstown centre on a month-to-month lease.

Mr McInnes said, "Since the expiry of our Bankstown lease we have added the new Burwood store to our store portfolio, which has given us an additional presence in Sydney's western suburbs.

"We have over the past 7 months been in negotiations and discussions with Centro in relation to the terms upon which David Jones would consider remaining in the Bankstown centre. We will only remain in Bankstown if we can significantly improve our store profitability. Our final position has been put to the Centro Board and we await their decision," Mr McInnes said.

Eastgardens

The lease relating to David Jones' Eastgardens (NSW) store expires in October 2007. The Company has been in discussions with Terrace Towers (the owner of the centre) although to date, agreement has not been reached.

Mr McInnes said, "Whilst our firm preference is to enter a long-term Eastgardens lease, we are not yet in a position to do so. In the event that an acceptable agreement is not reached, we believe that Myer is likely to enter the Centre."

ENDS

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**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-bys. 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.*

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