

JB Hi-Fi Holdings Pty Limited

ACN 093 220 136

**Special Purpose Financial Report for the Financial Year
Ended 30 June 2001**

JB HI-FI HOLDINGS PTY LIMITED

**SPECIAL PURPOSE FINANCIAL REPORT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001**

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JB HI-FI HOLDINGS PTY LIMITED
DIRECTORS' REPORT

The directors of JB Hi-Fi Holdings Pty Limited submit herewith the annual financial report for the 11 months ended 30 June 2001. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

The names and particulars of the directors of the company during or since the end of the financial year are:

Name

Patrick F Elliott
 Hugh E Toll
 Richard A Uechtritz
 Terry D Smart
 Gary Levin
 Macdonnell Roehm

Principal Activities

The consolidated entity's principal activities in the course of the financial year were the retail sale of hi-fi equipment including CD and DVD players, televisions, stereos and other related audio-visual equipment.

There were no significant changes in the nature of the activities of the consolidated entity during the year.

Review Of Operations

This was the first year under the new company which saw the addition of 5 new stores to the original 10 locations. A focus of the new company was to maintain the current culture in the stores while introducing new procedures and controls to enable a growth to be managed. The introduction of a point of sale system allowed the company to understand the stock levels and gain immediate access to sales and earnings data. Sales were strong with double digit growth recorded in most months during then reporting period. Expenses were higher than normal due mainly to one off start up costs.

Review of Operations

A summary of consolidated results is set out below:

	<u>2001</u>
	S'000
Net profit after related income tax expense	<u>1,799</u>

Subsequent Events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

Future Developments

Disclosure of information regarding likely developments in the operations of the consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

Dividends

No dividends have been paid or declared since the commencement of the financial year.

JB HI-FI HOLDINGS PTY LIMITED
DIRECTORS' REPORT

Environmental Regulations

The consolidated entity is not subject to any significant environmental regulations.

Directors' Interests

The relevant interest of each director in the shares and options on issue by the parent entity at the date of this report is as follows:

	Ordinary Shares fully paid at \$1	Partly paid 83.8 cents	Options
Patrick F Elliott	-	-	-
Terry D Smart	200,000	-	215,000
Hugh E Toll	-	-	-
Richard A Uechtritz	1,000,000	-	215,000
Gary Levin	100,000	-	100,000
Macdonell Roehm	100,000	79,523	100,000

All options expire on June 2005. Each option issued entitles the option holder to purchase one ordinary share at \$1. All options were granted during the financial period.

Rounding Off of Amounts

The economic entity is a 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 thousand dollars.

JB HI-FI HOLDINGS PTY LIMITED
DIRECTORS' REPORT

Indemnification Of Officers And Auditors

During the financial year, the company paid a premium in respect of a contract insuring the directors of the company (as named above) and all officers against a liability incurred as such a director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



P F Elliott
Chairman



R A Uechtritz
Managing Director

Melbourne, ²⁵October 2002

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS
OF JB HI-FI HOLDINGS PTY LIMITED**

**Deloitte
Touche
Tohmatsu**

Scope

We have audited the attached financial report, being a special purpose financial report, of JB Hi-Fi Holdings Pty Limited for the 11 months ended 30 June 2001 as set out on pages 5 to 20. The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year. The company's directors are responsible for the financial report and have determined that the accounting policies used and described in Note 1 to the financial statements which form part of the financial report are appropriate to meet the requirements of the Corporations Act 2001 and are appropriate to meet the needs of the members. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of JB Hi-Fi Holdings Pty Limited. No opinion is expressed as to whether the accounting policies used, and described in Note 1, are appropriate to the needs of the members.

The financial report has been prepared for distribution to members for the purpose of fulfilling the directors' financial reporting requirements under the Corporations Act 2001. We disclaim any assumption of responsibility for any reliance on this audit report or on the financial report to which it relates to any person other than the members, or for any purpose other than that for which it was prepared.

Our audit has been conducted in accordance with Australian Auditing Standards. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report and the evaluation of significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with the accounting policies described in Note 1, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and performance as represented by the results of their operations and their cash flows. These policies do not require the application of all Accounting Standards and other mandatory professional reporting requirements.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of JB Hi-Fi Holdings Pty Limited is in accordance with:

- (a) the Corporations Act 2001, including:
- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2001 and of their performance for the year ended on that date in accordance with the accounting policies described in Note 1; and
 - (ii) complying with Accounting Standards to the extent described in Note 1 and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements to the extent described in Note 1.

