

Appendix 4D

Half-year financial report

For the half-year ended 31 December 2012

JB Hi-Fi Limited

ACN 093 220 136

This half-year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2A.3.

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JB Hi-Fi Limited

ACN 093 220 136

Reporting period

Half year ended 31 December 2012

Comparative period

Half year ended 31 December 2011

Results for announcement to the market

		<i>Percentage change %</i>		<i>Amount \$'000</i>
Revenue from ordinary activities	up	2.34%	to	1,816,248
Profit from ordinary activities after tax	up	3.04%	to	82,058
Net profit attributable to members of the parent entity	up	3.04%	to	82,058

Dividend information

	<i>Amount per security</i>	<i>Franked amount per security</i>
Final dividend – year end 30 June 2012	16.0¢	16.0¢
Interim dividend – year end 30 June 2013	50.0¢	50.0¢

Record date for determining entitlements to the dividend:

- final dividend 24 August 2012
- interim dividend 21 February 2013

Dividend payment date:

- final dividend 7 September 2012
- interim dividend 8 March 2013

Net Tangible Assets Per Security

	<i>31 Dec 2012 \$</i>	<i>31 Dec 2011 \$</i>
Net tangible assets per security	1.59	1.12

Other information

This report is based on the consolidated financial statements which have been reviewed by Deloitte.

For a brief explanation of the figures above please refer to the Announcement on the results for the half-year ended 31 December 2012 and the notes to the financial statements.

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**Half-year financial report for the half-year
ended 31 December 2012**

**Half-year financial report
for the half-year ended
31 December 2012**

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This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2012 and any public announcements made by JB Hi-Fi Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

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DIRECTORS' REPORT

The directors of JB Hi-Fi Limited ("the Company") submit herewith the half-year financial report of the Company and its subsidiaries ("the Group") for the half-year ended 31 December 2012. 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:

Name

Mr G. Richards (Chairman)	Mr G. Levin
Mr J. King	Mr T. Smart
Ms B. Laughton	Mr R. Murray
Mr R. Uechtritz	

Review of operations

The Group's net profit attributable to equity holders of the parent for the half-year was \$82,058 thousand (2011: \$79,637 thousand). A review of the operations of the Group during the half-year and the results of these operations are set out in the attached company announcement.

Auditor's independence declaration

The auditor's independence declaration is included on page 2 of the half-year financial report.

Rounding off of amounts

The Company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, and in accordance with that Class Order amounts in the directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the directors



Terry Smart
Chief Executive Officer

Melbourne,
11 February 2013

The Board of Directors
JB Hi-Fi Limited
Level 4, Office Tower 2
Chadstone Shopping Centre
1341 Dandenong Road
Chadstone VIC 3148

11 February 2013

Dear Board Members

JB Hi-Fi Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of JB Hi-Fi Limited.

As lead audit partner for the review of the financial statements of JB Hi-Fi Limited for the half-year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely


DELOITTE TOUCHE (TOHMATSU)


Tom Imbesi
Partner
Chartered Accountants

Independent Auditor's Review Report to the members of JB Hi-Fi Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of JB Hi-Fi Limited, which comprises the condensed consolidated balance sheet as at 31 December 2012, and the condensed consolidated statement of profit or loss, the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 5 to 14.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

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 a Financial Report 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 half-year 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 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of JB Hi-Fi Limited, 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.

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Auditor's Independence Declaration

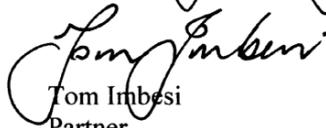
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of JB Hi-Fi Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

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 JB Hi-Fi Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


DELOITTE TOUCHE TOHMATSU



Tom Irbesi
Partner

Chartered Accountants
Melbourne, 11 February 2013

Directors' declaration

The directors declare that:

- (a) 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; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the Corporations Act 2001.

