

Harvey Norman Holdings Limited

1994 Annual Report

CONTENTS

Highlights	1
Financial Summary	1
Chairman's Report	2
Directors' Report	3
Balance Sheet	6
Profit & Loss Account	7
Statement of Cash Flows	8
Notes to the Financial Statements	10
Directors' Statement	29
Independent Audit Report	30
Shareholder Information	31
Stores' Directory	32

THE ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of Harvey Norman Holdings Limited will be held in the Margaret Room, Holiday Inn Menzies Sydney, 14 Carrington Street, Sydney on 22 November 1994, at 11.00am.

(For full details and Proxy Form see separate document enclosed)

DIRECTORY

DIRECTORS:

G. Harvey – Chairman
I. J. Norman
K. L. Page
S. M. Gibson
C. H. Brown
M. J. Harvey
R. J. Skippen
A. B. Brew

COMPANY SECRETARY

S. M. Gibson

REGISTERED OFFICE

233 Parramatta Road
Auburn NSW 2144
Telephone: (02) 647 2611

SHARE REGISTRY

Registries Limited
Level 1
220 George Street
Sydney

BANKERS

Australia & New Zealand Banking Group

AUDITORS

Arthur Andersen

SOLICITORS

Gillis Delaney Brown

HIGHLIGHTS

Consolidated Operating Profit before tax for the 12 months to 30 June 1994 was \$31.15million, an increase of 35.4% on the previous year. Consolidated Operating Profit after tax was \$20.71 million, an increase of 51.2%.

The recommended final dividend is increased from 3.2 cents to 4.5 cents a share, fully franked, bringing the full year dividend to 8.25 cents fully franked.

Basic earnings per share increased from 20.6 cents to 27.5 cents.

Return on shareholders' funds was 20.3%.

FINANCIAL SUMMARY 12 MONTHS TO 30 JUNE, 1994

	1994 \$000	1993 \$000	% Change
Operating Revenue	82,593	66,970	23.3
Operating Profit Before Interest Expense and Income Tax	35,158	27,065	29.9
Interest Expense	4,006	4,053	(1.2)
Income Tax Expense	10,442	9,310	12.2
Operating Profit after Income Tax	20,711	13,702	51.2
Basic Earnings per share on issue at 30 June (cents)	27.5	20.6	33.5
Dividends per share (cents)	8.25	6.0	37.5
Return on Shareholders' Funds	20.3	19.4	4.6
Paid up capital at 30 June (\$ million)	15.4	14.0	10.0
Net Tangible Assets per share at 30 June (\$)	1.28	0.96	33.3

The following is part of the Chairman's Report in the Annual Report.



CHAIRMAN'S REPORT

Harvey Norman once again achieved a record result for the year ended 30 June, 1994. The Consolidated Operating Profit before income tax was \$31.152 million, an increase of 35.4% on 1993, whilst the net profit was \$20.711 million, an increase of 51.2%.

A strong second half contributed to this result. Sales for the year to June 30, 1994 from the franchised "Harvey Norman" stores and from the Group's own shop at Lismore totalled \$556.2M. (The first half year sales were \$270.75 M). The full year increase over the corresponding year ended June 30, 1993 was 24.2%. Sales from new stores opened during the year contributed to the increase.

Sales from all stores in the first three months – July, August and September, are up 54.1% on the same period of last year.

Expansion

In the last six months new stores have been opened at:

- (a) NSW Deniliquin, Mudgee, Young, Taree, Inverell, Grafton, Campbelltown, Port Macquarie.
- (b) ACT Fyshwick
- (c) QLD Townsville

New stores to be opened before Christmas:

- (a) NSW Armidale, Parkes, Moree, Dubbo.
- (b) VIC Ballarat, Nunawading, Dandenong.

Computer Superstores

By Christmas we will have 14 Computer Superstores and 5 mini Computer Superstores trading. Computers now represent 25% of the total sales.

Victoria

As a result of our decision to expand into Victoria, two very large shops have been leased which are bigger and better than any similar competitor. They will open shortly with more to follow. A store in Ballarat opens early October.

Lighting Super Stores

A pilot Lighting Super Store opened in September at the Harvey Norman Auburn Complex. The Lighting Super Store is a 'Category Killer' concept store based on the successful Harvey Norman Super Store. If successful, this new concept will be expanded.

Property Development

We have recently completed building an extension to our Erina Store on the NSW Central Coast and that houses bedding and carpets. The Fyshwick property in the ACT is without doubt the best store in the ACT and, so far, sales have exceeded budget by a substantial margin.

Revaluation of Real Estate

The Directors have revalued the Company real estate properties by \$ 6.37 M.

Share Issue

Because of the expansion outlined above, the company proposes to raise a further \$ 20 M by means of a cash issue to shareholders. The offer will be on the basis of one fully paid share of 0.20 cents par for every 16 shares held, at an issue price of \$ 3.80 payable in full, no later than 22 November, 1994. Books will close for the determination of entitlements on 21 October, 1994. The issue has been underwritten by Dicksons Ltd.

We shall continue to pursue our proven strategy of steady expansion and are confident that the company will experience profit growth in the current half year.

I would like to thank my fellow Directors, the Harvey Norman employees and the franchisees and their staff for their continuing efforts and loyalty.

G. HARVEY
Chairman

DIRECTORS' REPORT

The Board of Directors of Harvey Norman Holdings Limited has pleasure in submitting the balance sheet of the company and of the economic entity at 30 June 1994, and related profit and loss accounts and statement of cashflows for the year then ended and reports as follows:

DIRECTORS

The directors of the parent entity at the date of this report are:

Gerald Harvey
Chairman

Co-founder of the Norman Ross group of companies in 1961. Appointed Chairman of that group when it went Public in 1972 and remained in that capacity until the Waltons Bond Limited takeover in 1982. In that year Mr. Harvey and Mr. Norman founded Harvey Norman. Mr. Harvey has been in retail all his working life and is regarded as perhaps Australia's most successful and aggressive independent retailer. Mr Harvey was voted "Retailer of the Year" by Senior Representatives of the Australian Retail Industry in 1993.

Ian John Norman
Director

Co-founder of Norman Ross group of companies in 1961 with Mr. Harvey. Mr. Norman was co-managing director of Norman Ross until the takeover of that company in 1982. He has been in retail all his working life and has a wealth of experience.

Kay Lesley Page
Merchandising Director

Katie Page joined Harvey Norman in 1983. She is responsible for advertising and promotions. Many of the outstanding promotions of the economic entity have been as a result of her expertise and flair in this field.

Spencer Murray Gibson
Director

Mr. Gibson has had 29 years experience in retailing encompassing many aspects of the industry- administration, accounting, finance and store management. Mr. Gibson joined the Harvey Norman group on its inception in 1982 and is responsible for controlling the administration and corporate functions of the economic entity.

Christopher Herbert Brown, LL.M
Non- Executive Director

Mr. Brown has acted as solicitor for the Harvey Norman Group since inception and for Messrs Harvey and Norman and their respective interests since 1972. His area of practice is revenue and commercial law.

Michael John Harvey
Managing Director

Mr. Harvey joined Harvey Norman in 1987 having completed a Commerce degree at the University of New South Wales. He has had experience in many areas with the company and became a proprietor of the appliance franchise firstly at Brookvale in 1990 and then the electrical franchise at Moore Park in 1991. Mr Harvey was appointed Managing Director in July 1994.

Raymond John Skippen ACA
Finance Director

Mr Skippen was appointed to the board in September 1994. Mr Skippen is a chartered accountant who has vast experience in corporate finance and administration.

Arthur Bayly Brew
Director

Mr Brew was appointed to the board in September 1994. Mr Brew joined the company in 1983 as the Chief Accountant and is responsible for the accounting and computer systems for the economic entity.

DIRECTORS' MEETINGS

During the year the company held, or would have held if a quorum had been present, six (6) meetings of directors. The names of directors are outlined above. The attendances of the directors at meetings of the Board were as follows:

Meetings of Board of Directors		
	Attended	Number of Meetings Held
G. Harvey	6	6
I. J. Norman	6	6
K. L. Page	6	6
S. M. Gibson	6	6
C. H. Brown	6	6
M. J. Harvey	6	6

In addition, the executive directors held regular meetings for the purpose of signing various documentation. A total of forty two (42) such meetings were held during the year. Currently the directors are of the opinion that there is no requirement for a separate audit sub-committee.

