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Chief Executive Officer's Address
2009 Annual General Meeting

Thank you Patrick and good morning ladies and gentlemen.

As Patrick mentioned, FY09 was another strong result with the company trading well through what was considered to be the weakest and most challenging retail climate for many years.

Consolidated comparative store sales growth for FY09 was 11.5%, which reinforced the strength and resilience of the company's unique retail model. Sales in all product categories were solid; with Computers/IT, Games, Movies and Visual driving strong comparable store sales growth. The company continues to grow its market share as the recently opened stores mature, new stores are opened and prices reduced on the back of increased economies of scale and a continued focus on costs. This combined with Home Entertainment becoming more of a staple category, as consumers keep up with technology, should ensure strong comparable store sales growth into the future.

Gross margin in Australia remained stable at 21.9%, which was pleasing given the growth of lower margin categories and a competitive market place. Consolidated gross margin was down slightly at 21.6% from 21.9% in the prior year, reflecting our everyday low prices strategy and continued investment in New Zealand. The company's cost of doing business was down from 15.3% to 14.5% driven by our low cost culture, operating leverage, labour productivity and marketing economies of scale. The lower cost of doing business has enabled the company to manage the impact of product mix on gross margins, support the everyday low pricing philosophy and improve earnings margin. The company continues to have the lowest cost of doing business of any listed retailer.

Net Cash Flow from Operations was strong at $145.6 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, expanding established stores and the more recently introduced product categories of Computers/IT and Telco. Inventory turnover improved to 6.1 times, with like for like inventory turnover improving to 6.6 times, both up from 5.9 times in the prior year. 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 19 new stores. Seven of these stores were in Western Australia, four in Queensland, two in the Australian Capital Territory, one each in Victoria, South Australia and New South Wales, and three in New Zealand.

By Christmas this year we will have opened 15 new JB Hi-Fi stores since 1 July, taking the group's total store network to 137. In September 2009, one Hill & Stewart store in New Zealand was also converted to a JB Hi-Fi store. The total stores across the group's brands at Christmas will include 11 Clive Anthonys stores and 4 Hill & Stewart stores. At our August 2009 results release we indicated we would open 18 new JB Hi-Fi branded stores, we now forecast approximately 22 new stores in FY10, an increase of 4 on our recent guidance.

In August 2009 we reported that sales were in line with internal expectations and comparable store sales were 3.8% for the first five weeks of the new financial year and that comparable store sales had been impacted by strong visual sales from the Olympics in the prior year. Today, we report that sales for the 1st quarter of financial year 2010 continue to be in line with internal expectations and comparable store sales were 8.4% for the quarter.

While the economic outlook remains unclear, we are encouraged by recent signs the Australian economy and consumers are feeling more confident than this time last year. Coupled with JB's focus on home entertainment and with the all important Christmas and New Year trading periods ahead of us, the company remains confident that it will meet market expectations. We maintain our previous sales guidance for FY10 of circa $2.8 billion or a 20% increase on FY09.

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 FY10.