

# **JB Hi-Fi Holdings Pty Limited**

**ACN 093 220 136**

**Special Purpose Financial Report for the Financial Year  
Ended 30 June 2002**

**JB HI-FI HOLDINGS PTY LIMITED**

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**SPECIAL PURPOSE FINANCIAL REPORT  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002**

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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 year ended 30 June 2002. 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 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.

**Review Of Operations**

A summary of consolidated results is set out below:

	<u>2002</u>	<u>2001</u>
	\$'000	\$'000
Net profit after related income tax expense	6,170	1,799

**Changes In State Of Affairs**

During the financial year there was no significant change in the state of the affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

**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.

**JB HI-FI HOLDINGS PTY LIMITED****DIRECTORS' REPORT****Dividends**

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

**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 of the company at the date of this report is as follows:

	<b>Ordinary Shares fully paid at \$1</b>	<b>Options (1)</b>	<b>Options (2)</b>
Patrick F Elliott	-	-	-
Terry D Smart	200,000	215,000	34,500
Hugh E Toll	-	-	-
Richard A Uechtritz	1,000,000	215,000	180,000
Gary Levin	100,000	100,000	-
Macdonell Roehm	179,523	100,000	-

(1) Options expire on June 2005. Each option issued entitles the option holder to purchase one ordinary share at \$1.

(2) Options expire March 2007. Each option issued entitles the option holder to purchase one ordinary share at \$3.

**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**

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**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, October <sup>25</sup> 2002

Deloitte Touche Tohmatsu  
A.B.N. 74 490 121 060  
505 Bourke Street  
Melbourne VIC 3000  
GPO Box 788  
Melbourne VIC 3001 Australia

DX 111  
Telephone (03) 9208 7000  
Facsimile (03) 9208 7001  
www.deloitte.com.au

Scope

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

**Deloitte  
Touche  
Tohmatsu**

We have audited the attached financial report, being a special purpose financial report, of JB Hi-Fi Holdings Pty Limited for the financial year ended 30 June 2002 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 2002 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 Impesi*  
Tom Impesi  
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 2002**

	Note	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Revenue from ordinary activities		248,802	143,384	3,315	2,753
Cost of sales		(189,469)	(109,378)	-	-
Sales and marketing expenses		(31,555)	(19,496)	-	-
Occupancy expenses		(4,516)	(2,415)	-	-
Administration expenses		(4,373)	(2,448)	(260)	(405)
Borrowing costs		(2,775)	(2,162)	(2,228)	(1,928)
Other expenses from ordinary activities		(7,296)	(3,545)	-	-
Significant items	2	-	(1,066)	-	-
<b>Profit from ordinary activities before income tax expense</b>	2	<b>8,818</b>	<b>2,874</b>	<b>827</b>	<b>420</b>
Income tax expense relating to ordinary activities		(2,648)	(1,075)	(249)	(155)
<b>Net Profit after related income tax</b>		<b>6,170</b>	<b>1,799</b>	<b>578</b>	<b>265</b>
<b>Total changes in equity other than those resulting from transactions with owners as owners</b>		<b>6,170</b>	<b>1,799</b>	<b>578</b>	<b>265</b>

