



Appendix 4D

Half Year Report of

JB Hi-Fi Limited

for the Period Ended 31 December 2006

ABN 80 093 220 136

This Half Year Report is provided to the Australian Stock Exchange (ASX) under ASX listing Rule 4.2A.3

Current Reporting Period: Half Year ended 31 December 2006

Previous Corresponding Period: Half Year ended 31 December 2005

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Revenue and Net Profit/(Loss)

		Percentage Change		Amount
		%		\$'000
Revenue from ordinary activities	up	29.24%	to	\$658,898
Profit/(loss) from ordinary activities after tax attributable to members	up	37.02%	to	\$26,751
Net profit/(loss) attributable to members of the parent entity	up	39.08%	to	\$26,173

Dividends (Distributions)

	Amount per security	Franked amount per security	Record date	Dividend payment date
Final dividend relating to year end 30 June 2006	4.0¢	4.0¢	04/10/06	18/10/06
Interim dividend relating to year end 30 June 2007	5.0¢	5.0¢	30/03/07	16/04/07

Net Tangible Assets Per Security

	31 Dec 2006	30 Jun 2006
	\$	\$
Net tangible assets per security	0.40	0.16

For a brief explanation of the figures above please refer to the Announcement on the results for the half-year ended 31 December 2006. The comments should be read in conjunction with the details and explanations provided herewith.



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COMPANY ANNOUNCEMENT

13 February 2007

JB Hi-Fi reports Sales up 29% and NPAT up 39%

JB Hi-Fi Limited today reported a record half year net profit of \$26.2 million (HY05 \$18.8 million) from \$659 million of sales (HY05 \$510 million) for half year ending 31 December 2006.

Comparable store growth for the period was 7.7% for JB Hi-Fi stores and -7.8% for Clive Anthonys stores, resulting in a consolidated comparable store growth of 5.8%. Our cost of doing business was down 81 bps at 15.0% (HY05 15.8%). Gross Profit remained steady at 23.0% after backing out the impact of the new categories of games and computers.

The company has raised its dividend declaring a fully franked dividend of 5.0 cents per share, an increase of 38.9%, to be paid on 16 April 2007. The record date for determining the entitlement is 26 March 2007.

The company had 72 stores at the end of the calendar year having opened 7 new JB Hi-Fi stores during the half year and expects to open approximately 6 new stores in the second half of FY07.

"We are pleased with another strong result with solid Christmas sales, our new stores traded well and we continue to grow our national market share" said CEO Richard Uechtritz. "Sales in January were soft, however sales to date in February have been in line with expectations and we are comfortable with analysts forecasts (average \$32.7 million) for the full year net profit "(FY06 \$25.8 million).

Most categories were solid over Christmas with DVD, games and portable audio very strong. JB Hi-Fi has cemented itself as a leading games retailer and looks forward to further growth with the release of Sony's PlayStation 3 on 23 March 2007.

The company continues to grow its market share in the newly introduced computer category with the rollout to most stores to be completed by the end of FY07. 35 JB Hi-Fi stores traded with computers through Christmas. "There is no reason why we cannot be a substantial player in this large and growing market" said CEO Richard Uechtritz.

The company's proposed acquisition of the 11 store New Zealand chain Hill & Stewart on the 1 March 2007 is on track. Hill & Stewart had a strong Christmas and sales in January and February to date have also been strong. The company has now signed three leases in Auckland for JB Hi-Fi stores. These are in the Auckland Central Business District, Westfield Manukau City and Westfield Albany. Other potential sites are under negotiation.

JB Hi-Fi Limited

ABN 80 093 220 136

Half year report for the half-year
ended 31 December 2006

Financial Report
for the Half-Year Ended
31 December 2006

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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 report for the year ended 30 June 2006 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 financial report for the half-year ended 31 December 2006. 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 J. King (Chairman)	Mr W. Fraser
Mr P. Elliott	Mr G. Levin
Mr R. Uechtritz	Mr T. Smart

Review of operations

The consolidated net profit attributable to equity holders of the parent for the half year was \$26,173 thousand (2005 \$18,818 thousand). A review of the operations of the company during the half-year and the results of these operations are set out in the attached results announcement.

Auditor's independence declaration

The auditor's independence declaration is included on page 2 of the half-year report.

Rounding off of amounts

The company is a company of the 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 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



R.A Uechtritz
Chief Executive Officer
Melbourne,
12 February 2007

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

12 February 2007

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 2006, 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



B PORTER
Partner
Chartered Accountants
Melbourne, 12 February 2007

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 balance sheet as at 31 December 2006, and the income statement, cash flow statement, 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 4 to 11.

