



JB HI-FI LIMITED
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COMPANY ANNOUNCEMENT

19 February 2004

JB Hi-Fi reports 50% increase in half year NPAT On track to achieve full year prospectus forecasts

JB Hi-Fi Limited today reported a record half year net profit after tax of \$9.3 million for the six months ended December 2003, up 49.2% on the previous corresponding period of \$6.2 million.

Chief Executive Officer Richard Uechtritz said JB continued its strong growth through the opening of four stores in the first half, two in Western Australia and one each in Queensland and South Australia. JB's most recent store opening was in mid February 2004 at Erina Fair, on the Central NSW coast.

Total sales were up 26.3% to \$234.6 million and comparable store growth was 8.4%. Gross margin was strong for the period, increasing 0.8 to 23.3%.

Operating expenditure as a percentage of sales has remained stable at 16.5 percent for the period.

EBIT was up 35.8% to \$14.5 million. The resulting EBIT margin was 6.2%, up 0.5 percentage points from the same period last year.

The Board has declared a fully franked interim dividend of 3.6 cents a share.

Operating highlights for the period include:

- Continued strong growth in emerging categories of Digital Camera's, Plasma TV's and DVD software
- Music showed good growth in both CD's (3.6% comp. store) and Music DVD's
- Store rollout ahead of plan with 5 stores opened to Feb 2004 and further 2 to 3 stores likely in second half.

JB Hi-Fi's cash flow remained strong during the 6 months to December 2003, with cash flow from operations of \$20.3 million.

Management are confident of achieving full year prospectus earnings.

Richard Uechtritz
Chief Executive Officer

Media Contacts:

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Half Year Report Of
JB Hi-Fi Limited
for the Period Ended 31 December 2003

ABN 80 093 220 136

*This Half Year Report is provided to the Australian Stock Exchange (ASX)
under ASX Listing Rule 4.2A.3*

Current Reporting Period: Half Year Ended 31 December 2003

Previous Corresponding Period: Half Year Ended 31 December 2002

JB Hi-Fi Limited
Half Year Report
For the Period Ended 31 December 2003

Contents	Section
Results for Announcement to the Market	A
Commentary on Results	B
Half Year Financial Report	C

Section A: Results For Announcement to the Market

Revenue and Net Profit

		Percentage Change %	Amount \$'000
Revenue from ordinary activities	Up	26.4%	To 234,837
Profit from ordinary activities after tax attributable to members	Up	49.2%	To 9,305
Net profit attributable to members	Up	49.2%	To 9,305

Dividends (Distributions)

	Amount per security	Franked amount per security
Final dividend in respect of 30 June 2003 financial year - Paid 29 October 2003	10.0¢ ⁽ⁱ⁾	10.0¢ (at 30% tax)
Interim dividend in respect of 30 June 2004 financial year	3.6¢	3.6¢ (at 30% tax)

Record date for determining entitlements to the interim dividend is

31 March 2004

(i) For comparative purposes, the dividend payment in cents per share has been calculated based on the number of shares on issue at 31 December 2002, converted on the basis of the 4 for 1 issue of shares completed as part of IPO. The dividend payment in cents per share using the actual shares on issues at 31 December 2002 is 45.66 cents per share.

Section B: Commentary on Results

Brief Explanation of Revenue, Net Profit and Dividends

Refer company release

JB Hi-Fi Limited

Financial Report
for the Half-Year Ended 31 December 2003

	Page Number
Directors' Report	1
Independent Review Report	2
Directors' Declaration	3
Statement of Financial Performance	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7

JB Hi-Fi Limited

Directors' Report

The directors of JB Hi-Fi Limited submit herewith the financial report for the half-year ended 31 December 2003. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names of the directors of the company during or since the end of the half year are:

Patrick F Elliott

Hugh E Toll (resigned 15 September 2003)

Richard A Uechtritz

Terry D Smart

Gary Levin

Macdonnell Roehm (resigned 15 September 2003)

William Fraser (appointed 15 September 2003)

The above named directors held office during and since the end of the half-year except as noted.

Review of Operations

The consolidated net profit for the half year was \$9,305,000 (2002: \$6,237,000).

Dividends

In respect of the financial year ended 30 June 2003, a final dividend of \$10m franked to 100% at 30% corporate income tax rate was paid to the holders of fully paid ordinary shares on 29 October 2003.

On 18 February 2004, the directors declared a dividend of \$3.6m franked to 100% at 30% corporate income tax rate to the holders of fully paid ordinary shares.

Rounding Off Of Amounts

The company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the financial report are rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of directors.