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 2002**

	Note	Consolidated		Company	
		2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Current Assets</b>					
Cash assets		562	90	-	177
Receivables	4	6,915	3,575	-	-
Inventories	5	42,892	28,908	-	-
Other	6	280	892	-	-
<b>Total Current Assets</b>		<b>50,649</b>	<b>33,465</b>	<b>-</b>	<b>177</b>
<b>Non-Current Assets</b>					
Other non current financial assets	8	-	-	60,102	45,189
Property, plant and equipment	9	10,424	6,319	-	-
Intangible assets	10	43,094	43,094	-	-
Deferred tax assets	7	1,092	815	101	92
<b>Total Non-Current Assets</b>		<b>54,610</b>	<b>50,228</b>	<b>60,203</b>	<b>45,281</b>
<b>Total Assets</b>		<b>105,259</b>	<b>83,693</b>	<b>60,203</b>	<b>45,458</b>
<b>Current Liabilities</b>					
Payables	11	26,971	20,843	202	39
Interest bearing liabilities	12	7,809	12,598	5,500	2,000
Provisions	14	2,745	2,011	-	-
Current tax liabilities	13	2,373	1,051	258	247
<b>Total Current Liabilities</b>		<b>39,898</b>	<b>36,503</b>	<b>5,960</b>	<b>2,286</b>
<b>Non-Current Liabilities</b>					
Interest-bearing liabilities	15	34,159	25,815	31,500	24,000
Provisions	14	507	465	-	-
Tax liabilities	13	826	204	-	-
<b>Total Non-Current Liabilities</b>		<b>35,492</b>	<b>26,484</b>	<b>31,500</b>	<b>24,000</b>
<b>Total Liabilities</b>		<b>75,390</b>	<b>62,987</b>	<b>37,460</b>	<b>26,286</b>
<b>Net Assets</b>		<b>29,869</b>	<b>20,706</b>	<b>22,743</b>	<b>19,172</b>
<b>Equity</b>					
Contributed equity	16	21,900	18,907	21,900	18,907
Retained profits	17	7,969	1,799	843	265
<b>Total of Equity</b>		<b>29,869</b>	<b>20,706</b>	<b>22,743</b>	<b>19,172</b>

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 2002**

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	273,409	157,810	-	-
Payments to suppliers and employees	(269,640)	(150,517)	(240)	(405)
Interest and other costs of finance paid	(2,718)	(2,122)	(2,085)	(1,889)
Income tax paid	(980)	(39)	(247)	-
<b>Net cash provided by operating activities</b>	<u>71</u>	<u>5,132</u>	<u>(2,572)</u>	<u>(2,294)</u>
<b>Cash Flows From Investing Activities</b>				
Payment for business	-	(56,733)	-	-
Payments for plant and equipment	(3,290)	(2,625)	-	-
Amounts advanced to related parties	-	-	(11,598)	(42,436)
<b>Net cash provided by / (used in) investing activities</b>	<u>(3,290)</u>	<u>(59,358)</u>	<u>(11,598)</u>	<u>(42,436)</u>
<b>Cash Flows From Financing Activities</b>				
Proceeds from issues of equity securities	2,993	18,907	2,993	18,907
Proceeds from borrowings	13,601	28,000	13,000	28,000
Repayment of borrowings	(2,000)	(2,000)	(2,000)	(2,000)
Repayment of lease liabilities	(1,182)	(313)	-	-
<b>Net cash provided by / (used in) financing activities</b>	<u>13,413</u>	<u>44,594</u>	<u>13,993</u>	<u>44,907</u>
<b>Net (decrease)/increase in cash held</b>	<u>10,194</u>	<u>(9,632)</u>	<u>(177)</u>	<u>177</u>
<b>Cash at the beginning of the financial year</b>	<u>(9,632)</u>	<u>-</u>	<u>177</u>	<u>-</u>
<b>Cash at the end of the financial year</b>	<u>562</u>	<u>(9,632)</u>	<u>-</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 2002**

**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 2002**

**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 commenced trading on 1 August 2000 and, accordingly, the prior year figures cover an eleven-month period from incorporation.

**JB HI FI HOLDINGS PTY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002**

**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) Trade Payables*

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 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 2002**

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**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 2002**

**2. PROFIT FROM ORDINARY ACTIVITIES**

	<b>Consolidated</b>		<b>Company</b>	
	<b>2002</b>	<b>2001</b>	<b>2002</b>	<b>2001</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
The profit from ordinary activities before income tax includes the following items of expense:				
<b>Borrowing costs</b>				
<b>Interest:</b>				
Other related parties	321	-	321	-
Other entities	2,144	2,094	1,907	1,928
Finance lease finance charges	310	68	-	-
	<u>2,775</u>	<u>2,162</u>	<u>2,228</u>	<u>1,928</u>
<b>Depreciation of non-current assets:</b>				
Plant & Equipment	1,732	623	-	-
Leasehold Improvements	308	84	-	-
	<u>2,040</u>	<u>707</u>	<u>-</u>	<u>-</u>
<b>Net bad and doubtful debts arising from:</b>				
Other entities	651	367	-	-
<b>Net Transfers to provisions:</b>				
Employee entitlements	524	385	-	-
Inventory obsolescence	142	308	-	-
	<u>666</u>	<u>693</u>	<u>-</u>	<u>-</u>
<b>Operating lease rental expenses:</b>				
Minimum lease payments	3,145	1,743	-	-
<b>Significant items</b>	-	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 2002**

