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Chief Executive Officers Address
2008 Annual General Meeting

Thank you Patrick and good morning ladies and gentlemen.

As Patrick mentioned, FY08 was another strong year for the company with all our key financial metrics up strongly on the previous year. This result was achieved after absorbing the cost of a substantial first year investment in new stores in New Zealand and the rollout of Telecommunications in Australia, which should both be positive contributors in FY09.

Consolidated comparative store sales were up 15.3% over the previous year. Sales in most product categories were solid; with Games, Computers, Movies and Visual driving strong comparable store sales growth, together with the maturing of recently opened stores. The company's proven ability to introduce and execute on new product categories within our unique retail model should ensure strong comparable store sales into the future. The newer product categories in our range of Computers and Telecommunications are two of the biggest markets we operate in.

Gross margin in Australia at 22.2% was consistent with last year, despite the growth of newer lower margin categories like Computers and Games. Consolidated gross margin was down slightly at 21.9% from 22.1% in the prior year, reflecting our everyday low prices strategy and investment in New Zealand. Our cost of doing business at 15.3% was the lowest of any listed retailer and we have an ongoing focus on maintaining and optimising our cost base going forward.

Net Cash Flow from Operations was strong at $42.4 million for the year and our working capital position was in-line with the company's expectations. During the year we invested in working capital relating to inventory for new stores and expanding established stores. We continued to invest in the recently introduced product categories of Games and Computers. Inventory turnover has improved to 5.9 times, with like for like inventory turnover also improving to 5.9 times, up from 5.4 times and 5.3 times respectively. We continue to search for opportunities to minimise our investment in working capital, without compromising our product offering to customers.

During the year we opened 20 new stores. Six of these stores were in New South Wales, four each in Victoria and Queensland, one each in Tasmania and South Australia and four in New Zealand. Whilst new stores opened in our more mature markets of Victoria and New South Wales do in part cannibalise existing store sales, and therefore create a drag on comparative store growth, the incremental earnings generated remains compelling and well in excess of our cost of capital.

By Christmas this year we will have opened 14 new stores since 1 July, including 11 JB Hi-Fi stores and 3 Clive Anthonys stores, taking the total group store network to 119. This will include 11 Clive Anthony stores and 7 Hill & Stewart stores.

We have been pleased with the performance of our recently opened stores and are confident that they will contribute strongly to earnings over the coming years as they mature. The property pipeline remains solid with approximately ten additional stores to be opened in the second half of FY09. The 24 stores to open this year will be the biggest number of new stores that the company has opened in any year, which will help ensure its continued strong growth. We have opened 6 stores so far this year and all are trading well.

Despite the current economic and retail environment and with the all important Christmas trading period ahead of us, the company remains confident that it will meet market expectations. As previously advised to the market, trading in the first quarter has been solid and we maintain our previous sales guidance for FY09 of circa $2.35 billion or a 28% increase on FY08.

I would like to add my thanks to the management and staff of the company who have enthusiastically embraced every opportunity that has come their way and look forward with them to producing another record result for our shareholders in FY09.