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Tom Imbesi
Tom Imbesi

Partner

Chartered Accountants

Melbourne, 14 November 2002

JB HI FI HOLDINGS PTY LIMITED**DIRECTORS' DECLARATION**

As detailed in Note 1 to the financial statements, the company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all their information needs. Accordingly, this "special purpose financial report" has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

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 company;
- (c) In the directors' opinion, the attached financial statements and notes thereto and in accordance with the Corporations Act 2001; and
- (d) In the directors' opinion, there are reasonable grounds to believe 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 s.295(5) of the Corporations Act 2001.



P F Elliott
Chairman



R A Uechtritz
Managing Director

Melbourne, 25 October 2002

JB HI FI HOLDINGS PTY LIMITED
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2001

	Note	Consolidated 2001 \$'000	Company 2001 \$'000
Revenue from ordinary activities		143,384	2,753
Cost of sales		(109,378)	-
Sales and marketing expenses		(19,496)	-
Occupancy expenses		(2,415)	-
Administration expenses		(2,448)	(405)
Borrowing costs		(2,162)	(1,928)
Other expenses from ordinary activities		(3,545)	-
Significant items	2	(1,066)	-
Profit from ordinary activities before income tax expense	2	2,874	420
Income tax expense relating to ordinary activities		(1,075)	(155)
Net Profit after related income tax		1,799	265
Total changes in equity other than those resulting from transactions with owners as owners		1,799	265

Notes to the financial statements are included on pages 9 to 20.

JB HI FI HOLDINGS PTY LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2001

	Note	Consolidated 2001 \$'000	Company 2001 \$'000
Current Assets			
Cash assets		90	177
Receivables	4	3,575	-
Inventories	5	28,908	-
Other	6	892	-
Total Current Assets		33,465	177
Non-Current Assets			
Other non current financial assets	8	-	45,189
Property, plant and equipment	9	6,319	-
Intangible assets	10	43,094	-
Deferred tax assets	7	815	92
Total Non-Current Assets		50,228	45,281
		83,693	45,458
Total Assets			
Current Liabilities			
Payables	11	20,843	39
Interest bearing liabilities	12	12,598	2,000
Provisions	14	2,011	-
Current tax liabilities	13	1,051	247
Total Current Liabilities		36,503	2,286
Non-Current Liabilities			
Interest-bearing liabilities	15	25,815	24,000
Provisions	14	465	-
Tax liabilities	13	204	-
Total Non-Current Liabilities		26,484	24,000
Total Liabilities		62,987	26,286
Net Assets		20,706	19,172
Equity			
Contributed equity	16	18,907	18,907
Retained profits	17	1,799	265
Total of Equity		20,706	19,172

Notes to the financial statements are included on pages 9 to 20.

JB HI FI HOLDINGS PTY LIMITED
STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

	Consolidated 2001 \$'000	Company 2001 \$'000
Cash Flows From Operating Activities		
Receipts from customers	157,810	-
Payments to suppliers and employees	(150,517)	(405)
Interest and other costs of finance paid	(2,122)	(1,889)
Income tax paid	(39)	-
Net cash provided from operating activities	<u>5,132</u>	<u>(2,294)</u>
 Cash Flows From Investing Activities		
Payment for business	(56,733)	-
Payments for plant and equipment	(2,625)	-
Amounts advanced to related parties	-	(42,436)
Net cash provided by / (used in) investing activities.	<u>(59,358)</u>	<u>(42,436)</u>
 Cash Flows From Financing Activities		
Proceeds from issues of equity securities	18,907	18,907
Proceeds from borrowings	28,000	28,000
Repayment of borrowings	(2,000)	(2,000)
Repayment of lease liabilities	(313)	-
Net cash provided by / (used in) financing activities.	<u>44,594</u>	<u>44,907</u>
 Net (decrease)/increase in cash held	(9,632)	177
 Cash at the beginning of the financial year	-	-
 Cash at the end of the financial year	<u>(9,632)</u>	<u>177</u>

Notes to the financial statements are included on pages 9 to 20.

