

Appendix 4D

Half-year financial report

For the half-year ended 31 December 2008

JB Hi-Fi Limited

ACN 093 220 136

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

Current Reporting Period: Financial period ended 31 December 2008

Previous Corresponding Period: Financial period ended 31 December 2007

Name of entity

JB Hi-Fi Limited

DETAILS OF THE REPORTING PERIOD

ABN or equivalent company reference

ACN 093 220 136

Financial period ended

31 December 2008

(Comparative period – 31 December 2007)

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit / (Loss)

		<i>Percentage change %</i>		<i>Amount \$'000</i>
Revenue from ordinary activities	up	27.62%	to	1,261,565
Profit from ordinary activities after tax	up	40.78%	to	59,041
Net profit attributable to members of the parent entity	up	40.78%	to	59,041

Dividends (Distributions)

	<i>Amount per security</i>	<i>Franked amount per security</i>
Final dividend – year end 30 June 2008	16.0¢	16.0¢
Interim dividend – year end 30 June 2009	15.0¢	15.0¢

Record date for determining entitlements to the dividend:

- final dividend 28 August 2008
- interim dividend 19 February 2009

Dividend payment date:

- final dividend 16 September 2008
- interim dividend 10 March 2009

Net Tangible Assets Per Security

	<i>31 Dec 2008 \$</i>	<i>31 Dec 2007 \$</i>
Net tangible assets per security	1.18	0.66

For a brief explanation of the figures above please refer to the Announcement on the results for the half-year ended 31 December 2008. The comments should be read in conjunction with the details and explanations provided herewith.



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COMPANY ANNOUNCEMENT

JB Hi-Fi reports Sales up 28%, NPAT up 41% and Dividend up 50%

JB Hi-Fi Limited today reported a record half year net profit of \$59.0 million (HY08 \$41.9 million) from \$1.262 billion of sales (HY08 \$989 million) for the six months ending 31 December, 2008.

Comparable store growth for the period was 11.1% (Australia 11.3%, NZ 11.3% in NZD). Margins remained stable at 21.4% (HY08 21.6%) despite competitor discounting and the strong performance of low margin categories. The company's cost of doing business was down 92 bps to 13.42% (HY08 14.33%). EBIT Margin increased 69 bps to 7.25% (HY08 6.56%). Cashflow from Operations increased by 132.1% to \$189.6m for the half year.

The company has raised its dividend declaring a fully franked dividend of 15.0 cents per share, an increase of 50% (HY08 10.0 cents). This reflects the company having grown to a net cash generation position following several years of net cash investment in its new store roll out. The dividend will be paid on 10 March 2009. The record date for determining the entitlement is 19 February 2009.

Sales were solid across almost all categories through the half culminating in a strong Christmas trading period.

"We are extremely pleased with this very strong result having traded well during what is considered to be the weakest economic climate for many years" said CEO Richard Uechtritz. "It again shows the strength of our retail model. JB has proven to be resilient during this tough period with home entertainment becoming more of a staple category and consumers seek out JB's large range and every day low prices."

"We continue to grow our market share as recently opened stores mature, we open new stores, expand our offering and reduce our prices on the back of increased economies of scale and a continued focus on costs" he said.

The company opened 14 new stores in the half and should open 7 new stores in the second half of FY09 bringing the total new stores for the year to 21 which will be the largest number it has opened in any year since formation. The maturing of the 33 stores opened in the last two years and the 21 new stores will continue to drive solid top and bottom line revenue and earnings growth.

The company now has 101 JB stores in Australia and New Zealand with a target of 150 JB Hi-Fi stores. With the expected opening of 13-15 JB Hi-Fi stores a year the company has 4 to 5 years of continued strong growth with the existing JB Hi-Fi retail format.

In December 2008 the company renewed its debt facilities for another three years and remains conservatively geared, with strong cash flows and an ability to take advantage of any attractive growth opportunities that may present themselves in this weak economic climate.

Sales in January and February to date have met internal expectations. Whilst the retail outlook is less certain than previous reporting dates the company is cautiously optimistic that it will have another strong year and confirms its previous guidance that sales will be circa \$2.35 billion or a 28% increase on the prior financial year.