On behalf of the Directors



R A Uechtritz
Director

Melbourne, 18 February 2004

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**INDEPENDENT REVIEW REPORT TO THE MEMBERS
OF JB HI-FI LIMITED**

Scope

We have reviewed the financial report of JB Hi-Fi Limited for the half-year ended 31 December 2003 as set out on pages 3 to 10. The financial report includes the consolidated financial statements of the consolidated entity comprising the disclosing entity and the entities it controlled at the end of the half-year or from time to time during the half-year. The disclosing entity's directors are responsible for the financial report. We have performed an independent review of the financial report in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting" and other mandatory professional reporting requirements in Australia and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the disclosing entity to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. A review is limited primarily to inquiries of the entity's personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

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 JB Hi-Fi Limited is not in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2003 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

DELOITTE TOUCHE TOHMATSU

Deloitte Touche Tohmatsu

Tom ImbESI

T IMBESI
Partner
Chartered Accountants

18 February 2004

JB Hi-Fi Limited

Directors' Declaration

The directors declare that:

- (a) the attached financial statements and notes thereto comply with Accounting Standards;
- (b) the attached financial statements and notes thereto give a true and fair view of the financial position and performance of the consolidated entity;
- (c) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001; and
- (d) in the directors' opinion, 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 made pursuant to s303(5) of the Corporations Act 2001.

On behalf of the Directors



R A Uechtritz
Director

Melbourne, 18 February 2004

JB Hi-Fi Limited
Consolidated Statement of Financial Performance
for the Half-Year Ended 31 December 2003

	Half-Year Ended 31 Dec 2003 \$'000	Half-Year Ended 31 Dec 2002 \$'000
Sales revenue	234,599	185,743
Cost of sales	(179,918)	(143,960)
Gross Profit	54,681	41,783
Other revenue from ordinary activities	238	-
Sales and marketing expenses	(26,953)	(20,734)
Occupancy expenses	(6,787)	(2,848)
Administration expenses	(3,506)	(2,709)
Borrowing costs	(1,430)	(1,584)
Other expenses from ordinary activities	(2,968)	(4,840)
Profit From Ordinary Activities Before Income Tax Expense	13,275	9,068
Income tax expense relating to ordinary activities	(3,970)	(2,831)
Net Profit	9,305	6,237
Total Changes in Equity Other Than Those Resulting From Transactions With Owners as Owners	9,305	6,237
Earnings per Share:	¢	¢
Basic (cents per share)	9.11	7.12 ⁽ⁱⁱ⁾
Diluted (cents per share)	8.93	6.00 ⁽ⁱⁱ⁾

(ii) For comparative purposes, these EPS numbers have been calculated based on the shares and options on issue at 31 December 2002, converted on the basis of the 4 for 1 issue of shares completed as part of IPO. The basic and diluted EPS calculated using the actual shares and options on issue at 31 December 2002 are as follows:

Basic (cents per share) - 28.48
Diluted (cents per share) - 23.99

JB Hi-Fi Limited
Consolidated Statement of Financial Position
as at 31 December 2003

		<u>31 Dec 2003</u> \$'000	<u>30 Jun 2003</u> \$'000
Current Assets			
Cash assets		28,356	12,990
Receivables	5	13,759	9,121
Inventories	6	76,379	49,074
Other		1,162	681
Total Current Assets		<u>119,656</u>	<u>71,866</u>
Non-Current Assets			
Other non-current financial assets		6	6
Plant and equipment		18,466	14,880
Intangible assets		46,042	43,094
Deferred tax assets		1,419	1,727
Other		412	781
Total Non-Current Assets		<u>66,345</u>	<u>60,488</u>
Total Assets		<u>186,001</u>	<u>132,354</u>
Current Liabilities			
Payables		89,640	48,340
Interest-bearing liabilities	7(a)	1,928	3,289
Provisions		3,870	2,081
Current tax liabilities		3,103	3,538
Total Current Liabilities		<u>98,541</u>	<u>57,248</u>
Non-Current Liabilities			
Interest-bearing liabilities	7(b)	37,770	34,588
Provisions		768	1,387
Deferred tax liabilities		1,025	669
Total Non-Current Liabilities		<u>39,563</u>	<u>36,644</u>
Total Liabilities		<u>138,104</u>	<u>93,892</u>
Net Assets		<u>47,897</u>	<u>38,462</u>
Equity			
Contributed equity	8	32,030	21,900
Retained profits	9	15,867	16,562
Total Equity		<u>47,897</u>	<u>38,462</u>

JB Hi-Fi Limited
Consolidated Statement of Cash Flows
for the Half-Year Ended 31 December 2003

	Inflows/(Outflows)	
	Half-Year Ended 31 Dec 2003 \$'000	Half-Year Ended 31 Dec 2002 \$'000
Cash Flows from Operating Activities		
Receipts from customers	229,961	197,898
Payments to suppliers and employees	(205,476)	(165,132)
Interest received	238	-
Interest and other costs of finance paid	(1,430)	(1,562)
Income tax paid	(3,000)	(2,693)
Net cash provided by operating activities	<u>20,293</u>	<u>28,511</u>
Cash Flows From Investing Activities		
Payment for intangible assets	(1,915)	-
Payment for investment securities	-	(6)
Payment for plant and equipment	(851)	(1,090)
Proceeds from sale of plant and equipment	84	49
Net cash provided by/(used in) investing activities	<u>(2,682)</u>	<u>(1,047)</u>
Cash Flows From Financing Activities		
Proceeds from issue of equity securities	10,130	-
Repayment of borrowings	(601)	(4,250)
Repayment of lease liabilities	(1,774)	(954)
Dividends paid to members of the parent entity	(10,000)	-
Net cash provided by/(used in) financing activities	<u>(2,245)</u>	<u>(5,204)</u>
Net Increase In Cash Held	15,366	22,260
Cash At The Beginning Of The Half-Year	<u>12,990</u>	<u>562</u>
Cash At The End Of The Half-Year	<u>28,356</u>	<u>22,822</u>