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 designing, implementing 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the JB Hi-Fi Limited's financial position as at 30 June 2006 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 2006 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



B PORTER
Partner
Chartered Accountants
Melbourne, 12 February 2007

Liability limited by a scheme approved under Professional Standards Legislation.

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 Australian Accounting Standard AASB 134 Interim Financial Reporting 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



R.A Uechtritz
Chief Executive Officer
Melbourne,
12 February 2007

**Condensed consolidated income statement
for the half-year ended 31 December 2006**

	Consolidated	
	Half-year ended 31 Dec 2006 \$'000	Half-year ended 31 Dec 2005 \$'000
Continuing operations		
Revenue from sale of goods	658,898	509,836
Cost of sales	(513,010)	(395,024)
Gross profit	145,888	114,812
Other income	1,174	521
Share of net profits of associates accounted for using the equity method	-	74
Marketing expenses	(70,349)	(58,203)
Occupancy expenses	(20,589)	(14,975)
Administration expenses	(7,497)	(6,213)
Finance costs	(3,796)	(3,037)
Other expenses	(6,524)	(4,948)
Profit before tax	38,307	28,031
Income tax expense	(11,556)	(8,508)
Profit for the period from continuing operations	26,751	19,523
Profit for the period	26,751	19,523
Attributable to:		
Equity holders of the parent	26,173	18,818
Minority interest	578	705
	26,751	19,523
Earnings per share:		
From continuing operations:		
Basic (cents per share)	25.27	18.29
Diluted (cents per share)	24.61	17.99

Notes to the financial statements are included on pages 9 to 11.

**Condensed consolidated balance sheet
as at 31 December 2006**

	Note	Consolidated		
		31 December 2006 \$'000	31 December 2005 \$'000	30 June 2006 \$'000
Current assets				
Cash and cash equivalents		83,429	45,541	4,493
Trade and other receivables	3	55,360	44,001	28,282
Inventories		188,664	160,058	161,137
Other		3,259	2,001	2,845
Total current assets		330,712	251,601	196,757
Non-current assets				
Investments accounted for using the equity method		689	524	689
Other financial assets		917	6	674
Property, plant and equipment		69,721	50,593	57,206
Deferred tax assets		4,637	2,048	4,867
Goodwill		20,015	20,015	20,015
Other intangible assets		46,636	46,636	46,636
Other		5	296	-
Total non-current assets		142,620	120,118	130,087
Total assets		473,332	371,719	326,844
Current liabilities				
Trade and other payables	4	237,896	198,748	122,762
Borrowings	5	246	197	519
Current tax payables		6,945	4,695	4,453
Provisions		12,152	8,599	9,508
Other		253	1,001	1,102
Total current liabilities		257,492	213,240	138,344
Non-current liabilities				
Trade and other payables		1,859	564	660
Borrowings	6	100,098	75,822	100,042
Provisions		496	378	771
Other		5,341	3,067	3,370
Total non-current liabilities		107,794	79,831	104,843
Total liabilities		365,286	293,071	243,187
Net assets		108,046	78,648	83,657
Equity				
Issued capital		34,525	32,616	33,036
Reserves		2,340	1,045	2,036
Retained earnings		65,898	40,610	43,880
Parent entity interest		102,763	74,271	78,952
Minority interest	7	5,283	4,377	4,705
Total equity		108,046	78,648	83,657

Notes to the financial statements are included on pages 9 to 11.

**Condensed consolidated statement of changes in equity
for the half-year ended 31 December 2006**

	Consolidated	
	31 December 2006 \$'000	31 December 2005 \$'000
(a) Retained earnings		
Retained earnings at the beginning of the period	43,880	25,495
Profit for the period	26,173	18,818
Payment of dividends	(4,155)	(3,703)
Retained earnings at the end of the period	65,898	40,610
(b) Reserves		
Reserves at the beginning of the period	2,036	644
Movement in reserves	304	401
Reserves at the end of the period	2,340	1,045
(c) Share capital		
Share capital at the beginning of the period - 103,465,667 fully paid ordinary shares	33,036	32,428
Issue of shares under share option plan	1,489	188
Share capital at the end of the period - 104,075,817 fully paid ordinary shares	34,525	32,616
(d) Total recognised income and expenses for the period		
Net profit for the period	26,751	19,523
Profit attributable to minority interest	(578)	(705)
Net profit attributable to members of the parent entity	26,173	18,818
Net income recognised directly in equity:		
Interest rate swap	195	-
Total recognised income and expenses for the period	26,368	18,818

Notes to the financial statements are included on pages 9 to 11.