Media & Investors:
Richard Uechtritz
Chief Executive Officer
03 8530 7333 or 0412 678 299

Investors:
Richard Murray
Chief Financial Officer
03 8530 7333 or 0438 300 538

JB Hi-Fi Limited

ABN 80 093 220 136

Half-year financial report for the half-year

ended 31 December 2008

**Half-year financial report
for the half-year ended
31 December 2008**

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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 2008 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.

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 2008. 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 P. Elliott (Chairman)	Mr W. Fraser
Mr J. King	Mr G. Levin
Mr R. Uechtritz	Mr T. Smart
Mr G. Richards	

Review of operations

The Group's net profit attributable to equity holders of the parent for the half-year was \$59,041 thousand (2007: \$41,938 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



Richard Uechtritz
Chief Executive Officer

Melbourne,
09 February 2009

The Board of Directors
JB Hi-Fi Limited
14 Spink Street
BRIGHTON VIC 3186

09 February 2009

Dear Sirs,

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 2008, 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
DELOITTE TOUCHE TOHMATSU

Tom Imbesi
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 2008, and the condensed consolidated income statement, condensed consolidated cash flow statement, condensed consolidated statement of changes in equity 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 12.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 an Interim 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 2008 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.

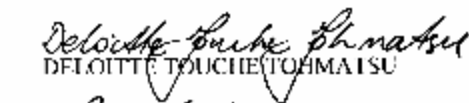
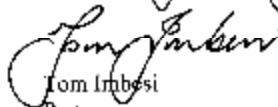
Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

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 2008 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 Imbesi
Partner
Chartered Accountants

Melbourne, 09 February 2009

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



Richard Uechtritz
Chief Executive Officer

Melbourne,
09 February 2009

CONDENSED CONSOLIDATED INCOME STATEMENT
for the half-year ended 31 December 2008

	Consolidated	
	<i>Half-year ended 31 Dec 2008 \$'000</i>	<i>Half-year ended 31 Dec 2007 \$'000</i>
Revenue	1,261,565	988,542
Cost of sales	(992,083)	(775,232)
Gross profit	269,482	213,310
Other income	1,090	822
Sales and marketing expenses	(116,140)	(100,388)
Occupancy expenses	(40,339)	(30,095)
Administration expenses	(10,885)	(9,465)
Finance costs	(4,780)	(4,193)
Other expenses	(13,043)	(9,728)
Profit before tax	85,385	60,263
Income tax expense	(26,344)	(18,325)
Profit for the year	59,041	41,938
Attributable to:		
Equity holders of the parent	59,041	41,938
	59,041	41,938
Earnings per share		
Basic (cents per share)	55.29	39.97
Diluted (cents per share)	54.88	39.22

Notes to the condensed consolidated financial statements are included on pages 10 to 12.

CONDENSED CONSOLIDATED BALANCE SHEET
as at 31 December 2008

	Note	31 Dec 2008 \$'000	Consolidated 31 Dec 2007 \$'000	30 Jun 2008 \$'000
Current assets				
Cash and cash equivalents		90,808	46,365	–
Trade and other receivables	3	97,337	82,234	52,996
Inventories		300,261	272,506	271,878
Other		4,581	4,389	5,328
Total current assets		492,987	405,494	330,202
Non-current assets				
Other financial assets		3	885	609
Plant and equipment		131,397	105,055	112,923
Deferred tax assets		16,590	9,406	10,927
Goodwill		35,207	34,589	34,538
Intangible assets		46,636	46,636	46,636
Total non-current assets		229,833	196,571	205,633
Total assets		722,820	602,065	535,835
Current liabilities				
Trade and other payables	4	376,967	307,012	206,104
Borrowings	5	3	28	1,502
Current tax liabilities		21,588	14,157	12,173
Provisions		27,310	17,685	18,453
Other		1,572	1,060	1,185
Total current liabilities		427,440	339,942	239,417
Non-current liabilities				
Borrowings	5	69,267	102,351	123,015
Provisions		1,344	659	712
Other		15,967	7,988	8,801
Total non-current liabilities		86,578	110,998	132,528
Total liabilities		514,018	450,940	371,945
Net assets		208,802	151,125	163,890
Equity				
Issued capital		44,322	39,328	39,544
Reserves		(482)	1,303	1,291
Retained earnings		164,962	110,494	123,055
Equity attributable to equity holders of the parent		208,802	151,125	163,890
Total equity		208,802	151,125	163,890

