For Immediate Distribution **18 July 2007**

DAVID JONES 2H07 PROFIT AFTER TAX GROWTH GUIDANCE INCREASED TO 37% - 42%

- **2H07 Profit after Tax** (PAT) Growth Guidance **increased to 37% - 42%** on 2H06 (**$36.5 mil - $37.8 mil)**
- **FY07 PAT* Guidance of $107.5 mil - $108.9 mil** representing **32.6% - 34.2% growth** on FY06
- **4Q07 Sales Revenue growth** expected to be approximately **8% (LFL) or 11% (Total Sales, including new Burwood store)** on an already strong base of 5.4% Sales growth in 4Q06
- **Company capitalises on Industry restructure.**

David Jones Limited (DJS) today announced that it has increased its **Profit after Tax (PAT) guidance for the second half of the year (ending 28 July 2007 (2H07)) to $36.5 million - $37.8 million.** This represents **growth of approximately 37% - 42%** on 2H06.

The Company's 4Q07 trading performance to date has been very strong, despite cycling a high 4Q06 base of 5.4% growth. Trading throughout 4Q07 Clearance (which ended on 15 July 2007) has been outstanding, delivering a 10% "like-for-like" increase on 4Q06 Clearance. It is anticipated that Sales for the fourth quarter (which ends on 28 July 2007) will be **approximately 8% higher than 4Q06 on a like-for-like basis (LFL)** and approximately **11% higher** on a **Total Sales basis** if Sales from the **new Burwood store** are included.

Based on the strong FY07 trading performance and the Company's strong gross profit margins, the underlying **FY07 PAT* Guidance** is now **$107.5 million - $108.9 million, an increase of 32.6% - 34.2% on FY06**.

David Jones CEO Mr Mark McInnes said, "The key driver for our increased PAT growth guidance has been our Company's exceptional trading performance throughout the year.

"This has been driven by three major factors:

1. the strong economic environment;
2. our successful "Home of Brands" business model which has been implemented by our experienced and capable management team; and
3. the recent industry restructure which has given rise to unique opportunities that our business has been able to capitalize on."

Mr McInnes pointed out that in addition to the Company's strong Sales performance for the year, each of the fundamental components of David Jones' business (including Gross Margins, Inventory management and Cost Efficiencies) have been well managed.

OUTLOOK
Mr McInnes said, "In terms of **outlook,** Access Economics continues to predict ongoing strong consumer sentiment although we note that we are cycling a high base level of sales as of 1Q08. Our business looks set to continue benefiting from the unique opportunities arising as a result of the recent industry restructure, we have a strong management team and a proven "Home of Brands" business model - as such, we are well positioned to continue to deliver PAT and dividend growth for shareholders throughout the economic cycle."

The Company reaffirmed its FY08 PAT growth guidance of 5%-10% on the increased PAT base, excluding the positive benefit to PAT in FY08 following conversion of the Reset Preference Shares (RPS) on 1 August 2007, which equates to 8%-13% PAT growth.

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NOTES:
* ***"Underlying PAT"*:** Profit after Tax (PAT) for 1H07 reflects the PAT after removing the one-off impacts of the unwinding of the Sale & Leaseback Transaction.