

Harvey Norman

HOLDINGS LIMITED

ANNUAL REPORT YEAR ENDED 30 JUNE 2007

Key Dates

31 August 2007	Announcement of Profit for Year-Ended 30 June 2007 Announcement of Final 2007 Dividend
9 November 2007	Record date for determining entitlement to Final 2007 Dividend
20 November 2007	Annual General Meeting of Shareholders The Annual General Meeting of the Shareholders of Harvey Norman Holdings Limited will be held at Tattersalls 181 Elizabeth Street, Sydney, at 11:30am.
10 December 2007	Payment of Final 2007 Dividend
29 February 2008	Announcement of Half-Year Profit to 31 December 2007 Announcement of Interim 2008 Dividend
18 April 2008	Record date for determining entitlement to Interim 2008 Dividend
5 May 2008	Payment of Interim 2008 Dividend

Company information

Registered office	A1 Richmond Road Homebush West NSW 2140 Ph: 02 9201 6111 Fax: 02 9201 6250
Company Secretary	Mr Chris Mentis
Share registry	Registries Limited Level 2, 28 Margaret Street Sydney NSW 2000 Ph: 02 9290 9600
Stock exchange listing	Harvey Norman Holdings Limited shares are quoted on the Australian Stock Exchange ("ASX")
Bankers	Australia and New Zealand Banking Group Limited
Auditors	Ernst & Young
Solicitors	Brown Wright Stein

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FINANCIAL HIGHLIGHTS

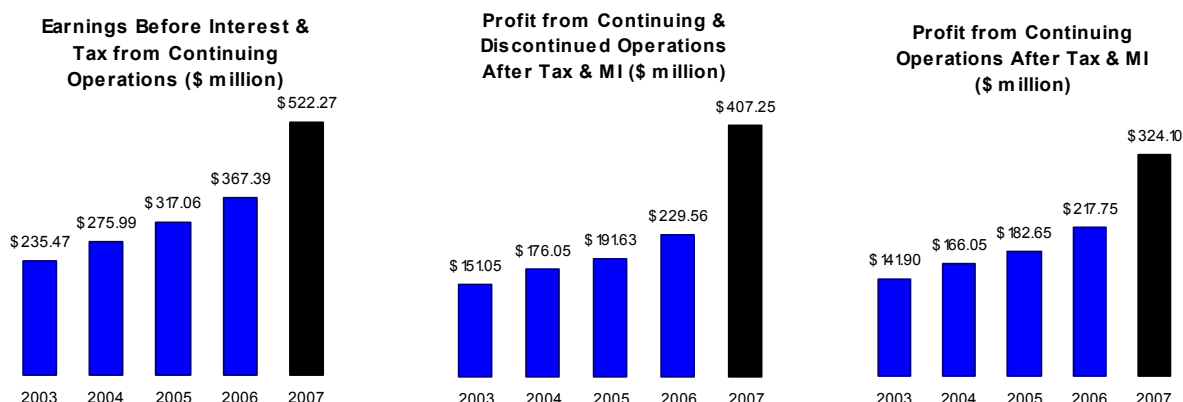
	2003	2004	2005	2006	2007
no. of franchised outlets in Australia ¹	155	157	163	174	192
no. of company-owned stores ²	28	34	38	41	53
franchisee sales revenue ¹	\$2.90bn	\$3.24bn	\$3.53bn	\$3.96bn	\$4.50bn
company-owned sales revenue	\$723.39m	\$851.39m	\$968.05m	\$1,103.90m	\$1,329.43m
other revenues and other income items from continuing operations	\$396.95m	\$646.56m	\$667.04m	\$788.35m	\$1,006.33m
earnings before interest and tax (EBIT) from continuing operations	\$235.47m	\$275.99m	\$317.06m	\$367.39m	\$522.27m
profit from continuing operations after tax attributable to members	\$141.90m	\$166.05m	\$182.65m	\$217.75m	\$324.10m
profit from discontinued operations after tax attributable to members	\$9.15m	\$10.00m	\$8.98m	\$11.81m	\$83.15m
net profit for the year attributable to members	\$151.05m	\$176.05m	\$191.63m	\$229.56m	\$407.25m
market capitalisation at 30 June	\$2.65bn	\$2.98bn	\$2.64bn	\$4.17bn	\$5.60bn
basic earnings per share ⁴	14.31c	16.65c	16.20c	20.59c	30.63c
dividends per share (fully franked)	5.0c	7.5c ³	6.5c	8.0c	11.0c