DIRECTORS' BENEFITS AND INTERESTS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the economic entity's financial statements or the fixed salary of a full-time employee of the company or a related body corporate) by reason of a contract made by the company or a related body corporate with any director or with a company in which he has a substantial financial interest or with a firm of which he is a member, except as otherwise disclosed in the financial statements.

The relevant interest of each director and related body corporate in the share capital of the parent company as at the date of this report is:

	Number of Ordinary Shares
Gerald Harvey	25,415,000
Ian John Norman	17,250,000
Kay Lesley Page	806,250
Spencer Murray Gibson	371,250
Michael John Harvey	199,375
Christopher Herbert Brown	112,500
Raymond John Skippen	—
Arthur Bayly Brew	2,000

BENEFICIAL INTEREST

Included in the above shareholdings are as follows:

Mr. G. Harvey has a beneficial interest in 18,540,000 shares held by G Harvey Nominees Pty Limited.
 Mr. I. J. Norman has a beneficial interest in 17,250,000 shares held by Dimbulu Pty Limited.
 Mr. C. H. Brown has a beneficial interest in 112,500 shares held by Lisaura Pty Limited.

PRINCIPAL ACTIVITIES

The principal activity of the economic entity continues to be that of franchise retailing and the provision of credit to enhance its retailing activities.

RESULTS

The consolidated net profit of the economic entity for the financial year ended 30 June 1994 after income tax expense was \$20,710,923.

PAYMENT OF RECOMMENDED DIVIDENDS

Directors recommend a fully franked dividend of 4.5 cents per share be paid on 5 December 1994 (total dividend, fully franked – \$3,465,000). Duly completed transfers received up to 5pm on 27 September 1994 will be registered before dividend entitlements are determined. The following fully franked dividends of the parent entity have also been paid, declared or recommended since the end of the preceding financial year:

1993 final dividend recommended, (as disclosed in the 1993 Directors' Report) – paid 26/11/93	\$2,240,000
1994 interim dividend – paid 6/5/94	\$2,888,000

SHARE OPTIONS

Details of share options are set out in Note 17 of the financial statements and form part of this report. Shareholders of those options have indicated that it is their intention to exercise the options in October 1994 and participate in the rights issue announced on 13 September 1994.

REVIEW OF GROUP OPERATIONS

Shareholders are directed to the Chairman's Report for the review of the economic entity's operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the economic entity that occurred during the financial year not otherwise disclosed in this report or the consolidated financial statements.

SIGNIFICANT EVENTS AFTER BALANCE DATE

Since the end of the financial year the directors are not aware of any matter or circumstance not otherwise dealt with in this report, the Chairman's Report or the consolidated financial statements that has significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Likely developments in the operations of the economic entity and the expected results of those operations have been dealt with in the Chairman's Report. Further information as to likely developments in the operation of the economic entity, including the expected results of those operations in subsequent financial years, would, in our opinion, prejudice the interests of the company and has, therefore, not been included in this report.

ROUNDING OF AMOUNTS

The parent entity is a company of the kind specified in Corporations Regulation 3.6.05(6). In accordance with Section 311 of the Corporations Law and Corporations Regulation 3.6.05, amounts in the financial statements and consolidated financial statements and Directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

*Signed in accordance with a resolution of directors
of Harvey Norman Holdings Limited
10 October, 1994*

G. HARVEY
Chairman

K. L. PAGE
Director

S. M. GIBSON
Director

BALANCE SHEET AS AT 30 JUNE 1994

	NOTE	CONSOLIDATED		PARENT ENTITY	
		1994 \$000	1993 \$000	1994 \$000	1993 \$000
Current Assets					
Cash		5,864	10,034	-	-
Receivables	5	135,762	87,815	57,165	39,048
Inventories	6	8,203	8,083	-	-
Other	7	3,354	3,059	-	-
Total current assets		153,183	108,991	57,165	39,048
Non-Current Assets					
Receivables	8	6,924	6,689	-	-
Investments	9	4,585	102	9,261	9,261
Property, plant and equipment	10	90,962	65,593	-	-
Intangibles	11	3,003	3,234	-	-
Other	12	1,420	665	968	500
Total non-current assets		106,894	76,283	10,229	9,761
TOTAL ASSETS		260,077	185,274	67,394	48,809
Current Liabilities					
Creditors and borrowings	13	91,449	50,930	44	45
Provisions	14	15,474	12,505	10,318	8,446
Total current liabilities		106,923	63,435	10,362	8,491
Non-Current Liabilities					
Creditors and borrowings	15	51,009	51,008	-	-
Provisions	16	352	266	-	-
Total non-current liabilities		51,361	51,274	-	-
Total Liabilities		158,284	114,709	10,362	8,491
NET ASSETS		101,793	70,565	57,032	40,318
Shareholders' Equity					
Share capital	17	15,400	14,000	15,400	14,000
Reserves	18	38,550	23,080	23,130	14,030
Retained profits		47,843	33,485	18,502	12,288
TOTAL SHAREHOLDERS' EQUITY		101,793	70,565	57,032	40,318

The accompanying notes form an integral part of this balance sheet.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1994

	NOTE	CONSOLIDATED		PARENT ENTITY	
		1994 \$000	1993 \$000	1994 \$000	1993 \$000
Operating Profit	2	31,153	23,012	18,859	14,702
Income tax attributable to Operating Profit	3	10,442	9,310	6,292	5,901
Operating Profit after Income Tax		20,711	13,702	12,567	8,801
Retained profits at the beginning of the financial year		33,485	23,983	12,288	7,687
Total available for Appropriation		54,196	37,685	24,855	16,488
Dividends provided for or paid		6,353	4,200	6,353	4,200
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		47,843	33,485	18,502	12,288

The accompanying notes form an integral part of this profit and loss account.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1994

		CONSOLIDATED		PARENT ENTITY	
	NOTE	1994 \$000	1993 \$000	1994 \$000	1993 \$000
Cash flows from operating activities					
Receipts from customers and franchisees		27,479	28,434	9	13
Trust distributions received		—	—	18,927	14,716
Payments to suppliers and employees		(14,170)	(29,235)	(77)	(26)
Interest received	2	7,920	4,106	—	—
Interest and other costs of finance paid	2	(4,006)	(4,053)	—	—
Income taxes paid		(9,743)	(5,778)	(6,113)	(174)
Net cash provided by/ (used in) operating activities	27	7,480	(6,526)	12,746	14,529
Cash flows from investing activities					
Disposal of subsidiaries, net of cash disposed		—	(1)	—	(1)
Payments for property, plant & equipment		(24,492)	(5,831)	—	—
Proceeds from disposal of plant & equipment		151	155	—	—
Payments for investments		(4,637)	(65)	—	—
Proceeds from sale of investments		112	74	—	—
Net loans repaid or (provided)		(591)	(2,056)	(18,118)	(10,886)
Net cash (used in)/ provided by investing activities		(29,457)	(7,724)	(18,118)	(10,887)

The accompanying notes form an integral part of this statement of cash flows.

		CONSOLIDATED		PARENT ENTITY	
	NOTE	1994 \$000	1993 \$000	1994 \$000	1993 \$000
Cash flows from financing activities					
Proceeds from issues of shares		10,500	—	10,500	—
Proceeds from borrowings		12,435	19,932	—	—
Repayments of borrowings		—	(3,333)	—	—
Dividends paid		(5,128)	(3,640)	(5,128)	(3,640)
Net cash provided by/(used in) financing activities		17,807	12,959	5,372	(3,640)
Net increase(decrease) in cash held		(4,170)	(1,291)	—	2
Cash at the beginning of the financial year		10,034	11,325		(2)
Cash at the end of the financial year	27	5,864	10,034	—	—

The accompanying notes form an integral part of this statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention using the accounting policies described below. These policies are consistent with those adopted in the previous year. Further, they do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets, except for land and buildings, which are stated at valuations, as described in Note 10.

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they exceed their recoverable amount. The recoverable amounts of all non-current assets, except the future income tax benefit, have been determined using net cash flows that have been discounted to their present value. The recoverable amount of the future income tax benefit is determined by reference to net cash flows which have not been discounted.

(b) Principles of consolidation

The consolidated financial statements include the financial statements of the parent entity, Harvey Norman Holdings Limited, and its controlled entities (refer Note 29). The term "Economic Entity" used throughout these financial statements means the parent entity and its controlled entities. All intergroup transactions and balances have been eliminated. The parent entity controls each of the subsidiary companies and unit trusts listed in Note 29 which have been consolidated in accordance with AASB 1024. Franchisees are not controlled by the economic entity and in accordance with AASB 1024 have not been consolidated.