JB HI FI HOLDINGS PTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

1. SUMMARY OF ACCOUNTING POLICIES

Financial Reporting Framework

The company is not a reporting entity because in the opinion of the directors there are unlikely to exist users of the financial report who are unable to command the preparation of reports tailored so as to satisfy specifically all of their information needs. Accordingly, this "special purpose financial report" has been prepared to satisfy the directors' reporting requirements under the Corporations Act 2001.

The financial report has been prepared on the basis of historical cost and except where stated, does not take into account changing money values or current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

This financial report has been prepared in accordance with the Corporations Act 2001, the basis of accounting specified by all applicable Accounting Standards and IUG Consensus Views, and the disclosure requirements of accounting standard AASB 1001 "Accounting Policies", AASB 1018 "Statement of Financial Performance", AASB 1034 "Financial Report Presentation and Disclosures" and AASB 1040 "Statement of the Financial Position" and UIG Abstract 35 "Disclosure of Contingent Liabilities".

Significant Accounting Policies

Accounting policies are selected and applied in a manner that ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(a) Principles of Consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the company (the parent entity) and its controlled entities as defined in Accounting Standard AASB 1024 'Consolidated Accounts'. A list of controlled entities appears in note 19 to the financial statements.

The consolidated financial statements include the information and results of each controlled entity from the date on which the company obtains control and until such time as the company ceases to control such entity.

In preparing the financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity are eliminated in full.

(b) Income Tax

Tax-effect accounting procedures are adopted whereby income tax expense is calculated on pre-tax accounting profits after adjustments for permanent differences. The tax-effect timing differences, which occur when items are included or allowed for income tax purposes in a period different to that for accounting, is shown at current taxation rates in the deferred tax assets or liabilities, as applicable.

JB HI FI HOLDINGS PTY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)***(c) Acquisitions of Assets*

Assets acquired are recorded at the cost of acquisition, being the purchase consideration determined as at the date of acquisition plus cost incidental to the acquisition.

In the event that settlement of all or part of the cash consideration given in the acquisition of an asset is deferred, the fair value of the purchase consideration is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

(d) Inventories

Inventories are valued at the lower of cost and net realisable value. Inventory is valued using the average cost method.

(e) Receivables

Trade receivables and other receivables are recorded at amounts due less any allowance for doubtful debts.

(f) Recoverable Amount of Non-current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current asset exceeds recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have not been discounted to their present value.

(g) Interest-Bearing Liabilities

Bills of exchange are recorded at an amount equal to the net proceeds received, with the premium or discount amortised over the period until maturity. Interest expense is recognised on an effective yield basis.

Bank loans and other loans are recorded at an amount equal to the net proceeds received. Interest expense is recognised on an accrual basis.

(h) Investments

Investments in controlled entities are recorded at cost. Interest revenue is recognised on an accrual basis.

(i) Comparative Figures

The company was incorporated on 7 June 2000 and commenced trading on 1 August 2000 and, accordingly, the current financial period represents 11 months of trading. There is no comparative financial information.

JB HI FI HOLDINGS PTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(j) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of wages and salaries, annual leave, sick leave, and other employee entitlements expected to be settled within 12 months, are measured at their nominal values.

Provisions made in respect of other employee entitlements (long service leave) which are not expected to be settled within the next 12 months are measured at their present value of the estimated future cash flows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

(k) Accounts Payable

Trade payables and other accounts payable are recognised when the consolidated entity becomes obliged to make future payments from the purchase of goods.

(l) Depreciation

Depreciation is provided on property, plant and equipment. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is shorter, using the straight line method. The following estimated useful lives are used in the calculation of depreciation:

- Leasehold improvements 2 – 10 years
- Plant and equipment 4 – 12 years

(m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

JB HI FI HOLDINGS PTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(n) Revenue Recognition

Sales of goods – Revenue from the sale of goods is recognised when the consolidated entity has passed control of the goods to the buyer.

(o) Leased Assets

Leased assets classified as finance leases are recognised as assets. The amount initially brought to account is the present value from the minimum lease payments.

A finance lease is one that effectively transfers from the lessor to the lessee substantially all the risks and benefits incidental to ownership of the leased property.

Finance leased assets are amortised using the diminishing balance method over the useful life of the asset.

Finance lease payments are allocated between interest expense and reduction of lease liability over the term of the lease. The interest expense is determined by applying the interest rate implicit in the lease to the outstanding lease liability at the beginning of each lease payment period.