JB Hi-Fi Limited

Half Year Report

For the Period Ended 31 December 2003

1. Basis of Preparation

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 1029 "Interim Financial Reporting". The half-year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the 2003 annual financial report.

Significant Accounting Policies

The accounting policies adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the 2003 annual financial report.

2. Dividends

	31 Dec 2003		31 Dec 2002	
	Cents per Share	Total \$'000	Cents per Share	Total \$'000
<u>Fully Paid Ordinary Shares</u>				
Recognised amounts:				
Final dividend in respect of prior financial year – franked to 30%	10.0 ⁽ⁱⁱⁱ⁾	10,000	-	-
Unrecognised amounts:				
Interim dividend in respect of current financial period – franked to 30%	3.60	3,676	-	-

(iii) For comparative purposes, the dividend payment in cents per share has been calculated based on the number of shares on issue at 31 December 2002, converted on the basis of the 4 for 1 issue of shares completed as part of IPO. The dividend payment in cents per share using the actual shares on issues at 31 December 2002 is 45.66 cents per share.

3. Net Tangible Assets Per Share

	31 Dec 2003 \$	31 Dec 2002 \$
Consolidated net tangible assets per share	1.82	(7.98) ^(iv)

(iv) For comparative purposes, these NTA numbers have been calculated based on the shares on issue at 31 December 2002, converted on the basis of the 4 for 1 issue of shares completed as part of IPO. The NTA calculated using the actual shares on issue at 31 December 2002 are as follows:

Net Tangible Assets per Share - \$(31.91)

JB Hi-Fi Limited
Half Year Report
For the Period Ended 31 December 2003

4. Tax Consolidation

Legislation to allow groups, comprising a parent entity and its Australia resident wholly-owned entities, to elect to consolidate and be treated as a single entity for income tax purposes was substantively enacted on 21 October 2002. This legislation, which includes both mandatory and elective elements, is applicable to the company. The impact of the mandatory elements of the tax consolidation system, in existing deferred tax balances of the consolidated entity and parent entity has not been reflected in the financial statements.

At the date of this report the directors have not assessed the financial effect, if any, the legislation may have on the company and the consolidated entity and, accordingly, the directors have not made a decision whether or not to elect to be taxed as a single entity. The financial effect of the implementation of the tax consolidation system on the consolidated entity has been recognised in the financial statements.

	31 Dec 2003	30 Jun 2003
	\$'000	\$'000
5. Receivables		
Trade receivables	1,348	785
Allowance for doubtful debts	(57)	(37)
	1,291	748
Non-trade receivables	12,468	8,373
	13,759	9,121

6. Current Inventories

Finished goods:		
At cost	77,371	49,890
Provision for write down	(992)	(816)
	76,379	49,074

JB Hi-Fi Limited
Half Year Report
For the Period Ended 31 December 2003

	31 Dec 2003 \$'000	30 Jun 2003 \$'000
7. Interest-Bearing Liabilities		
a. Current		
<i>Unsecured:</i>		
Other entity loans	-	601
<i>Secured:</i>		
Hire purchase lease liability	1,928	2,688
	1,928	3,289
b. Non-Current		
<i>Secured:</i>		
Bank loan	32,000	32,000
Hire purchase lease liability	5,770	2,588
	37,770	34,588
8. Contributed Equity		
102,120,000 fully paid ordinary shares (30 June 2003: 21,900,000)	32,030	21,900

	31 Dec 2003		30 Jun 2003	
	No. '000	\$'000	No. '000	\$'000
Fully Paid Ordinary Shares				
Balance at beginning of financial period	21,900	21,900	21,900	21,900
Issue of shares due to exercise of options	3,630	10,130	-	-
Issue of shares due to 4 for 1 share split	76,590	-		
Balance at end of financial period	102,120	32,030	21,900	21,900

JB Hi-Fi Limited
Half Year Report
For the Period Ended 31 December 2003

	<u>31 Dec 2003</u> <u>\$'000</u>	<u>30 Jun 2003</u> <u>\$'000</u>
9. Retained Profits		
Balance at beginning of financial period	16,562	7,969
Net profit / (loss)	9,305	8,593
Dividends provided for or paid	<u>(10,000)</u>	<u>-</u>
Balance at end of financial period	<u>15,867</u>	<u>16,562</u>

10. Segment Information

The consolidated entity operates in the Hi-Fi and audio visual equipment retail industry including CD and DVD players, televisions, stereos and other related equipment, and operates only in Australia.