(c) Investments

Shares in listed and unlisted companies, and units in unit trusts are included in investments and carried at the lower of cost or recoverable amount.

(d) Freehold land and buildings

It is the policy of the economic entity to review annually the values of freehold land and buildings based on the use of the properties by the economic entity as a going concern. The directors are of the view that their valuations, as adopted, are not materially different from the current market values. The revaluations take no account of any potential capital gains tax as it is the intention of the economic entity to hold the properties as part of its ongoing operations.

(e) Depreciation and amortisation of property, plant and equipment

Property, plant and equipment, other than freehold land, are depreciated at rates based upon their estimated useful lives using the straight line method. Properties in the ACT, which are held under a 99 year ground crown land sublease from the Commonwealth Government, are not amortised over the remaining life of the lease, as the expectation is that these leases will be renewed at minimal cost once they expire. Buildings on these sites are depreciated over their useful lives. New assets are depreciated from the time of acquisition. Profits and losses on disposal of property, plant and equipment are taken into account in determining the profit for the year.

(f) Leases

The economic entity has adopted the following accounting policies for leases:

Company as lessee

Operating leases

Operating leases are not capitalised and minimum lease payments are charged against operating profit in equal instalments over the accounting periods covered by the lease term.

Company as lessor

Direct finance leases

The investment in the lease, comprising the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual expected to accrue to the benefit of the economic entity at the end of the lease term, is brought to account as a receivable at the beginning of the lease term. The discount rate used in determining the present value is the interest rate implicit in the lease. Lease payments are allocated between principal and interest components. Lease receivables are reduced by payments of principal whilst the interest component is credited to the profit and loss account.

(g) Income tax

Income tax has been brought to account using a method of tax effect accounting whereby the income tax expense for the period is calculated on the pre-tax accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and the taxable income. The tax effect of timing differences which arise from the recognition of revenue and expense items in the accounts in periods different from those in which they are assessable or allowable for income tax purposes, are presented in the balance sheets as a "future income tax benefit" or "deferred tax liability", at current tax rates. A future income tax benefit relating to timing differences is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

(h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the specific identification method.

(i) Customer loans

Repayments of customer loans are allocated between principal and interest components. Interest on customer loans is recognised as income as each repayment instalment comes due.

(j) Intangible assets

Goodwill represents the future benefits associated with businesses as acquired. It is anticipated that the assets of these businesses will continue to provide both economic and revenue benefits to the company for at least 20 years from date of acquisition and accordingly, goodwill is being amortised over a 20 year period from the date of acquisition on a straight line basis.

(k) Income recognition and unearned income

(i) Unearned revenue on consumer loans has been calculated using actuarial methods so that revenue earned over the term of the contract bears a constant relationship to funds employed.

(ii) Income is brought to account on consumer loans only where it is being paid or where it is unpaid but recovery is certain.

(l) Employee benefits

Provision has been made in the financial statements for benefits accruing to employees in relation to such matters as annual leave and long service leave. Long service leave provisions are calculated on the basis of the total amounts due to employees with more than five years of service, even though in some cases such amounts are not currently vesting.

(m) Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

		CONSOLIDATED		PARENT ENTITY	
	NOTE	1994 \$000	1993 \$000	1994 \$000	1993 \$000
2. Operating Profit					
Operating profit is after crediting the following revenues:					
Sales revenues		9,895	8,811	-	-
Other operating revenue:					
Gross revenue from franchisees (excluding rent and interest received)		47,047	38,088	-	-
Rent received from franchisees		17,146	15,548	-	-
Trust distribution received		13	-	18,927	14,716
Interest received from:					
Franchisees		7,528	3,867	-	-
Other persons		392	239	-	-
Other		309	188	9	13
Proceeds from the disposal of non-current assets	(a)	263	229	-	-
		72,698	58,159	18,936	14,729
		82,593	66,970	18,936	14,729
(a) Profit on disposal of non-current assets		15	14	-	-
Operating profit is after charging the following expenses:					
Interest paid or payable to: other persons		4,006	4,053	-	-
Bad debts and provision for doubtful debts	5	109	326	-	-
Depreciation of property, plant and equipment:					
Buildings on freehold land	10	810	739	-	-
Plant and equipment		3,078	1,945	-	-
		3,888	2,684	-	-
Amortisation of intangibles					
Goodwill	11	231	231	-	-
Loss on disposal of Non-current assets	10	71	16	-	-
Operating lease rentals		9,797	8,682	-	-
Provision for employee entitlements		377	62	-	-

	CONSOLIDATED		PARENT ENTITY	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000
3. Income Tax Expense				
Operating profit	31,153	23,012	18,859	14,702
Prima facie tax thereon at 33% (1993-39%)	10,280	8,975	6,223	5,734
The tax effect of permanent differences:				
Amortisation of goodwill	76	90	-	-
Building depreciation	67	63	62	57
Fringe benefits tax	16	21	7	19
Sundry items	3	40	-	-
Adjustment to provision for deferred income tax benefit due to change in tax rate from 39% to 33%	-	121	-	91
	162	335	69	167
Income tax attributable to operating profit	10,442	9,310	6,292	5,901
This amount is attributable to:				
- the current period	10,442	9,537	6,292	6,206
- other periods		(227)	-	(305)
	10,442	9,310	6,292	5,901
Total income tax expense comprises additions to:				
- provision for income tax	11,197	9,645	6,760	5,632
- provision for deferred income tax	15	-	-	-
- future income tax benefit	(770)	(335)	(468)	269
	10,442	9,310	6,292	5,901

4. Earnings per share

	Basic earnings per share (cents per share)	27.51	20.60	-	-
	Diluted earnings per share (cents per share)	25.50	19.74	-	-
(a)	Weighted average number of ordinary shares used in calculation of basic earnings per share	75,274,009	70,000,025		
	The 1993 comparative earnings per share figures have been adjusted to the amounts that would have been determined had the share split and the rights issue been in place throughout 1993.				
(b)	Potential ordinary shares not considered dilutive. All potential ordinary shares, being options to acquire ordinary shares, are considered dilutive.				
(c)	Conversion, call, subscription or issue after 30 June 1994. There have been no conversions to, calls of or subscriptions for ordinary shares or issues of potential ordinary shares since 30 June 1994 and before completion of these financial statements.				

	CONSOLIDATED		PARENT ENTITY	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000
5. Receivables (Current)				
Trade debtors	119,076	75,743	-	-
Customer loans	19,555	14,167	-	-
Unearned interest	(3,763)	(2,704)	-	-
Provision for doubtful debts	(387)	(294)	-	-
	15,405	11,169	-	-
Amounts receivable in respect of finance leases	1,148	761	-	-
Non-trade debts receivable from:				
Wholly owned controlled entities	-	-	57,165	39,048
Other Persons and Corporations	133	142	-	-
	133	142	57,165	39,048
	135,762	87,815	57,165	39,048

6. Inventories

Finished goods:				
At cost	8,203	8,083	-	-

7. Other Current Assets

Short term deposits	2,600	2,000	-	-
Prepayments	754	1,059	-	-
	3,354	3,059	-	-

8. Receivables – Non Current

Customer loans	4,630	4,902	-	-
Unearned interest	(277)	(273)	-	-
Provision for doubtful debts	(46)	(49)	-	-
	4,307	4,580	-	-
Amounts receivable in respect of finance leases	2,617	2,109	-	-
	6,924	6,689	-	-

9. Investments (Non-Current)

Listed shares – at cost in other corporations	-	52	-	-
Unlisted shares – at cost in other corporations	-	50	-	-
in wholly owned controlled entities (Note 29)	-	-	500	500
Units in unit trusts – at cost (Note 29)	100	-	8,761	8,761
Investment in first mortgage	4,485	-	-	-
Total investments – at cost	4,585	102	9,261	9,261
Market value of listed shares	-	58	-	-

	CONSOLIDATED		PARENT ENTITY	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000
10. Property, Plant and Equipment				
Freehold land				-
at directors' valuation				
1991	-	24,902	-	-
1994	27,459	-	-	-
At cost	4,800	-	-	-
	32,259	24,902	-	-
Leasehold property				
at directors' valuation				
1991	-	1,684	-	-
1994	5,671	-	-	-
At cost	-	173	-	-
	5,671	1,857	-	-
Buildings				
at directors' valuation				
1991	-	27,147	-	-
1994	33,931	-	-	-
At cost	-	621	-	-
	33,931	27,768	-	-
	71,861	54,527	-	-
Provision for depreciation of buildings	(2,310)	(1,475)	-	-
Total freehold land, leasehold property and buildings, net	69,551	53,052	-	-
Plant and equipment – at cost	32,942	20,962	-	-
Provision for depreciation of plant and equipment	(11,531)	(8,421)	-	-
Total plant and equipment, net	21,411	12,541	-	-
Total property, plant and equipment	104,803	75,489	-	-
Provision for depreciation	(13,841)	(9,896)	-	-
Total property, plant and equipment, net	90,962	65,593	-	-

Valuations of freehold land and buildings were made by all directors of the parent entity as at 30 June 1994 on the basis of market value. The valuations used for 1993 comparatives were made by directors of the parent entity as at 30 June 1991 on the basis of market value. All trading properties are valued at market valuations which have been calculated using the capitalisation method of valuation. The capitalisation method involves capitalising the net income capable of being produced by the property at an appropriate capitalisation rate.