Operating lease payments are recognised as an expense on a basis which reflects the pattern in which economic benefits from the leased assets are consumed.

(p) Brand name

The company's brand names are recorded at the cost of acquisition. The directors gave due consideration to the technical and commercial life of the brand names to determine their useful life. In the opinion of the directors, the brand names do not have a finite useful life and, accordingly, they have not been subject to amortisation.

The directors regularly review the carrying amount of the brand names to ensure their carrying value does not exceed their recoverable amount.

JB HI FI HOLDINGS PTY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001****2. PROFIT FROM ORDINARY ACTIVITIES**

	Consolidated 2001 \$'000	Company 2001 \$'000
The profit from ordinary activities before income tax includes the following items of expense:		
Borrowing costs		
Interest:		
Other entities	2,094	1,928
Finance lease finance charges	68	-
	<u>2,162</u>	<u>1,928</u>
Depreciation of non-current assets:		
Plant & Equipment	630	-
Leasehold Improvements	84	-
	<u>714</u>	<u>-</u>
Net bad and doubtful debts arising from:		
Other entities	367	-
Net Transfers to provisions:		
Employee entitlements	385	-
Inventory	308	-
	<u>693</u>	<u>-</u>
Operating lease rental expenses:		
Minimum lease payments	1,743	-
Significant items:	1,066	-
Significant items relate to redundancy and rationalisation expenses incurred after acquisition.		

JB HI FI HOLDINGS PTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

	Consolidated 2001 \$'000	Company 2001 \$'000
3. REMUNERATION OF AUDITORS		
Auditing the financial report	140,000	-
Other services	7,500	-
	<u>147,500</u>	<u>-</u>
4. CURRENT RECEIVABLES		
Trade debtors	214	-
Allowance for doubtful debts	-	-
	<u>214</u>	<u>-</u>
Non trade receivables	3,228	-
Goods and service tax (GST) recoverable	133	-
	<u>3,361</u>	<u>-</u>
	<u>3,575</u>	<u>-</u>

JB HI FI HOLDINGS PTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

	Consolidated	Company
	2001	2001
	\$'000	\$'000
5. CURRENT INVENTORIES		
Finished goods:		
At cost	29,216	-
Provision	(308)	-
	<u>28,908</u>	<u>-</u>
6. OTHER CURRENT ASSETS		
Prepayments	698	-
Accrued income	194	-
	<u>892</u>	<u>-</u>
7. DEFERRED TAX ASSET		
Future income tax benefit:		
Timing differences	815	92
	<u>815</u>	<u>92</u>
8. OTHER NON CURRENT FINANCIAL ASSETS		
Interest bearing loans advanced to:		
Wholly owned controlled entity	-	45,189
At cost:		
Shares in controlled entities (refer note 19)	-	¹
	<u>-</u>	<u>45,189</u>
¹ Investment in subsidiary is \$2		
9. PROPERTY, PLANT & EQUIPMENT		
Plant and equipment:		
At Cost	5,995	-
Accumulated depreciation	(630)	-
	<u>5,365</u>	<u>-</u>
Leasehold improvements:		
At Cost	1,038	-
Accumulated amortisation	(84)	-
	<u>954</u>	<u>-</u>
	<u>6,319</u>	<u>-</u>

JB HI FI HOLDINGS PTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

	Consolidated	Company
	2001	2001
	\$'000	\$'000
10. INTANGIBLES		
Brand name – at cost	43,094	-
11. CURRENT PAYABLES		
Trade payables	19,528	-
Deferred income	1,276	-
Interest payable:		
Other entities	39	39
	<u>20,843</u>	<u>39</u>
12. CURRENT INTEREST BEARING LIABILITIES		
Secured:		
Bank overdraft (i)	9,722	-
Bank loans (i)	2,000	2,000
Hire purchase lease liabilities (ii)	876	-
	<u>12,598</u>	<u>2,000</u>
<p>i. Secured by a floating charge over the consolidated entity's assets, the current market value of which exceeds the value of the loan.</p> <p>ii. Secured by the leased assets, the current market value of which exceeds the value of the hire purchase liability.</p>		
13. TAX LIABILITIES		
Current:		
Income tax payable	1051	247
Non-Current:		
Deferred income tax	204	-
14. PROVISIONS		
Current:		
Employee Entitlements	2,011	-
Non-Current:		
Employee Entitlements	465	-