¹ Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity

² Includes the "Harvey Norman" branded company-owned stores in New Zealand, Ireland, Singapore, Malaysia and Slovenia and excludes the stores owned by Rebel Sport Limited trading under the "Rebel Sport" brand name

³ The final dividend for 2004 included an amount of 1.5 cents per share notionally attributable to the increase in the value of the group property portfolio

⁴ Basic earnings per share for 2006 and 2007 excludes the discontinued operations of Rebel Sport Limited



Financial Highlights:

- Net profit from continuing and discontinued operations after tax and minority interests for FY07 was \$407.25m compared with FY06 of \$229.56m, an increase of 77.4%.
- Profit from continuing operations after tax and minority interests for FY07 was \$324.10m compared with FY06 of \$217.75m, an increase of 48.8%.
- On 30 March 2007, the consolidated entity sold its shares in Rebel Sport Limited ("Rebel") and deconsolidated its 52.82% controlling interest on that day. Profit from discontinued operations after tax and minority interests for FY07 was \$83.15m compared with FY06 of \$11.81m.
- Net profit after tax and minority interests of the underlying business operations was \$260.35m for FY07 compared with FY06 of \$203.40m, an increase of 28.0%, if the following significant one-off transactions and the net property revaluation increments of \$45.74m after tax (FY06: \$32.56m) are excluded from consideration:
 - the gain on sale of shares held in Rebel of \$72.47m after tax;
 - the final commission received of \$28.69m after tax in relation to the FlexiGroup Limited IPO; and
 - the impairment expense of \$6.40m after tax recognised in respect of information technology assets in the previous financial year.



Business Performance

The successful Harvey Norman integrated retail, franchise and property system has produced a record result for the year ended 30 June 2007. Our expanding franchise system consistently delivers an unparalleled retail offering in Australia. With an extensive product range, cutting-edge technology and market leadership in most product categories, the franchising segment has delivered solid growth in both franchised revenue and results for the consolidated group. The retail operations of wholly-owned and controlled subsidiaries in overseas markets continue to thrive as the Harvey Norman brand name is bolstered through new store openings and strong performance of existing stores. Harvey Norman continues to believe that property ownership is integral to the successful operation of the retailing and franchising system.

It has been a year of expansion for the Harvey Norman, Domayne and Joyce Mayne brand names in Australia. During the year ended 30 June 2007, twelve (12) new Harvey Norman, one (1) new Domayne and ten (10) new Joyce Mayne franchised complexes commenced trading, a total of twenty-three (23) new franchised complexes in the local market. There were five (5) store closures during the year and one (1) store was rebranded from Joyce Mayne to Harvey Norman. The total number of franchised complexes in Australia as at 30 June 2007 was 192 compared with 174 franchised complexes at the end of June 2006. Included in the twenty-three new franchised complexes, is sixteen (16) former Retravision stores which became Harvey Norman or Joyce Mayne franchised stores, increasing the dominance of the Harvey Norman and Joyce Mayne brands in New South Wales.

Twelve (12) new Harvey Norman company-owned stores were opened in offshore markets, including four (4) stores in New Zealand, two (2) stores in Ireland, one (1) store in Slovenia, three (3) stores in Singapore and two (2) stores in Malaysia. There were a total of 53 company-owned stores in offshore markets as at 30 June 2007 compared with 41 company-owned stores at the end of June 2006.