On behalf of the Directors



Terry Smart
Chief Executive Officer

Melbourne,
11 February 2013

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JB Hi-Fi Limited
Condensed consolidated statement of profit or loss

		Half-year ended	
	Notes	31 Dec 2012	31 Dec 2011
		\$'000	\$'000
Revenue		1,816,248	1,774,729
Cost of sales		<u>(1,425,366)</u>	<u>(1,397,763)</u>
Gross profit		390,882	376,966
Other income		362	306
Sales and marketing expenses		(168,200)	(160,604)
Occupancy expenses		(68,535)	(64,034)
Administration expenses		(14,073)	(14,559)
Other expenses		(16,517)	(17,050)
Finance costs		<u>(5,425)</u>	<u>(7,215)</u>
Profit before tax		118,494	113,810
Income tax expense		<u>(36,436)</u>	<u>(34,173)</u>
Profit for the half-year		<u>82,058</u>	<u>79,637</u>
Attributable to:			
Equity holders of the parent		<u>82,058</u>	<u>79,637</u>
		<u>82,058</u>	<u>79,637</u>
		Cents	Cents
Earnings per share			
Basic (cents per share)	5	83.01	80.67
Diluted (cents per share)	5	83.01	80.49

The above condensed consolidated statement of profit or loss should be read in conjunction with the accompanying notes.

JB Hi-Fi Limited

Condensed consolidated statement of profit or loss and other comprehensive income

	Half-year ended	
Notes	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Profit for the half-year	82,058	79,637
Other comprehensive income		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in the fair value of cash flow hedges (net of tax)	338	(881)
Exchange differences on translation of foreign operations	<u>542</u>	<u>(587)</u>
	880	(1,468)
Other comprehensive income for the half-year (net of tax)	<u>880</u>	<u>(1,468)</u>
Total comprehensive income for the half-year	<u>82,938</u>	<u>78,169</u>
Total comprehensive income attributable to:		
Equity holders of the parent	<u>82,938</u>	<u>78,169</u>
	<u>82,938</u>	<u>78,169</u>

The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

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JB Hi-Fi Limited
Condensed consolidated balance sheet

	Notes	31 Dec 2012 \$'000	30 Jun 2012 \$'000	31 Dec 2011 \$'000
ASSETS				
Current assets				
Cash and cash equivalents		54,296	39,710	58,715
Trade and other receivables	2	113,564	58,378	125,734
Inventories		529,762	428,290	415,722
Other		6,823	7,683	8,039
Total current assets		704,445	534,061	608,210
Non-current assets				
Other financial assets		3	3	3
Plant and equipment		188,064	182,048	183,181
Deferred tax assets		17,371	16,196	18,395
Intangible assets		78,998	78,842	78,499
Total non-current assets		284,436	277,089	280,078
Total assets		988,881	811,150	888,288
LIABILITIES				
Current liabilities				
Trade and other payables	3	545,695	400,804	484,841
Other financial liabilities		1,218	1,303	1,226
Current tax liabilities		26,798	4,374	22,614
Provisions		31,743	30,673	29,017
Other current liabilities		2,633	2,328	2,354
Total current liabilities		608,087	439,482	540,052
Non-current liabilities				
Borrowings	4	90,000	149,775	103,504
Provisions		13,436	13,792	14,335
Other non-current liabilities		23,692	22,797	22,275
Other financial liabilities		418	803	960
Total non-current liabilities		127,546	187,167	141,074
Total liabilities		735,633	626,649	681,126
Net assets		253,248	184,501	207,162
EQUITY				
Contributed equity		61,692	61,692	61,545
Reserves		7,625	5,120	4,500
Retained earnings		183,931	117,689	141,117
Total equity		253,248	184,501	207,162

The above condensed consolidated balance sheet should be read in conjunction with the accompanying notes.

JB Hi-Fi Limited
Condensed consolidated statement of changes in equity

Consolidated	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2011	58,206	4,028	90,079	152,313
Profit for the half-year	-	-	79,637	79,637
Cash flow hedges (net of tax)	-	(881)	-	(881)
Exchange differences on translation of foreign operations	-	(587)	-	(587)
Total comprehensive income for the half-year	-	(1,468)	79,637	78,169
Issue of shares under share option plan	3,345	-	-	3,345
Share issue costs (net of tax)	(6)	-	-	(6)
Dividends provided for or paid	-	-	(28,599)	(28,599)
Employee share options - value of employee services	-	1,940	-	1,940
Balance at 31 December 2011	61,545	4,500	141,117	207,162
Balance at 1 July 2012	61,692	5,120	117,689	184,501
Profit for the half-year	-	-	82,058	82,058
Cash flow hedges (net of tax)	-	338	-	338
Exchange differences on translation of foreign operations	-	542	-	542
Total comprehensive income for the half-year	-	880	82,058	82,938
Dividends provided for or paid	-	-	(15,816)	(15,816)
Employee share options - value of employee services	-	1,625	-	1,625
Balance at 31 December 2012	61,692	7,625	183,931	253,248