Notes to the condensed consolidated financial statements are included on pages 10 to 12.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the half-year ended 31 December 2008

	Consolidated	
	<i>Half-year ended 31 Dec 2008 \$'000</i>	<i>Half-year ended 31 Dec 2007 \$'000</i>
(a) Retained earnings		
Retained earnings at the beginning of the period	123,055	74,883
Net profit attributable to members of the parent entity	59,041	41,938
Dividends paid	(17,134)	(6,327)
Retained earnings at the end of the period	164,962	110,494
(b) Reserves		
Reserves at the beginning of the period	1,291	2,344
Movements in reserves	(1,773)	(1,041)
Reserves at the end of the period	(482)	1,303
(c) Issued capital		
Issued capital at the beginning of the period	39,544	35,883
Issue of shares under share option plan	4,778	3,445
Share capital at the end of the year	44,322	39,328
(d) Total recognised income and expenses for the period		
Net profit for the period	59,041	41,938
Profit attributable to minority interest	-	-
Net profit attributable to members of the parent entity	59,041	41,938
Net income/(expense) recognised directly in equity:		
- foreign currency translation	255	-
- interest rate swap	(2,534)	(12)
- net investment	-	393
Total recognised income and expenses for the period	56,762	42,319
Attributable to:		
Equity holders of the parent	56,762	42,319
	56,762	42,319

Notes to the condensed consolidated financial statements are included on pages 10 to 12.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT
for the half-year ended 31 December 2008

	Consolidated	
	<i>Half-year ended 31 Dec 2008 \$'000</i>	<i>Half-year ended 31 Dec 2007 \$'000</i>
Cash flows from operating activities		
Receipts from customers	1,324,150	1,054,844
Payments to suppliers and employees	(1,108,663)	(955,464)
Interest and bill discounts received	1,000	537
Interest and other costs of finance paid	(5,376)	(4,196)
Income taxes paid	(21,474)	(14,043)
Net cash provided by operating activities	189,637	81,678
Cash flows from investing activities		
Payments for plant and equipment	(29,578)	(31,948)
Proceeds from sale of plant and equipment	466	-
Payment for businesses	-	(7,474)
Net cash used in investing activities	(29,112)	(39,422)
Cash flows from financing activities		
Borrowing activities:		
Repayments of borrowings	(54,955)	(16,057)
Equity activities:		
Proceeds from issue of equity securities	3,864	2,785
Dividends paid to members of the parent entity	(17,134)	(6,326)
Net cash used in financing activities	(68,225)	(19,598)
Net increase in cash and cash equivalents	92,300	22,658
Cash and cash equivalents at the beginning of the financial year	(1,492)	23,707
Cash and cash equivalents at the end of the financial year	90,808	46,365

Notes to the condensed consolidated financial statements are included on pages 10 to 12.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

for the half-year ended 31 December 2008

1. SIGNIFICANT ACCOUNTING POLICIES**Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

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 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 half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

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 2008 annual financial report for the financial year ended 30 June 2008.

Where necessary, adjustments are made to the financial statements of subsidiaries, including comparative years, to bring their accounting policies into line with those used by other members of the consolidated group.

2. SEGMENT INFORMATION

The group operates in one segment being the home consumer products retail industry including audiovisual equipment, computing equipment, whitegoods, kitchen appliances and other related equipment. The group also operates in two principal geographical segments - Australia and New Zealand.