On 30 March 2007, Becto Pty Limited ("Becto"), a wholly-owned subsidiary of Harvey Norman Holdings Limited, sold its controlling interest in Rebel Sport Limited ("Rebel") in return for a scheme consideration totalling \$194.99 million. The consolidated group has deconsolidated Rebel effective 30 March 2007 and, for the purposes of this report, has classified Rebel as a discontinued operation and has restated the prior year consolidated income statement and associated notes to the income statement. Profit from discontinued operations for the nine-months ended 30 March 2007 was \$10.68 million after tax and minority interests compared to \$11.81 million for the year ended 30 June 2006. The consolidated group recognised a gain on the sale of shares held in Rebel, adjusted for Becto's share of post-acquisition movements in equity on deconsolidation of the subsidiary, of \$72.47 million after tax. The profit for the year from discontinued operations, comprised of profit from Rebel and the gain on sale of Rebel after tax, was \$83.15 million.

The consolidated entity's profit from continuing operations before income tax and before exclusion of minority interests was \$473.47 million for the year ended 30 June 2007 compared to \$319.91 million for the previous financial year, representing an increase of 48.0%. Included in profit from continuing operations before tax for the current period is the final commission received in relation to the FlexiGroup Limited initial public offering (IPO) in December 2006 of \$40.98 million and a net property revaluation increment of \$65.68 million relating to investment properties, joint ventures and land and buildings held for resale. The property revaluation increment for the year ended 30 June 2006 was \$46.51 million before tax and minority interests.

Net profit from continuing operations attributable to members after tax and minority interests was \$324.10 million for the year ended 30 June 2007 compared to \$217.75 million for the preceding financial year, an increase of 48.8%. Net profit from discontinued operations attributable to members after tax and minority interests was \$83.15 million for the year ended 30 June 2007 compared to \$11.81 million for the year ended 30 June 2006. Net profit from continuing and discontinued operations attributable to members after tax was \$407.25 million for the current year compared with \$229.56 million for the previous financial year, an increase of 77.4%.

The underlying business operations of the consolidated group are exclusive of significant one-off transactions such as the gain on sale of shares held in Rebel of \$72.47 million after tax, the final commission received from FlexiGroup Limited of \$28.69 million after tax and the impairment expense recognised in respect of information technology assets in the previous financial year of \$6.40 million after tax. Excluding these significant one-off transactions and the net property revaluation increments of \$45.74 million after tax, the net profit after tax and minority interest of the underlying business operations would have been \$260.35 million for the year ended 30 June 2007 compared to \$203.40 million for the preceding financial year, an increase of 28.0%.



Sales Revenue

Consolidated Entity Sales Revenue

Sales revenue for the Harvey Norman consolidated group consists of the sales made by company-owned stores located in New Zealand, Ireland and Slovenia and the controlling interest held in Pertama Holdings Limited in Singapore. Consolidated sales revenue also includes Harvey Norman's controlling interest in several retail partnerships within Australia. Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity. Retail sales in Harvey Norman, Domayne and Joyce Mayne complexes in Australia are made by independently owned franchised business entities that are not consolidated with group results.

Consolidated sales revenue for the year ended 30 June 2007 was \$1.33 billion compared to \$1.10 billion for the year ended 30 June 2006, an increase of 20.4%. Factors contributing to the increase were:

New Zealand

Sales revenue from the New Zealand company-owned stores increased by \$106.63 million New Zealand dollars (increase of 18.9%). When sales in New Zealand were translated into Australian dollars for the purposes of this report, the increase in sales was \$80.56 million Australian dollars (increase of 16.0%).

Contributing to this increase in sales revenue is a full year's trading of the Northwood store that opened in May 2006 and four new stores opened at Whakatane (September 2006), Paraparaumu (October 2006), Lower Hutt (April 2007) and Ashburton (April 2007). Harvey Norman continues to capitalise on its dominant brand position in New Zealand and continues to capture market share.

Rebel Sport Limited

Rebel has been classified as a discontinued operation subsequent to the sale of the controlling interest on 30 March 2007.

In the discontinued operations note (refer to Note 5), Rebel sales have decreased by \$60.14 million as the amount for the current year represents nine-months' sales to 30 March 2007 compared to a full year's sales revenue in the previous financial year.