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>3. REMUNERATION OF AUDITORS</b>				
Auditing the financial report	60,000	140,000	-	-
Other services	15,000	7,500	-	-
	<u>75,000</u>	<u>147,500</u>	<u>-</u>	<u>-</u>
<b>4. CURRENT RECEIVABLES</b>				
Trade debtors	551	214	-	-
Allowance for doubtful debts	(103)	-	-	-
	<u>448</u>	<u>214</u>	<u>-</u>	<u>-</u>
Non-trade receivables	6,467	3,228	-	-
Goods and service tax (GST) recoverable	-	133	-	-
	<u>6,467</u>	<u>3,361</u>	<u>-</u>	<u>-</u>
	<u>6,915</u>	<u>3,575</u>	<u>-</u>	<u>-</u>

**JB HI FI HOLDINGS PTY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002**

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>5. CURRENT INVENTORIES</b>				
Finished goods:				
At cost	43,342	29,216	-	-
Provision	(450)	(308)	-	-
	<u>42,892</u>	<u>28,908</u>	<u>-</u>	<u>-</u>
<b>6. OTHER CURRENT ASSETS</b>				
Prepayments	280	698	-	-
Accrued income	-	194	-	-
	<u>280</u>	<u>892</u>	<u>-</u>	<u>-</u>
<b>7. DEFERRED TAX ASSET</b>				
Future income tax benefit:				
Timing differences	1,092	815	101	92
	<u>1,092</u>	<u>815</u>	<u>101</u>	<u>92</u>
<b>8. OTHER NON CURRENT FINANCIAL ASSETS</b>				
Interest bearing loans advanced to:				
Wholly owned controlled entity	-	-	60,102	45,189
At cost:				
Shares in controlled entities (refer note 19)	-	-	-	-
	<u>-</u>	<u>-</u>	<u>60,102</u>	<u>45,189</u>
<sup>1</sup> Investment in subsidiary is \$2.				
<b>9. PROPERTY, PLANT &amp; EQUIPMENT</b>				
Plant and equipment:				
At Cost	11,557	5,995	-	-
Accumulated depreciation	(2,297)	(630)	-	-
	<u>9,260</u>	<u>5,365</u>	<u>-</u>	<u>-</u>
Leasehold improvements:				
At Cost	1,497	1,038	-	-
Accumulated amortisation	(333)	(84)	-	-
	<u>1,164</u>	<u>954</u>	<u>-</u>	<u>-</u>
	<u>10,424</u>	<u>6,319</u>	<u>-</u>	<u>-</u>

**JB HI FI HOLDINGS PTY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002**

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>10. INTANGIBLES</b>				
Brand name – at cost	43,094	43,094	-	-
<b>11. CURRENT PAYABLES</b>				
Trade payables	24,522	19,528	20	-
Deferred income	1,931	1,276	-	-
Goods and services tax (GST) payable	337	-	-	-
Interest payable:				
Other related parties	84	-	84	-
Other entities	97	39	97	39
	<u>26,971</u>	<u>20,843</u>	<u>202</u>	<u>39</u>

**12. CURRENT INTEREST BEARING LIABILITIES**

**Unsecured:**

Other entity loans	3,600	-	3,000	-
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**Secured:**

Bank overdraft (i)	-	9,722	-	-
Bank loans (i)	2,500	2,000	2,500	2,000
Hire purchase lease liabilities (ii)	1,709	876	-	-
	<u>7,809</u>	<u>12,598</u>	<u>5,500</u>	<u>2,000</u>

- i. Secured by a floating charge over the consolidated entity's assets, the current market value of which exceeds the value of the loan.
- ii. Secured by the lease assets, the current market value of which exceeds the value of the hire purchase liability.