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

JB Hi-Fi Limited
Condensed consolidated statement of cash flows

		Half-year ended	
		31 Dec 2012	31 Dec 2011
Notes		\$'000	\$'000
Cash flows from operating activities			
	Receipts from customers	1,947,542	1,888,156
	Payments to suppliers and employees	(1,813,903)	(1,641,173)
	Interest and bill discounts received	258	288
	Interest and other costs of finance paid	(5,143)	(7,480)
	Income taxes paid	(15,300)	(23,878)
	Net cash inflow/(outflow) from operating activities	113,454	215,913
Cash flows from investing activities			
	Payments for property, plant and equipment	(23,706)	(30,074)
	Proceeds from sale of plant and equipment	598	298
	Net cash (outflow)/inflow from investing activities	(23,108)	(29,776)
Cash flows from financing activities			
	Share issue costs paid	-	(9)
	Repayment of borrowings	(60,000)	(129,334)
	Proceeds from issues of equity securities	-	3,346
6	Dividends paid to members of the parent entity	(15,816)	(28,599)
	Net cash (outflow)/inflow from financing activities	(75,816)	(154,596)
Net increase/(decrease) in cash and cash equivalents		14,530	31,541
Cash and cash equivalents at the beginning of the half-year		39,710	27,246
Effects of exchange rate changes on cash and cash equivalents		56	(72)
Cash and cash equivalents at end of the half-year		54,296	58,715

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

1 Summary of significant accounting policies

This general purpose financial report for the half-year ended 31 December 2012 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by JB Hi-Fi Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

(a) Basis of preparation of half-year financial report

The condensed consolidated financial statements have been prepared on the basis of historical costs, except for the revaluation of certain financial instruments to fair value. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2012 annual financial report for the financial year ended 30 June 2012, except for the impact of the adoption of the new and revised accounting policy's discussed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- Amendments to AASB 7, 101, 112, 121, 132, 133 and 134 as a consequence of AASB 2011-9 'Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income'

The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half-years. However, the application of AASB 2011-9 has resulted in changes to the Group's presentation of, or disclosure in, its half-year financial statements.

AASB 2011-9 introduces new terminology for the statement of comprehensive income and income statement. Under the amendments to AASB 101, the statement of comprehensive income is renamed as a statement of profit or loss and other comprehensive income and the income statement is renamed as a statement of profit or loss. The amendments to AASB 101 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to AASB 101 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to the profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis - the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to AASB 101 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

(b) Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

2 Current assets - Trade and other receivables

	31 Dec 2012 \$'000	30 Jun 2012 \$'000	31 Dec 2011 \$'000
Trade receivables	20,361	16,410	21,916
Allowance for doubtful debts	<u>(295)</u>	<u>(564)</u>	<u>(505)</u>
	<u>20,066</u>	<u>15,846</u>	<u>21,411</u>
Non-trade receivables	<u>93,498</u>	<u>42,532</u>	<u>104,323</u>
	<u>113,564</u>	<u>58,378</u>	<u>125,734</u>

3 Current liabilities - Trade and other payables

	31 Dec 2012 \$'000	30 Jun 2012 \$'000	31 Dec 2011 \$'000
Trade payables	475,220	367,593	405,370
Goods and services tax (GST) payable	19,120	4,911	27,048
Other creditors and accruals	15,791	6,597	18,463
Deferred income	<u>35,564</u>	<u>21,703</u>	<u>33,960</u>
	<u>545,695</u>	<u>400,804</u>	<u>484,841</u>

4 Non-current liabilities - Borrowings

	31 Dec 2012 \$'000	30 Jun 2012 \$'000	31 Dec 2011 \$'000
Secured			
Bank loans (i)	<u>90,000</u>	<u>149,775</u>	<u>103,504</u>

(i) Secured by a fixed and floating charge over the Group's assets, the current market value of which exceeds the value of the loan.