**Condensed consolidated cash flow statement
for the half-year ended 31 December 2006**

	Consolidated	
	Half-year ended 31 Dec 2006 \$'000	Half-year ended 31 Dec 2005 \$'000
Cash flows from operating activities		
Receipts from customers	698,352	534,485
Payments to suppliers and employees	(586,510)	(459,708)
Interest and bill discounts received	589	313
Interest and other costs of finance paid	(3,852)	(2,813)
Income tax paid	(8,468)	(6,161)
Net cash provided by operating activities	100,111	66,116
Cash flows from investing activities		
Dividends received from associates	-	118
Payment for property, plant and equipment	(17,937)	(17,004)
Proceeds from sale of property, plant and equipment	47	127
Net cash used in investing activities	(17,890)	(16,759)
Cash flows from financing activities		
Proceeds from issues of equity securities	1,142	188
Payment for debt issue costs	-	(315)
Proceeds from borrowings	-	18,303
Repayment of lease liabilities	(273)	(19,920)
Dividends paid:		
- members of the parent entity	(4,154)	(3,703)
- minority interests	-	-
Net cash used in financing activities	(3,285)	(5,447)
Net (decrease)/increase in cash and cash equivalents	78,936	43,910
Cash and cash equivalents at the beginning of the period	4,493	1,631
Cash and cash equivalents at the end of the period	83,429	45,541

Notes to the financial statements are included on pages 9 to 11.

Notes to the condensed consolidated financial statements

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 financial statements have been prepared on the basis of historical costs, except for the revaluation of certain non-current assets and financial instruments. 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 98/0100, 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.

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 2006 annual financial report for the financial year ended 30 June 2006.

2. Segment information

The consolidated entity operates in one segment being the home consumer products retail industry including audiovisual equipment, computing equipment, whitegoods, kitchen appliances and other related equipment, and operates only in Australia.

3. Current trade and other receivables

	Consolidated		
	31 December 2006 \$'000	31 December 2005 \$'000	30 June 2006 \$'000
Trade receivables	11,784	7,985	5,946
Allowance for doubtful debts	(310)	(239)	(284)
	11,474	7,746	5,662
Goods and services tax (GST) recoverable	-	-	983
Non-trade receivables	43,886	36,255	21,637
	55,360	44,001	28,282

4. Current trade and other payables

	Consolidated		
	31 December 2006 \$'000	31 December 2005 \$'000	30 June 2006 \$'000
Trade payables	217,271	185,823	114,650
Other creditors and accruals	9,725	5,015	4,014
Deferred income	7,237	6,348	4,098
Goods and services tax (GST) payable	3,663	1,562	-
	237,896	198,748	122,762

5. Current borrowings

	Consolidated		
	31 December 2006 \$'000	31 December 2005 \$'000	30 June 2006 \$'000
Secured:			
At amortised cost (2005: cost):			
Hire purchase liabilities (i)	246	197	519

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

6. Non current borrowings

	Consolidated		
	31 December 2006 \$'000	31 December 2005 \$'000	30 June 2006 \$'000
Secured:			
At amortised cost (2005: cost):			
Bank loans (i)	100,098	75,303	100,042
Hire purchase liabilities (ii)	-	519	-
	100,098	75,822	100,042

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

7. Minority interest

	Consolidated		
	31 December 2006 \$'000	31 December 2005 \$'000	30 June 2006 \$'000
Issued capital	152	152	152
Retained earnings	5,131	4,230	4,558
Reserves	-	(5)	(5)
Balance at end of financial period	5,283	4,377	4,705

8. Dividends

	Half-year ended 31 December 2006		Half-year ended 31 December 2005	
	Cents per share	Total \$'000	Cents per share	Total \$'000
<u>Recognised amounts</u>				
Fully paid ordinary shares				
Final dividend	4.0	4,154	3.6	3,702
<u>Unrecognised amounts</u>				
Fully paid ordinary shares				
Interim dividend	5.0	5,204	3.6	3,708

The interim dividend for the half year ended 31 December 2006 has not been recognised because the interim dividend was declared subsequent to 31 December 2006. As a result, amounts recognised will be the final dividend in respect of the prior year.

9. Issuances, repurchases and repayments of equity securities

During the half-year reporting period, JB Hi-Fi Limited issued 610,150 ordinary shares for \$1,142 thousand on exercise of 610,150 share options issued under its executive share option plan. As a result of this share issue, \$346 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 reporting period. JB Hi-Fi Limited issued 1,015,000 share options (2005: 846,664) over ordinary shares under its executive share option plan during the half-year reporting period.

10. Subsequent events

On 12 February 2007, the directors declared an interim dividend for the half-year ended 31 December 2006, as set out in the Dividends section of this report.