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COMPANY ANNOUNCEMENT

14 August 2007

## JB Hi-Fi reports Sales up 36% and NPAT up 56%

JB Hi-Fi Limited today reported a record full year net profit of \$40.4 million (2006 \$25.8 million) from \$1.282 billion of sales (2006 \$946 million) for the year ended 30 June 2007. The result exceeded the company's recent profit guidance in June of \$37 to \$39 million.

Comparable store growth for the 12 months was 12.6% for JB Hi-Fi stores and 2.7% for Clive Anthony's stores, resulting in consolidated comparable store growth of 11.4%. Sales since March 2007 have been very robust with consolidated comparable store growth in the second half of 18.0%, JB Hi-Fi stores 18.3% and Clive Anthony's stores 15.7%.

Sales in all product categories were solid; with games, DVD, visual, portable audio and computers driving strong comparable store sales growth, together with the maturing of recently opened stores.

Gross margin was steady at 22.1% (2006 22.5%) notwithstanding the high growth of lower margin categories like games and computers in 2007. Cost of doing business was down at 16.0% (2006 17.1%).

"Our lower cost of doing business has allowed us to manage this shift in product mix and support our every day low pricing philosophy whilst improving our earnings margin" commented CEO Richard Uechtritz. "Whilst we believe we have the lowest cost base in the industry, we continue to focus on ways of improving even further".

The company has declared a fully franked dividend of 6.0 cents per share (final FY06 4.0 cents) an increase of 50%, to be paid on 11 September 2007. The record date for determining the entitlement is 21 August 2007.

The group had 77 Australian and 12 New Zealand stores at year end. During the financial year the company acquired the 11 store Hill & Stewart chain in New Zealand, opened 13 new JB Hi-Fi stores and closed 1 store. JB expects to open approximately 20 stores (16 Australia and 4 NZ) in FY08.

"We are delighted with this strong result. Our unique and technology focused retail model is performing strongly" said Mr Uechtritz. "We should continue to benefit from strong comparable store sales, many new store opportunities, a lower cost of doing business and better buying power this year" he said.

"Our recent move into the computer and telecommunications markets should ensure that the company has many more years of strong growth. These two new categories are the largest in terms of the markets that we operate in which should also assist in driving sales in our existing categories."

Sales for FY08 to date have continued the strong momentum experienced going into the end of the 2007 financial year, with consolidated comparable store growth for the first 6 weeks of trading being 23.4%. We do not expect this comparable stores sales figure to be as high going forward, as we have had unusually strong trading conditions and we will cycle stronger past year sales in the newer categories of games and computers. We expect sales in FY08 of circa \$1.7 billion or a 33% increase.

Richard Uechtritz  
Chief Executive Officer  
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***JB....you've done it again!***

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