The capitalisation rate is selected to reflect such factors as the quality of accommodation, age of improvements and strength of tenure.

The properties have been valued on the basis of existing use by Havey Norman. This assumed a sale on lease back by the economic entity, assuming they are paying market rent and are taking a 10 year lease.

The non-trading property comprised vacant land and was valued on a comparable sales basis.

	CONSOLIDATED		PARENT ENTITY	
	1994	1993	1994	1993
	\$000	\$000	\$000	\$000
11. Intangibles				
Goodwill – at cost	4,621	4,621	–	–
Accumulated amortisation	(1,618)	(1,387)	–	–
	3,003	3,234	–	–

12. Other (Non-Current)

Future income tax benefit: not attributable to tax losses	1,420	665	968	500
--	-------	-----	-----	-----

13. Creditors & Borrowings (Current)

Secured:				
Bank loan	16,974	6,667	–	–
Bills payable	5,000	1,000	–	–
Unsecured:				
Trade creditors	67,454	39,370	44	45
Non trade amounts owing to:				
Wholly owned group	315	276	–	–
Directors	1,133	3,476	–	–
Other persons	573	141	–	–
	91,449	50,930	44	45

Bank overdraft and bank loans are secured by a first mortgage over freehold land and buildings and by deeds of charge and mortgage debentures over inventories, trade debtors, customer loans and lease receivables.

14. Provisions (Current)

Dividends	3,465	2,240	3,465	2,240
Taxation	10,990	9,537	6,853	6,206
Employee entitlements	1,019	728	–	–
	15,474	12,505	10,318	8,446

15. Creditors & Borrowings (Non-Current)

Security deposit	9	8	–	–
Bills payable	51,000	51,000	–	–
	51,009	51,008	–	–

1. Bills payable are secured by a first mortgage over freehold land and buildings and by deeds of charge and mortgage debentures over inventories, trade debtors, customer loans and lease receivables.

2. Bills Payable have been classified as non-current liabilities on the basis that no principal repayments are intended to be made prior to 30 June 1995. The bank reserves the right to withdraw the facilities if in the opinion of the bank there have been material adverse changes in the financial condition or operation of the business. In addition certain financial ratios are to be maintained to the satisfaction of the bank, which, in the opinion of directors, are being fully complied with.

	CONSOLIDATED		PARENT ENTITY	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000
16. Provisions (Non-Current)				
Employee entitlements	352	266	-	-

17. Share Capital

Authorised 250,000,000 (1993: 100,000,000) ordinary shares of \$0.20 each (1993: \$0.50)	50,000	50,000	50,000	50,000
Issued 77,000,030 (1993: 28,000,010) ordinary shares of \$0.20 each (1993: \$0.50)	15,400	14,000	15,400	14,000

Unissued shares in respect of which options are outstanding:

Options are outstanding in respect of 7,500,000 unissued ordinary shares. These options are exercisable between 1 July, 1995 and 30 June, 1997 at \$1.60 per share, being \$0.20 at par and a premium of \$1.40 per share. These options were granted to trusts for each of G. Harvey (6,500,000 options), K. L. Page (625,000 options) and S. M. Gibson (625,000 options) at the Annual General Meeting held on 24 November, 1992.

On 25 October 1993, the share capital of the economic entity was reconstructed by dividing each of the issued and unissued \$0.50 shares into \$0.20 shares. The reconstruction also applied to all options on issue at that date.

On 23 November 1993, a rights issue of one for ten was made available at \$1.50 per share. The purpose of this rights issue was to raise funds for ongoing operations and further expansion.

On 12 October 1994, a meeting of directors resolved to make a rights issue of 1 for 16 available at \$3.80 per share.

18. Reserves

Share premium	23,130	14,030	23,130	14,030
Asset revaluation	15,420	9,050	-	-
	38,550	23,080	23,130	14,030
Movement in reserves				
Asset revaluation				
Balance at beginning of year	9,050	9,050	-	-
Revaluation of land and buildings during the year	6,370	-	-	-
Balance at end of year	15,420	9,050	-	-
Share Premium				
Balance at beginning of year	14,030	14,030	14,030	14,030
Issue of shares as described in note 17.	9,100	-	9,100	-
Balance at end of year	23,130	14,030	23,130	14,030

19. Lease Commitments

Non-cancellable operating leases with a term of more than one year – commitments not provided for.

Payable:				
Not later than one year	12,927	10,153	-	-
Later than one year but not later than two years	12,995	8,732	-	-
Later than two years but not later than five years	29,415	18,901	-	-
Later than five years	22,824	10,826	-	-
	78,161	48,612	-	-

	CONSOLIDATED		PARENT ENTITY	
	1994	1993	1994	1993
	\$000	\$000	\$000	\$000
20. Commitments for Expenditure				
Capital expenditure contracted as at 30 June, but not provided for:				
Not later than one year	11,800	4,635	-	-

21. Contingent Liabilities

Bank performance guarantees given to various councils and other third parties on behalf of economic entity.	328	289	-	-
Irrevocable letters of credit	468	162	-	-
The parent entity has guaranteed the performance of a number of controlled entities which have entered into leases with other parties.	-	-	65,778	40,076
	796	451	65,778	40,076

As explained in Note 30, the company has entered into a Deed of Cross Guarantee in accordance with a class order issued by the Australian Securities Commission. The company, and all of the controlled entities which are a party to the deed, have guaranteed the repayment of all current and future creditors in the event any of these companies are wound-up.

22. Retirement Benefits

The following prescribed benefits were given to a prescribed superannuation fund in connection with the retirement of persons from prescribed offices in relation to a corporation in the economic entity during the financial year. Particulars have been summarised as the directors believe that provision of full particulars would be unreasonable given the detail required.

	75	23	-
--	----	----	---

Remuneration of directors and executives and retirement benefits of prescribed officers has been determined in accordance with the relief granted by the Australian Securities Commission.

CONSOLIDATED

1994	1993
\$000	\$000

PARENT ENTITY

1994	1993
\$000	\$000

23. Superannuation Commitments**Yoogalu Superannuation Funds:**

A company within the economic entity contributes to superannuation funds for certain employees. The funds are all accumulation plans.

The company is obliged to contribute to the fund but such obligation is not legally enforceable. No actuarial assessments have been obtained.

There being no defined benefits payable, there is no liability of the company in the event of termination of the funds or voluntary or compulsory termination of the employment of each employee.

Harvey Norman Superannuation Fund:

The economic entity contributes to an employee superannuation fund and such contributions are charged against profit. The fund is an accumulation plan.

The amount of benefits vested in a member is calculated on the basis of contributions made to the fund and on the net earnings of the fund.

24. Remuneration of Auditors

Total of remuneration received or due and receivable by the auditors in connection with:

Auditing the accounts	124	117	-	-
Other services	42	16	-	-
	166	133	-	-

	CONSOLIDATED		PARENT ENTITY	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000
25. Directors' and Executives' Income				
Aggregate income received, or due and receivable, by directors	471	478	471	478
Number of directors of the parent company whose total income falls within the following bands:				
\$0 – \$4,999			1	–
\$10,000 – \$19,999			2	2
\$90,000 – \$99,999			2	2
\$240,000 – \$249,999			1	1
The total of all remuneration received or due and receivable, directly or indirectly from the respective corporation of which they are director or any related corporate, by all the directors of each corporation in the economic entity was \$471,263 (1993 \$478,000).				
Executive officers whose total income equals or exceeds \$100,000			1	–

The following persons held the position of director of the parent entity during both financial years, unless otherwise stated:

G. Harvey
I. J. Norman
K. L. Page
S. M. Gibson
C. H. Brown
M. J. Harvey – appointed July 1993

26. Related Party Transactions

During the year the following transactions took place with related parties.