3. TRADE AND OTHER RECEIVABLES

	<i>31 Dec 2008</i>	Consolidated <i>31 Dec 2007</i>	<i>30 Jun 2008</i>
	\$'000	\$'000	\$'000
Trade receivables	16,633	20,931	14,140
Allowance for doubtful debts	(524)	(295)	(463)
	<u>16,109</u>	<u>20,636</u>	<u>13,677</u>
Goods and services tax (GST) recoverable	110	-	115
Non-trade receivables	81,118	61,598	39,204
	<u>97,337</u>	<u>82,234</u>	<u>52,996</u>

	31 Dec 2008	Consolidated 31 Dec 2007	30 Jun 2008
	\$'000	\$'000	\$'000
4. TRADE AND OTHER PAYABLES			
Trade payables (i)	335,182	275,734	184,050
Other creditors and accruals	13,019	8,819	10,327
Deferred income	18,395	12,992	9,237
Goods and services tax (GST) payable	10,371	9,467	2,490
	<u>376,967</u>	<u>307,012</u>	<u>206,104</u>

(i) The average credit terms on trade payables is 45 days from statement date. No interest is charged on trade payables.

	31 Dec 2008	Consolidated 31 Dec 2007	30 Jun 2008
	\$'000	\$'000	\$'000
5. BORROWINGS			
Secured - at amortised cost			
<i>Current</i>			
Hire purchase lease liabilities ⁽ⁱ⁾	3	28	10
Bank overdraft ⁽ⁱⁱ⁾	–	–	1,492
	<u>3</u>	<u>28</u>	<u>1,502</u>
<i>Non-current</i>			
Hire purchase lease liabilities ⁽ⁱ⁾	–	18	–
Bank loans ⁽ⁱⁱⁱ⁾	69,267	102,333	123,015
	<u>69,267</u>	<u>102,351</u>	<u>123,015</u>
	<u>69,270</u>	<u>102,379</u>	<u>124,517</u>

(i) Secured by the assets leased, the current market value of which exceeds the value of the hire purchase liability.

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

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

	Half-year ended 31 Dec 2008		Half-year ended 31 Dec 2007	
	Cents per share	Total \$'000	Cents per share	Total \$'000
6. DIVIDENDS				
Recognised amounts				
<i>Fully paid ordinary shares</i>				
Final dividend:				
Franked to 100% at 30% (2007: 100% at 30%)	16.0	17,134	6.0	6,327
		<u>17,134</u>		<u>6,327</u>
Unrecognised amounts				
<i>Fully paid ordinary shares</i>				
Interim dividend:				
Franked to 100% at 30% (2007: 100% at 30%)	15.0	16,073	10.0	10,583
		<u>16,073</u>		<u>10,583</u>

In respect of the half-year ended 31 December 2008, the directors have recommended the payment of an interim dividend of 15.0 cents per share franked to 100% at 30% corporate income tax rate. The record date is 19 February 2009.

7. BORROWINGS

In December 2008, the Group renewed its \$145m of existing senior term debt facilities for another three years. The company has a further working capital facility, which includes a base \$63m facility and an additional seasonal facility of \$25m available between February to April each year. At the half year, the Group had undrawn facilities of \$138 million and net cash of \$20.8 million.

The Group has also entered into two new three-year interest rate swaps with a combined notional principal amount of \$70m to replace the interest rate swap that matured during the half-year.

8. ISSUANCES, REPURCHASES AND REPAYMENTS OF EQUITY SECURITIES

During the half-year reporting period, the Company issued 1,269,958 (2007: 1,196,628) ordinary shares for \$3,864 thousand (2007: \$2,785 thousand) on exercise of 1,269,958 (2007: 1,196,628) share options issued under its executive share option plan. As a result of this share issue, \$914 thousand (2007: \$660 thousand) was transferred from the equity-settled employee benefits reserve to issued capital. There were no other movements in the ordinary share capital or other issued share capital of the Company in the current or prior half-year reporting period.

The Company issued 1,106,808 share options (2007: 1,117,268) over ordinary shares under its executive share option plan during the half-year reporting period.

9. SUBSEQUENT EVENTS

On 9 February 2009, the directors declared an interim dividend for the half-year ended 31 December 2008, 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.