5 Earnings per share

	31 Dec 2012 Cents	31 Dec 2011 Cents
Basic earnings per share	83.01	80.67
Diluted earnings per share	83.01	80.49

(a) Reconciliations of earnings used in calculating earnings per share

	31 Dec 2012 \$'000	31 Dec 2011 \$'000
<i>Basic earnings per share</i>		
Profit for the year	82,058	79,637
<i>Diluted earnings per share</i>		
Profit for the year	82,058	79,637

5 Earnings per share (continued)

(b) Weighted average number of shares used as the denominator

	31 Dec 2012 No. '000	31 Dec 2011 No. '000
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	98,851	98,719
Adjustments for calculation of diluted earnings per share:		
Options	<u>7</u>	<u>216</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>98,858</u>	<u>98,935</u>

Details of movements in ordinary shares during the current and prior half-year reporting periods are set out in note 8.

(c) Information concerning the classification of securities

Options

Options granted to employees under the employee and executive share plan are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share.

6 Dividends

	Half-year ended	
	31 Dec 2012 \$'000	31 Dec 2011 \$'000
(a) Recognised amounts		
Final dividend of 16.0 cents (2011 - 29.0 cents) per share:		
Franked to 100% at 30% (2011: 100% at 30%)	15,816	28,599
(b) Dividends not recognised at the end of the half-year		
Interim dividend of 50.0 cents (2011 - 49.0 cents) per share:		
Franked to 100% at 30% (2011: 100% at 30%)	<u>49,425</u>	<u>48,428</u>

In respect of the half-year ended 31 December 2012, the directors have recommended the payment of an interim dividend of 50.0 cents per share franked to 100% at 30% corporate income tax rate. The record date is 21 February 2013.

7 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the Chief Executive Officer that are used to make strategic and operating decisions.

The Chief Executive Officer considers the business primarily from a geographic perspective. On this basis management has identified two reportable segments, Australia and New Zealand. The Chief Executive Officer monitors the performance of these two geographic segments separately. The Group does not operate in any other geographic segment.

7 Segment information (continued)

(b) Segment information provided to the Chief Executive Officer

The segment information provided to the Chief Executive Officer for the reportable segments for the half-year ended 31 December 2012 is as follows:

31 Dec 2012	Australia \$'000	New Zealand \$'000	Total \$'000
Revenue from external customers	1,724,002	92,246	1,816,248
Operating EBITDA	136,843	2,967	139,810
Total segment assets	921,769	67,112	988,881
31 Dec 2011	Australia \$'000	New Zealand \$'000	Total \$'000
Revenue from external customers	1,677,286	97,443	1,774,729
Operating EBITDA	133,436	2,670	136,106
Total segment assets	827,593	60,695	888,288

(i) Operating EBITDA

The Chief Executive Officer assesses the performance of the operating segments based on a measure of Operating EBITDA. This measurement basis excludes the effects of interest revenue, finance costs, income tax, depreciation and amortisation, and non-operating intercompany charges.

A reconciliation of consolidated Operating EBITDA to profit before income tax is provided as follows:

	Half-year ended	
	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Operating EBITDA	139,810	136,106
Interest revenue	258	288
Finance costs	(5,425)	(7,215)
Depreciation and amortisation expense	(16,149)	(15,369)
Profit before income tax from continuing operations	118,494	113,810

8 Issuances, repurchases and repayments of equity securities

During the half-year reporting period, the Company issued:

- Nil (2011: 302,880) ordinary shares for \$0 thousand (2011: \$3,345 thousand) on exercise of nil (2011: 302,880) share options issued under its executive share option plan.
- 1,396,063 share options (2011: 1,013,366) over ordinary shares under its executive share option plan.

9 Events occurring after the reporting period

On 11 February 2013, the directors declared an interim dividend for the half-year ended 31 December 2012, as set out in note 6.

Other than outlined above, there have been no matters or circumstances occurring subsequent to the end of the half-year, that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.