1. Various subsidiaries borrowed money from entities associated with I. J. Norman, K. L. Page, M. J. Harvey and G. Harvey. Interest is payable at normal commercial rates. These loans are unsecured and repayable at call.

Net amounts received from/(repaid to) entities associated with the above mentioned directors.	(2,343)	2504	–	–
Interest paid/payable	86	74	–	–
2. Legal fees were paid to the firm of which Mr. C. H. Brown is a partner for professional services rendered to the group in the normal course of business.	143	142	–	–

	CONSOLIDATED		PARENT ENTITY	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000
3. On 25 November 1992 Edbrook Pty Limited, a wholly owned subsidiary, entered into lease of a retail showroom and office premises at Bundall, Queensland from Ruzden Pty Limited, a company in which certain directors have an interest. This transaction was approved by shareholders at an Extraordinary Meeting held 25 May 1993. The lease is subject to normal commercial terms and conditions. Rent paid.	521	-	-	-
4. Certain franchises are operated by relatives of directors under normal franchisees terms and conditions. Total gross income received by relatives of directors.	1,061	639	-	-
5. The economic entity entered into an agreement, as lessor, with Noble House Retail Pty Limited, in which the economic entity has a minority interest holding, on 1 June 1994. The value of the lease has been included in current receivables	219	-	219	-
6. Directors' shareholdings	1994 000	1993 000	1994 000	1993 000
Shares and share options acquired during the year:				
Ordinary shares	4,264	-	4,264	-
Ordinary share options	-	7,500	-	7,500
Shares and share options disposed of during the year:				
Ordinary shares	169	2,945	169	2,945
Shares and share options held at the end of the year:				
Ordinary shares	46,864	42,769	46,864	42,769
Ordinary share options	7,500	7,500	7,500	7,500

27. Notes to the Statement of Cash Flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

Cash	5,864	10,034	-	-
Bank overdraft	-	-	-	-
	5,864	10,034	-	-

27. NOTES TO THE STATEMENT OF CASH FLOWS (Continued)

	CONSOLIDATED		PARENT ENTITY	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000
(b) Reconciliation of net cash provided by operating activities to operating profit after income tax:				
Operating profit after income tax	20,711	13,702	12,567	8,801
Adjustments for non-cash income and expense items:				
Bad and doubtful debts	109	326	-	-
Depreciation of property, plant and equipment	3,888	2,684	-	-
Amortisation of goodwill	231	231	-	-
Transfers of provisions:				
Employee entitlements	377	62	-	-
(Profit)/loss on disposal of:				
Property, plant and equipment	13	16	-	-
Investments	43	(14)	-	-
Increase in provision for:				
Income tax payable	1,456	3,867	647	5,995
Changes in assets and liabilities net of effects from purchase and sale of controlled entities:				
(Increase)/decrease in:				
Accounts receivable	(46,862)	(33,144)	-	-
Inventory	(120)	(1,394)	-	-
Other assets	(755)	(335)	(468)	(267)
Prepaid expenses	305	(900)	-	-
Trade creditors	28,084	8,373	-	-
Net cash from operating activities	7,480	(6,526)	12,746	14,529

28. Segment Information

Industry Segments	Franchise Retailing		Property Investments		Investments & Financial Services		Corporate Items		Total Consolidated	
	1994 \$000	1993 \$000	1994 \$000	1993 \$000	1994 \$000	1993 \$000	1994 \$000	1993 \$000	1994 \$000	1993 \$000
Segment Revenue	62,874	50,427	17,146	15,548	2,573	995	-	-	82,593	66,970
Segment Result	16,706	11,349	3,127	2,337	1,109	247	(231)	(231)	20,711	13,702
Segment Assets	159,720	107,804	70,375	53,740	26,979	20,496	3,003	3,234	260,077	185,274

The economic entity operates wholly within Australia.

29. Controlled Entities and Unit Trusts

Shares held by Harvey Norman Holdings Limited

Name	Country of Formation/ Incorporation	Book Value of Investment		Name	Country of Formation/ Incorporation	Book Value of Investment	
		1994	1993			1994	1993
		\$	\$			\$	\$
Aloku Pty Limited	Australia	2	2	Korintu Pty Limited	Australia	2	2
Anwarah Pty Limited	Australia	2	2	Lamino Pty Limited	Australia	3	3
Ardkee Pty Limited	Australia	—	2	Lesandu Pty Limited	Australia	2	2
Arlenu Pty Limited	Australia	2	2	Lexeri Pty Limited	Australia	2	2
Arpayo Pty Limited	Australia	2	2	Lodare Pty Limited	Australia	2	2
Balwundu Pty Limited	Australia	2	2	Loreste Pty Limited	Australia	2	2
Bestest Pty Limited	Australia	2	2	Malvis Pty Limited	Australia	2	2
Bradiz Pty Limited	Australia	2	2	Manutu Pty Limited	Australia	2	2
Brontome Pty Limited	Australia	—	2	Maradoni Pty Limited	Australia	2	2
Braxpine Pty Limited	Australia	2	2	Marinski Pty Limited	Australia	2	2
Calardu Pty Limited	Australia	2	2	Movilla Pty Limited	Australia	—	2
Calardu Queensland Pty Limited	Australia	2	—	Nedcroft Pty Limited	Australia	2	2
Calardu Victoria Pty Limited†	Australia	2	—	Oldmist Pty Limited	Australia	2	2
Carlando Pty Limited	Australia	2	2	Osraidi Pty Limited	Australia	2	2
Charmela Pty Limited	Australia	2	2	Plezero Pty Limited	Australia	2	2
Cherone Pty Limited	Australia	—	2	Poveri Pty Limited	Australia	—	2
Clambruno Pty Limited	Australia	2	2	Raurike Pty Limited	Australia	—	2
Daldere Pty Limited	Australia	2	2	Rostarna Pty Limited	Australia	—	2
Dandolena Pty Limited	Australia	2	2	Sarsha Pty Limited	Australia	2	2
Derni Pty Limited	Australia	500,000	500,000	Solaro Pty Limited	Australia	2	2
Divonda Pty Limited	Australia	2	2	Spedeta Pty Limited	Australia	—	2
Durslee Pty Limited	Australia	2	2	Strathloro Pty Limited	Australia	2	2
Farane Pty Limited	Australia	2	2	Stupendous Pty Limited	Australia	2	—
Flormonda Pty Limited	Australia	2	2	Swaneto Pty Limited	Australia	2	2
Fondorro Pty Limited	Australia	—	2	Tarsetu Pty Limited	Australia	—	2
Fronoke Pty Limited	Australia	—	2	Tarwinda Pty Limited	Australia	—	2
Ganoru Pty Limited	Australia	2	2	Tatroko Pty Limited	Australia	2	2
Gestco Pty Limited	Australia	2	—	Torcarsa Pty Limited	Australia	2	2
Grandolfa Pty Limited	Australia	—	2	Tucarnde Pty Limited	Australia	—	2
Hanemare Pty Limited	Australia	—	2	Uconu Pty Limited	Australia	—	2
Harvey Norman Financial Services Pty Limited (Formerly Vitarnu Pty Ltd)	Australia	2	2	Wadins Pty Limited†	Australia	2	—
Harvey Norman Retailing Pty Limited	Australia	2	2	Wanalti Pty Limited	Australia	2	2
Harvey Norman Stores Pty Limited	Australia	2	2	Warungi Pty Limited	Australia	2	2
Irmaleri Pty Limited	Australia	—	2	Waytango Pty Limited	Australia	2	2
Jartoso Pty Limited	Australia	2	2	Wemeni Pty Limited	Australia	2	2
Jondarlo Pty Limited	Australia	2	2	Wytharra Pty Limited	Australia	2	2
Kambaldu Pty Limited	Australia	2	2	Yoogalu Pty Limited	Australia	2	2
Koodero Pty Limited	Australia	2	2	Zabella Pty Limited	Australia	2	2
				Zavarte Pty Limited	Australia	2	2
				Zirdano Pty Limited	Australia	2	2
				Zirdanu Pty Limited	Australia	2	2
						500,123	500,147

Harvey Norman Holdings Limited owns all the shares in the above companies.

†This company is not part of the class order described in Note 30.

29. CONTROLLED ENTITIES AND UNIT TRUSTS (Continued)

Shares held by Sarsha Pty Limited, a wholly owned subsidiary of Harvey Norman Holdings Pty Limited.

	1994	1993
	\$	\$
Ventama Pty Limited Australia (100% owned by Sarsha Pty Limited)	563,395	563,395

Shares held by Harvey Norman Retailing Pty Limited, a wholly owned subsidiary of Harvey Norman Holdings Limited.

