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Chief Executive Officer's Address
2010 Annual General Meeting

Thank you Patrick and good morning ladies and gentlemen.

It is with great pleasure that I have the opportunity to address you, our shareholders, for the first time. I am delighted to have been offered the role and excited by the opportunities that are ahead of us. Let me also add my thanks to Richard Uechtritz for both his contribution over the last 10 years and supporting the CEO transition.

We are pleased to report that FY10 was another strong result for the Company with consolidated sales up 17.4% on the prior year. The unique JB model continued to resonate with customers resulting in continued market share growth during what was considered a most challenging retail period.

Consolidated comparative store sales growth for FY10 was 4.8%, with solid sales across the majority of our product categories and particularly strong growth from the Computers/IT, Visual, Telecommunications and Accessories categories. Trading in the second half of FY10 was particularly challenging due to cycling the impact of prior year government stimulus packages. As with the previous year, the Company continued to grow its market share as the recently opened stores matured, new stores were opened and we expanded our product offering.

Gross margin in Australia increased to 22.1%, which was pleasing given the continued growth of lower margin categories and a competitive market place. Consolidated gross margin increased to 21.8% from 21.6% in the prior year. The Company's cost of doing business was down from 14.7% to 14.5% driven by our low cost culture, operating leverage, labour productivity and marketing economies of scale. The Company continues to have the lowest cost of doing business of any listed retailer.

We made the decision during the year to close the under-performing Hill and Stewart business in New Zealand to focus solely on the roll out of JB branded stores. While the earnings result in New Zealand has been disappointing, we are quickly increasing our scale and with that our buying power, efficiencies and brand awareness. We remain committed to New Zealand and expect it to generate a satisfactory return on invested capital over the next few years.

Net Cash Flow from Operations was strong at $152.1 million for the year and working capital was in-line with our expectations. During the year we invested in working capital relating to inventory for new stores, expanded established stores and continued the expansion of Computers/IT and Telco. Inventory turnover improved to 6.5 times, with like for like inventory turnover improving to 6.9 times, up from the prior year of 6.1 times and 6.6 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 23 new stores. Nine of these stores were in New South Wales, six in Queensland, five in Victoria, one each in South Australia and Western Australia, and one in New Zealand. No new Clive Anthony stores were opened during this period.

By Christmas this year we will have opened 12 new JB Hi-Fi stores since 1 July, taking the Group's total JB Hi-Fi branded stores to 142 with 9 opened in Australia and 3 in New Zealand. We are pleased with the performance of stores opened so far this year, with the recently opened tier 2 stores performing as expected. We are on track to open our previously stated guidance of 18 JB Hi-Fi stores for FY11.

The Company has continued to see a steady improvement in store sales since June 2010 and as a result we now have positive comparable growth year to date for FY11. Total Company sales for the first quarter FY11 are up 12.2% on the same period last year however behind budget by approximately 5%. The Company expects to make up part of this shortfall in the second half, which is cycling less challenging comparable store sales. The overall strength of the economy, low levels of unemployment and a strong product assortment should underpin a successful Christmas trading period.

Discounting has been a prevalent feature of retail over the last 12 months as consumer demand has softened. We are expecting to see discounting to continue through Christmas 2010 however JB is well positioned to maintain margins given its increasing scale, broad product assortment and everyday low prices strategy.

A key to JB's success is its exceptional management and staff who continue to enthusiastically embrace every opportunity that comes their way. I thank them for their contribution and together, we look forward to producing another record result for our shareholders in FY11.