JB HI FI HOLDINGS PTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

15. NON-CURRENT INTEREST BEARING LIABILITIES

	Consolidated	Company
	2001	2001
	\$'000	\$'000
Unsecured:		
Other entity loans	3,000	-
Secured:		
Bank loan (note 12)	21,000	21,000
Hire purchase liability (note 12)	1,815	-
Loans from:		
Other related parties	-	3000
	<u>25,815</u>	<u>24,000</u>

16. CONTRIBUTED EQUITY

3,400,000 fully paid ordinary shares	3,400	3,400
18,500,000 partly paid ordinary shares	15,507	15,507
	<u>18,907</u>	<u>18,907</u>

	2001	
	No.'000	\$'000
Fully Paid Ordinary Shares		
Balance at beginning of financial year	-	¹
Issue of shares upon acquisition of JB Hi-Fi business	3,200	3,200
Issue of shares under executive share option plan	200	200
Transfer from partly paid ordinary share capital	-	-
Balance at end of financial year	<u>3,400</u>	<u>3,400</u>

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

¹ Issued shares at the beginning of the financial year were 2, fully paid at \$1 per share.

JB HI FI HOLDINGS PTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

	2001	
	No.'000	\$'000
Partly Paid Ordinary Shares		
Balance at beginning of financial year	-	-
Issue of partly paid shares upon acquisition of JB Hi-Fi business	18,500	11,507
Additional calls made on partly paid ordinary shares during the financial year (21.6 cents per share)	-	4,000
Transfer to fully paid share capital	-	-
Balance at end of financial year	18,500	15,507

Partly paid ordinary shares carry one vote per share but do not carry the right to dividends.

17. RETAINED PROFITS

	Consolidated	Company
	2001	2001
	\$'000	\$'000
Balance at beginning of financial year	-	-
Net profit	1,799	265
Balance at end of financial year	1,799	265

18. COMMITMENTS FOR EXPENDITURE

(a) Hire Purchase Leases

Leasing arrangements

Hire purchase leases principally relate to motor vehicles and store fit out expenditure with lease terms of between 3 and 5 years. The consolidated entity has the option to purchase the equipment for a nominal amount at the conclusion of the lease arrangements.

Hire Purchase Lease Liabilities	Minimum Future Lease Payments		Present Value of Minimum Lease Payments	
	Consolidated	Company	Consolidated	Company
	2001	2001	2001	2001
	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	1,068	-	876	-
Later than 1 year and not later than 5 years	1,948	-	1,815	-
Minimum Lease Payments*	3,016	-	2,691	-
Less finance charges	(325)	-	-	-
Present value of minimum lease payments	2,691	-	2,691	-
Included in the financial statements as:				
Current interest bearing liabilities (note 12)			876	-
Non current interest bearing liabilities (note 15)			1,815	-
			2,691	-

* Minimum future lease payments include the aggregate of all the lease payments and any guaranteed residual.

JB HI FI HOLDINGS PTY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001****(b) Operating Leases***Leasing arrangements*

Operating leases relate to stores with lease terms of between 2 to 10 years, with, in some cases an option to extend. All operating lease contracts contain market review clauses in the event that the consolidated entity exercises its option to renew. The consolidated entity does not have a right to purchase the leased asset at the expiry of the lease period.

	Consolidated	Company
	2001	2001
	\$'000	\$'000
Non-cancellable operating leases		
Not later than 1 year	3,472	-
Longer than 1 year and not longer than 5 years	13,379	-
Longer than 5 years	6,622	-
	<u>23,473</u>	<u>-</u>

JB HI FI HOLDINGS PTY LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2001

19. CONTROLLED ENTITIES

Name of Entity	Country of Incorporation	Ownership Interest 2001 %
<i>Parent Entity</i>		
JB Hi-Fi Holdings Pty Ltd	Australia	-
<i>Controlled Entities</i>		
JB Hi Fi Group Pty Ltd	Australia	100
JB Hi Fi Pty Ltd	Australia	100
Audioline Pty Ltd	Australia	100

JB Hi-Fi Holdings Pty Ltd is a proprietary company incorporated and operating in Australia.

Principal Registered Office and Place of Business

14 Spink Street
 Brighton
 Victoria, 3186
 Australia