Hodberg Pty Limited	Australia	4	4
Hodvale Pty Limited	Australia	4	4
(100% owned by Harvey Norman Retailing Pty Limited)		8	8

Shares held by Harvey Norman Stores Pty Limited, a wholly owned subsidiary of Harvey Norman Holdings Limited.

Edbrook Pty Limited	Australia	2	2
Havrex Pty Limited	Australia	2	2
Hoxco Pty Limited	Australia	4	4
Nomadale Pty Limited	Australia	2	2
Onza Pty Limited	Australia	2	2
Swanpark Pty Limited	Australia	2	2
(100% owned by Harvey Norman Stores Pty Limited)		14	14

Name	1994 \$000	1993 \$000
Harvey Norman No. 1 Trust	1,534	1,534
Harvey Norman Discounts No. 1 Trust	1,228	1,228
Lamino Investments No. 1 Trust	1,540	1,540
Lamino Investments No. 2 Trust	1,025	1,025
Lamino Investments No. 3 Trust	437	437
Lamino Investments No. 4 Trust	-	-
Lamino Investments No. 5 Trust	155	155
Lamino Investments No. 6 Trust	342	342
Lesandu No. 1 Trust	169	169
Lesandu Gosford Trust	149	149
Yoogalu Gosford Trust†	445	445
Lesandu Miranda Trust	17	17
Yoogalu Miranda Trust	410	410
Lesandu Gordon Trust	-	-
Yoogalu Gordon Trust	667	667
Lesandu Newcastle Trust	110	110
Yoogalu Newcastle Trust	377	377
Lesandu Fairfield Trust	-	-
Yoogalu Fairfield Trust	27	27
Lesandu Warrawong Trust	1	1
Yoogalu Warrawong Trust	-	-
Lesandu Albury Trust	-	-
Yoogalu Albury Trust	-	-
Lesandu Warringah Mall Trust	1	1
Yoogalu Warringah Mall Trust	4	4
Lesandu Campbelltown Trust	1	1
Yoogalu Campbelltown Trust	29	29
Yoogalu Lismore Trust†	93	93
Sydney No. 1 Trust	-	-
Big Apple Trust	-	-
Lesandu Rockdale Trust	-	-
Uconu No. 1 Trust	-	-
Malvis No. 2 Trust	-	-
Bradiz No. 2 Trust	-	-
Charmela No. 2 Trust	-	-
Valerinar No. 2 Trust	-	-
Lesandu Penrith Trust	-	-

29. CONTROLLED ENTITIES AND UNIT TRUSTS (Continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited

Name	Book Value of Investment	
	1994	1993
	\$000	\$000
The Calardu Trust	-	-
Calardu A.C.T. Trust	-	-
Calardu No. 1 Trust	-	-
Calardu No. 2 Trust	-	-
Calardu No. 3 Trust	-	-
Calardu Warrawong Trust	-	-
Calardu Rockhampton Trust	-	-
Calardu Bundaberg Trust	-	-
Osraidi No. 2 Trust	-	-
Lodare No. 2 Trust	-	-
Torcarsa No. 2 Trust	-	-
Anwarah No. 2 Trust	-	-
Fillinde No. 2 Trust	-	-
Hoxgold No. 2 Trust	-	-
Kaboola No. 2 Trust	-	-
Kanfare No. 2 Trust	-	-
Kilcarva No. 2 Trust	-	-
Marouli No. 2 Trust	-	-
Nargista No. 2 Trust	-	-
Rozborn No. 2 Trust	-	-
Sardonnu No. 2 Trust	-	-
Seardon No. 2 Trust	-	-
Wartonu No. 2 Trust	-	-
	8,761	8,761

†All the units in the Unit Trusts are held by Harvey Norman Holdings Limited except units that exist in Yoogalu Gosford Trust and Yoogalu Lismore Trust. Minority unit holders hold units entitling them to a share of profits but they have no rights to receive more than the per value of those units on winding up.

Contribution by Controlled Entities and Unit Trusts to operating profit after income tax.

Name	Consolidated	
	1994	1993
	\$000	\$000
Arpayo Pty Limited	-	-
Arlenu Pty Limited	-	-
Carlando Pty Limited	-	-
Daldere Pty Limited	415	113
Dandolena Pty Limited	-	-

Contribution by Controlled Entities and Unit Trusts to operating profit after income tax.

Name	Consolidated	
	1994	1993
	\$000	\$000
Derni Pty Limited	-	-
Farane Pty Limited	-	-
Ganoru Pty Limited	-	-
Jondarlo Pty Limited	-	-
Zavarte Pty Limited	615	443
Waytango Pty Limited	-	-
Wemeni Pty Limited	66	87
Yoogalu Pty Limited	-	-
Zirdano Pty Limited	-	-
Zirdanu Pty Limited	-	-
Edbrook Pty Limited	1	14
Lexeri Pty Limited	-	-
Durslee Pty Limited	-	-
Loreste Pty Limited	-	1
Solaro Pty Limited	227	180
Onza Pty Limited	549	322
Charmela Pty Limited	-	-
Harvey Norman Stores Pty Limited	-	198
Bradiz Pty Limited	190	163
Malvis Pty Limited	587	545
Harvey Norman Retailing Pty Limited	-	-
Marinski Pty Limited	301	267
Sarsha Pty Limited	-	-
Jartoso Pty Limited	266	249
Aloku Pty Limited	-	-
Braxpine Pty Limited	382	291
Ventama Pty Limited	88	75
Zabella Pty Limited	887	470
Plezero Pty Limited	208	141
Flormonda Pty Limited	162	139
Hoxco Pty Limited	322	60
Nedcroft Pty Limited	158	143
Balwundu Pty Limited	-	-
Swanpark Pty Limited	-	-
Nomadale Pty Limited	-	3
Havrex Pty Limited	1	16
Oldmist Pty Limited	-	2
Koodero Pty Limited	-	1
Lodare Pty Limited	-	29
Hodberg Pty Limited	283	214
Hodvale Pty Limited	256	120
Strathloro Pty Limited	242	173
Divonda Pty Limited	-	1
Torcarsa Pty Limited	523	400
Anwarah Pty Limited	226	158

29. CONTROLLED ENTITIES AND UNIT TRUSTS (Continued)

Contribution by Controlled Entities and Unit Trusts to operating profit after income tax.

Name	Consolidated			
	1994	1993		
	\$000	\$000		
Fillinde Pty Limited	-	-	Yoogalu Warringah Mall Trust	459 321
Hoxgold Pty Limited	-	-	Lesandu Campbelltown Trust	2 1
Kaboola Pty Limited	-	-	Yoogalu Campbelltown Trust	381 367
Kanfare Pty Limited	-	-	Yoogalu Lismore Trust	243 162
Kilcarva Pty Limited	-	-	Sydney No. 1 Trust	- -
Marouli Pty Limited	-	-	Big Apple Trust	- -
Nargista Pty Limited	-	-	Lesandu Rockdale Trust	- -
Rozborn Pty Limited	-	-	Uconu No. 1 Trust	- -
Sardonnu Pty Limited	-	-	Malvis No. 2 Trust	- -
Sardon Pty Limited	-	-	Lesandu Penrith Trust	1 3
Wartonu Pty Limited	-	-	Bradiz No. 2 Trust	- -
Stupendous Pty Limited	-	-	Charmela No. 2 Trust	- -
Gestco Pty Limited	-	-	The Calardu Trust	849 686
Calardu Queensland Pty Limited	-	-	Calardu A.C.T. Trust	12 21
Calardu Victoria Pty Limited	-	-	Calardu No. 1 Trust	260 164
Harvey Norman Financial	-	-	Calardu No. 2 Trust	562 502
Services Pty Limited	1,109	194	Calardu No. 3 Trust	383 311
Osraidi Pty Limited	339	-	Osraidi No. 2 Trust	- -
Harvey Norman No. 1 Trust	4,469	1,379	Lodare No. 2 Trust	- -
Harvey Norman Discounts No. 1 Trust	444	1,011	Torcarsa No. 2 Trust	- -
Lamino Investments No. 1 Trust	260	237	Anwarah No. 2 Trust	- -
Lamino Investments No. 2 Trust	332	173	Fillinde No. 2 Trust	- -
Lamino Investments No. 3 Trust	92	74	Hoxgold No. 2 Trust	- -
Lamino Investments No. 4 Trust	-	-	Kaboola No. 2 Trust	- -
Lamino Investments No. 5 Trust	-	-	Kanfare No. 2 Trust	- -
Lamino Investments No. 6 Trust	150	141	Kilcarva No. 2 Trust	- -
Lesandu No. 1 Trust	80	243	Marouli No. 2 Trust	- -
Lesandu Gosford Trust	264	240	Nargista No. 2 Trust	- -
Yoogalu Gosford Trust	608	535	Rozborn No. 2 Trust	- -
Lesandu Miranda Trust	-	-	Sardonnu No. 2 Trust	- -
Yoogalu Miranda Trust	631	663	Sardon No. 2 Trust	- -
Lesandu Gordon Trust	-	-	Wartonu No. 2 Trust	- -
Yoogalu Gordon Trust	548	469		20,987 14,033
Lesandu Newcastle Trust	6	(100)	Parent entity loss††	(45) (100)
Yoogalu Newcastle Trust	846	655	Amortisation of goodwill	
Lesandu Fairfield Trust	3	6	on consolidation	(231) (231)
Yoogalu Fairfield Trust	100	128		
Lesandu Warrawong Trust	-	-	Operating profit	
Yoogalu Warrawong Trust	439	371	after income tax	20,711 13,702
Lesandu Albury Trust	-	-		
Yoogalu Albury Trust	156	58		
Lesandu Warringah Mall Trust	4	-		