**13. TAX LIABILITIES**

**Current:**

Income tax payable	2,373	1,050	258	247
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**Non-Current:**

Deferred income tax	826	204	-	-
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**JB HI FI HOLDINGS PTY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002**

	Consolidated		Company	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
<b>14. PROVISIONS</b>				
<b>Current:</b>				
Employee Entitlements	2,745	2,011	-	-
<b>Non-Current:</b>				
Employee Entitlements	507	465	-	-
<b>15. NON-CURRENT INTEREST BEARING LIABILITIES</b>				
<b>Unsecured:</b>				
Other entity loans	-	3,000	-	-
<b>Secured:</b>				
Bank loan (note 12)	21,500	21,000	21,500	21,000
Hire purchase liability (note 12)	2,659	1,815	-	-
<b>Loans from:</b>				
Directors and director related entities	1,169	-	1,169	-
Other related parties	7,627	-	7,627	3,000
Other entities	1,204	-	1,204	-
	34,159	25,815	31,500	24,000
<b>16. CONTRIBUTED EQUITY</b>				
21,900,000 fully paid ordinary shares (2001: 3,400,000)	21,900	3,400	21,900	3,400
Partly paid ordinary shares: nil (2001: 18,500,000)	-	15,507	-	15,507
	21,900	18,907	21,900	18,907

	2002		2001	
	No. '000	\$'000	No. '000	\$'000
<b>Fully Paid Ordinary Shares</b>				
Balance at beginning of financial year	3,400	3,400	-	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	18,500	18,500	-	-
Balance at end of financial year	21,900	21,900	3,400	3,400

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

<sup>1</sup> 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 2002**

	2002		2001	
	No. 000s	\$'000s	No.'000s	\$'000s
<b>Partly Paid Ordinary Shares</b>				
Balance at beginning of financial year	18,500	15,507	-	-
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 16.2 cents per share (2001: 21.6 cents)		2,993	-	4,000
Transfer to fully paid share capital	(18,500)	(18,500)	-	-
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	
	2002 \$'000	2001 \$'000	2002 \$'000	2001 \$'000
Balance at beginning of financial year	1,799	-	265	-
Net profit	6,170	1,799	578	265
Balance at end of financial year	7,969	1,799	843	265

**JB HI FI HOLDINGS PTY LIMITED****NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002****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	
	2002	2001	2002	2001	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Not later than 1 year	2,011	1,068	-	-	1,709	876	-	-
Later than 1 year and not later than 5 years	2,836	2,948	-	-	2,658	1,815	-	-
Minimum lease payments*	4,847	3,016	-	-	4,367	2,691	-	-
Less finance charges	(480)	(325)	-	-	-	-	-	-
Present Value of minimum lease payments	4,367	2,691	-	-	4,367	2,691	-	-
Included in the financial statements as:								
Current Interest Bearing Liabilities (note 12)					1,709	876	-	-
Non current interest bearing liabilities (note 15)					2,659	1,815	-	-
					4,367	2,691	-	-

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

**(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	
	2002	2001	2002	2001
	\$'000	\$'000	\$'000	\$'000
<b>Non-cancellable operating leases</b>				
Not later than 1 year	4,152	3,472	-	-
Longer than 1 year and not longer than 5 years	11,305	13,379	-	-
Longer than 5 years	4,543	6,622	-	-
	<u>20,000</u>	<u>23,473</u>	<u>-</u>	<u>-</u>

**JB HI FI HOLDINGS PTY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2002**

**19. CONTROLLED ENTITIES**

Name of Entity	Country of Incorporation	Ownership Interest	
		2002 %	2001 %
<i>Parent Entity</i>			
JB Hi-Fi Holdings Pty Ltd	Australia	-	-
<i>Controlled Entities</i>			
JB Hi Fi Group Pty Ltd	Australia	100	100
JB Hi Fi Pty Ltd	Australia	100	100
Audioline Pty Ltd	Australia	100	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