††The parent company profit/(loss) is before the distribution of profits from unit trusts.

29. CONTROLLED ENTITIES AND UNIT TRUSTS (Continued)

Acquisition of Subsidiaries

Name of Company	Portion of Shares Acquired	Consideration Paid For Shares	Fair Value of net Tangible assets at time of acquisition	Date Acquired
		\$	\$	
Fillinde Pty Limited	100%	2	2	29 December 1993
Hoxgold Pty Limited	100%	2	2	19 September 1993
Kaboola Pty Limited	100%	2	2	13 August 1993
Kanfare Pty Limited	100%	2	2	18 August 1993
Kilcarva Pty Limited	100%	2	2	17 August 1993
Marouli Pty Limited	100%	2	2	3 February 1994
Nargista Pty Limited	100%	2	2	4 March 1994
Rozborn Pty Limited	100%	2	2	19 January 1994
Sardonnu Pty Limited	100%	2	2	21 March 1994
Sardon Pty Limited	100%	2	2	1 July 1993
Wadins Pty Limited	100%	2	2	22 June 1994
Wartonu Pty Limited	100%	2	2	7 January 1994
Stupendous Pty Limited	100%	2	2	14 February 1994
Gestco Pty Limited	100%	2	2	25 March 1994
Calardu Queensland Pty Limited	100%	2	2	7 April 1994
Calardu Victoria Pty Limited	100%	2	2	7 April 1994
Fillinde No. 2 Trust	100%	100	100	29 December 1993
Hoxgold No. 2 Trust	100%	100	100	19 September 1993
Kaboola No. 2 Trust	100%	100	100	13 August 1993
Kanfare No. 2 Trust	100%	100	100	18 August 1993
Kilcarva No. 2 Trust	100%	100	100	17 August 1993
Marouli No. 2 Trust	100%	100	100	3 February 1994
Nargista No. 2 Trust	100%	100	100	4 March 1994
Rozborn No. 2 Trust	100%	100	100	19 January 1994
Sardonnu No. 2 Trust	100%	100	100	21 March 1994
Sardon No. 2 Trust	100%	100	100	1 July 1994
Wartonu No. 2 Trust	100%	100	100	7 January 1994

Controlled Entities Disposed of:

Name of Company	Portion of shares disposed	Profit/Loss on disposal	Fair Value of net tangible assets at time of disposal	Date of disposal
		\$	\$	
Ardkee Pty Limited	100%	—	100	24 June 1993
Brontome Pty Limited	100%	—	100	24 June 1993
Cherone Pty Limited	100%	—	100	24 December 1993
Fondorro Pty Limited	100%	—	100	17 September 1993
Fronoke Pty Limited	100%	—	100	17 September 1993
Grandolfa Pty Limited	100%	—	100	24 June 1993
Hanemare Pty Limited	100%	—	100	17 September 1993
Movilla Pty Limited	100%	—	100	4 March 1994
Poveri Pty Limited	100%	—	100	17 September 1993
Raurike Pty Limited	100%	—	100	13 August 1993
Spedera Pty Limited	100%	—	100	17 September 1993
Tarsetu Pty Limited	100%	—	100	24 June 1993
Tarwindo Pty Limited	100%	—	100	13 August 1993
Tucarnde Pty Limited	100%	—	100	17 September 1993
Hoxgold Pty Limited	100%	—	100	4 March 1994
Kaboola Pty Limited	100%	—	100	22 December 1993
Kanfare Pty Limited	100%	—	100	4 March 1994
Ardkee No. 2 Trust	100%	—	100	24 June 1993
Brontome No. 2 Trust	100%	—	100	24 June 1993
Cherone No. 2 Trust	100%	—	100	24 December 1993
Fondorro No. 2 Trust	100%	—	100	17 September 1993
Fonoke No. 2 Trust	100%	—	100	17 September 1993
Grandolfa No. 2 Trust	100%	—	100	24 June 1993
Hanemare No. 2 Trust	100%	—	100	17 September 1993
Poveri No. 2 Trust	100%	—	100	17 September 1993

CONTROLLED ENTITIES DISPOSED OF (Continued)

Name of Company	Portion of shares disposed	Profit/Loss on disposal	Fair Value of net tangible assets at time of disposal	Date of disposal
		\$	\$	
Raurike No. 2 Trust	100%	—	100	13 August 1993
Spedera No. 2 Trust	100%	—	100	17 September 1993
Tarseru No. 2 Trust	100%	—	100	24 June 1993
Tarwindo No. 2 Trust	100%	—	100	13 August 1993
Tucarnde No. 2 Trust	100%	—	100	17 September 1993

30. DEED OF CROSS GUARANTEE

All controlled entities (refer Note 29) have entered into a deed of cross guarantee dated 21 September 1992 with Harvey Norman Holdings Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. In addition, as a result of the Class Order issued by the Australian Securities Commission these companies are relieved from the requirement to prepare financial statements.

Controlled Entities (Refer Note 29) marked † are not part of the Class Order.

DIRECTORS' STATEMENT

In the opinion of the directors:

- (a) the profit and loss account is drawn up so as to give a true and fair view of the profit of the company for the year ended 30 June 1994;
- (b) the balance sheet is drawn up so as to give a true and fair view of the state of affairs of the company at 30 June 1994 and;
- (c) the statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 30 June 1994; and
- d) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due, and the companies and parent entity who are a party to the deed described in Note 30, will as an economic entity be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee dated 21 September 1992.

It is also the opinion of the directors that the consolidated financial statements have been made out in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law, and so as to give a true and fair view of the matter with which they deal.

This statement has been made in accordance with a resolution of directors.

G. HARVEY
Chairman

K. L. PAGE
Director

S. M. GIBSON
Director

INDEPENDENT AUDIT REPORT

To The Members of Harvey Norman Holdings Limited

Scope

We have audited the financial statements of HARVEY NORMAN HOLDINGS LIMITED and of the economic entity for the year ended 30 June 1994, as set out on pages 6 to 29. The company's directors are responsible for the preparation and presentation of these financial statements and of the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian auditing standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian accounting standards and statutory requirements so as to present a view of the company and of the economic entity which is consistent with our understanding of their financial position and the results of their operations and their cash flows.

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

Audit Opinion

In our opinion, the financial statements of Harvey Norman Holdings Limited and of the economic entity are properly drawn up:

(a) so as to give a true and fair view of:

- (i) the state of affairs of the company and the economic entity at 30 June 1994 and of the profit and cash flows of the company and of the economic entity for the year ended on that date; and
- (ii) the other matters required by Divisions 4,4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements:

(b) in accordance with the provisions of the Corporations Law; and

(c) in accordance with applicable accounting standards.

Arthur Andersen
Chartered Accountants

G. C. PATON

Partner

SHAREHOLDER INFORMATION

Distribution of Shareholdings as at 10 October 1994

Size of Holding	Ordinary Shareholders
1 - 1,000	97
1,001 - 5,000	565
5,001 - 10,000	324
10,001 and over	222
	<u>1208</u>

Number of Shareholders with less than a marketable parcel	<u>8</u>
--	----------

Voting Rights

All ordinary shares issued by Harvey Norman Holdings Limited carry one vote per share restriction.

Twenty Largest Shareholders as at 10 October, 1994

Number of Ordinary Shares	Shareholder
18,540,000	G. Harvey Nominees Pty. Limited
17,250,000	Dimbulu Pty. Limited
6,875,000	Mr. Gerald Harvey
4,950,000	Ms. Margaret Lynette Harvey
2,943,700	Pendal Nominees Pty. Limited
2,210,650	State Authorities Superannuation Board
1,978,900	Permanent Trustee Company Limited
1,633,250	Enbear Pty. Limited
1,595,228	Perpetual Trustees Nominees Limited
1,044,000	Australian Mutual Provident Society
1,038,202	Commonwealth Superannuation Board of Trustees No. 2
953,000	Chase Manhattan Nominees Limited
929,870	National Nominees Limited
806,250	Ms. Kay Lesley Page
670,025	MLC Life Limited
593,527	Mercantile Mutual Life Insurance Company Limited
375,578	Commonwealth Superannuation Board of Trustees No. 1
371,250	Mr. Spencer Murray Gibson
289,800	Macquarie Life Limited
287,300	Perpetual Trustees Nominees Limited
<u>65,335,530</u>	

Total held by twenty largest shareholders as a percentage – 84.9%

DIRECTORY OF "HARVEY NORMAN DISCOUNTS" SHOPPING COMPLEXES

SYDNEY SUBURBAN

ARNCLIFFE

127 Princes Highway
Arncliffe
Phone (02) 599 1366

AUBURN

233 Parramatta Road
Auburn
Phone (02) 647 2611

250 Parramatta Road
Auburn
Phone (02) 647 2611

BLACKTOWN

Unit C5
Cnr Blacktown
& Bungaribee Roads
Blacktown
Phone (02) 831 2155

CAMPBELLTOWN

Unit 1
4 Blaxland Road
Campbelltown
Phone (046) 28 4088

CHATSWOOD

Wallaceway Shopping Centre
Cnr Endeavour Avenue
& Orchard Street
Chatswood
Phone (02) 419 6133

FAIRFIELD

Shop 4, The Gateway
46-52 Court Road
Fairfield
Phone (02) 727 8777

GORDON

1st Floor
802-808 Pacific Highway
Gordon
Phone (02) 498 1499

MIRANDA

4th Floor
Westfield Miranda Fair
The Kingsway
Miranda
Phone (02) 526 1333

MOORE PARK

Level 2, North Supacentra
Cnr South Dowling Street
& Dacey Avenue
Moore Park
Phone (02) 313 6500

PENRITH

Shop 2
61-79 Henry Street
Penrith
Phone (047) 32 1566

WARRINGAH MALL (BROOKVALE)

Shop 137 Warringah Mall
Cnr Old Pittwater Road
& Condomine Street
Brookvale
Phone (02) 938 1711

WILEY PARK

1018, Canterbury Road
Wiley Park
Phone: (02) 740 6055

NEW SOUTH WALES COUNTRY

ALBURY

430 Wilson Street
Albury
Phone (060) 41 1944

BATHURST

2 Sydney Road
Kelso
Phone (063) 32 3399

BENNETTS GREEN (NEWCASTLE)

7 Abdon Close
Bennetts Green
Phone (049) 48 4555

COFFS HARBOUR

Park Beach Plaza
Cnr Park Beach Road
& Arthur Street
Coffs Harbour
Phone (066) 51 9011

DENILIQVIN

Cnr Harding &
Harfleur Streets
Deniliquin
Phone (058) 81 5499

DUBBO

195 Cobra Street
Dubbo
Phone (068) 81 8922

ERINA (GOSFORD)

Harvey Norman Shopping Complex
Karatla Lane
Erina
Phone (043) 67 6444

GRAFTON

76 Fitzroy Street
Grafton
Phone (066) 43 3266

DIRECTORY OF "HARVEY NORMAN DISCOUNTS" SHOPPING COMPLEXES

INVERELL
Cnr Vivian &
Evans Streets
Inverell
Phone (067) 21 0811

LISMORE
17 Zadoc Street
Lismore
Phone (066) 21 8888

MAITLAND
The Maitland Cinema Centre
Ken Tubman Drive
Maitland
Phone (049) 34 2423

MUDGEES
Cnr Oporto &
Lisbon Roads
South Mudgee
Phone (063) 72 6514

NOWRA
1 O'Keefe Avenue
Nowra
Phone (044) 21 5755

ORANGE
70 Endsleigh Avenue
Orange
Phone (063) 61 4111

PORT MACQUARIE
140 Lake Road
Port Macquarie
Phone (065) 81 0088

TAMWORTH
174-176 Peel Street
Tamworth
Phone (067) 66 3999

TAREE
Shop 1
Cnr Mill Close & Whitbread Street
Taree
Phone (065) 51 3699

WAGGA
75 Morgan Street
Wagga
Phone (069) 21 7100

WARRAWONG
Cnr King Street &
Shellharbour Road
Warrawong
Phone (042) 75 2722

YOUNG
326 Boorowa Street
Young
Phone (063) 82 5744

INTERSTATE BRISBANE QUEENSLAND

CARINDALE
Carindale Shopping Centre
Cnr Creek Road &
Winstanley Street
Carindale
Phone (07) 843 1700

JINDALEE
Homebase Centre
17 Mile Rocks Road (off Centenary Hwy)
Jindalee
Phone (07) 279 0244

MT GRAVATT
Big Top Showrooms
1290 Logan Road
Mt Gravatt
Phone (07) 849 4299

WINDSOR
Unit C1-3
Windsor Centre
Cnr Lutwyche & Newmarket Roads
Windsor
Phone (07) 357 7777

QUEENSLAND COUNTRY

BUNDALL (GOLD COAST QLD)
29-45 Ashmore Road
Bundall
Phone (075) 38 3155

CAIRNS
Cairns Festival Fair
Cnr Alfred & Koch Street
Manunda
Phone (070) 32 1899

KAWANA WATERS (SUNSHINE COAST QLD)
Cnr Nicklin Way & Eden Street
Minyama Gardens
Kawana Waters
Phone (074) 44 8277

TOWNSVILLE
Cnr Woolcock
& Dalrymple Roads
Townsville
Phone (077) 25 5561

DIRECTORY OF "HARVEY NORMAN DISCOUNTS" SHOPPING COMPLEXES

FYSWICK

Cnr Barrier & Ipswich Streets
Fyshwick
Phone (06) 280 4140

WODEN

Shop 5
Mezzanine Level
Woden Plaza
Woden
Phone (06) 282 2511

VICTORIA

BALLARAT

13 Grenville Street North
Ballarat
Phone (053) 32 9344

DANDENONG

Frankston-Dandenong & Greens Roads
Dandenong
Phone (03) 706 9992

NUNAWADING

396-408 Whitehorse Road
Nunawading
Phone (03) 872 6366

COMPUTER SUPER STORES

AUBURN

233-239 Parramatta Road
Auburn
Phone (02) 647 2611

BALLARAT

13 Grenville Street North
Ballarat
Phone (053) 32 9344

BENNETTS GREEN (NEWCASTLE)

Unit 4B
3 Abdon Close
Bennetts Green
Phone (049) 48 4555

BLACKTOWN

Unit C5
Cnr Blacktown & Bungarribee Roads
Blacktown
Phone (02) 831 2155

BUNDALL

29-45 Ashmore Road
Bundall
Phone (075) 38 3155

CAMPBELLTOWN

4 Blaxland Road
Campbelltown
Phone (046) 28 4088

CHATSWOOD

Wallaceway Shopping Centre
Cnr Endeavour & Orchard Streets
Chatswood
Phone (02) 419 6133

DANDENONG

Frankston-Dandenong & Greens Roads
Dandenong
Phone (03) 706 9992

ERINA (GOSFORD)

Harvey Norman Shopping Complex
Karlala Lane
Erina
Phone (043) 67 6444

FYSHWICK

Cnr Barrier & Ipswich Streets
Fyshwick
Phone (06) 280 4140

MOORE PARK

Level 1, North
Supacentra
Cnr South Dowling Street
& Dacey Avenue
Moore Park
Phone (02) 313 6500

MT GRAVATT

Big Top Showrooms
1290 Logan Road
Mt Gravatt
Phone (07) 849 4299

NUNAWADING

396-408 Whitehorse Road
Nunawading
Phone (03) 872 6366

PENRITH

61-79 Henry Street
Penrith
Phone (047) 32 1566

WARRAWONG

Cnr King Street &
Shellharbour Road
Warrawong
Phone (042) 75 2722

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY

THIS PAGE HAS BEEN LEFT BLANK INTENTIONALLY