Ireland

Sales revenue from the company-owned stores in Ireland increased by €71.35 million (increase of 127.1%). When sales in Ireland were translated into Australian dollars for the purposes of this report, the increase in sales was \$120.50 million (increase of 131.8%).

This significant increase during the year is attributed in part to a full year's trading from the Cork store that opened in October 2005, four smaller-format electrical and computer stores that opened in April and May 2006 and sales from the Limerick store that opened in May 2006.

Two new stores were opened during the current year in Naas (July 2006) and Drogheda (November 2006). The existing Swords and Dundalk stores have both reported higher sales for the year due to effective promotion strategies resulting in increased brand awareness in the Irish market.

Slovenia

Sales revenue from the company-owned stores in Slovenia increased by €7.00 million (increase of 36.6%), due in part to the opening of the second store at Koper in September 2006.

Asia

Sales revenue from the controlled entity Pertama Holdings Limited, Singapore, trading as "Harvey Norman" increased by \$16.51 million Singaporean dollars (increase of 4.1%). When sales in Singapore were translated into Australian dollars for the purposes of this report, the increase in sales was \$17.39 million Australian dollars (increase of 5.2%).

Sales recorded by the Asian retail businesses in Singapore and Malaysia were strong during the year assisted by three new stores in Singapore at The Central (January 2007), Square Two (January 2007) and Bukit Panjang (April 2007) and two new stores in Malaysia at Mid Valley (November 2006) and Queensbay (December 2006).

The wholesale business in Malaysia reported higher sales growth during the year particularly in technology products.

Geographic Spread

This diagram displays the geographic spread of the franchised Harvey Norman ("HN"), Domayne ("DM") and Joyce Mayne ("JM") complexes in the Australian market and the "Harvey Norman" branded company-owned stores in New Zealand, Ireland, Singapore, Malaysia and Slovenia as at 30 June 2007.



Australia:

- 192 franchised complexes in total
- 5 store closures, 1 store re-branded
- 23 new franchised complexes opened during the current year:

NSW

- Belrose (DM)
- Muswellbrook (JM)
- Bennetts Green (JM)
- Cobar (HN)
- Newcastle West (HN)
- Raymond Terrace (HN)
- Salamander Bay (HN)
- Muswellbrook (HN)
- Wallsend (JM)
- Dubbo (JM)
- Toukley (JM)
- West Wyalong (HN)
- Warners Bay (JM)

NSW (cont)

- Wagga Wagga (JM)
 - Temora (HN)
 - Young (JM)
 - Windsor (HN)
 - Lithgow (HN)
 - Albury (JM)
 - Maitland (JM)
- #### QLD
- Cannonvale (HN)
- #### WA
- Malaga (HN)
- #### NT
- Alice Springs (HN)

	Harvey Norman	Domayne	Joyce Mayne	TOTAL
NSW	58	11	11	80
QLD	30	2	3	35
VIC	35	1	0	36
WA	21	0	0	21
SA	8	0	0	8
ACT	2	1	0	3
NT	2	0	0	2
TAS	7	0	0	7
TOTAL	163	15	14	192

Overseas:	NEW ZEALAND	IRELAND	SLOVENIA	SINGAPORE	MALAYSIA	TOTAL
Total No. of Stores:	24	10	2	14	3	53
New stores opened during period:	4	2	1	3	2	12
	- Whakatane - Paraparaumu - Lower Hutt - Ashburton	- Naas - Drogheda	- Koper	- The Central - Square Two - Bukit Panjang	- Mid Valley - Queensbay	

Franchising Operations Segment Result

The retail franchise system in Australia, utilising the Harvey Norman, Domayne and Joyce Mayne brand names and integrated with an astute property strategy, continues to be a significant contributor to the total result of the consolidated entity. The franchising operations segment result before tax for the current year was \$242.62 million excluding the final commission received in relation to the FlexiGroup Limited initial public offering, compared to \$169.30 million for the previous financial year, an increase of 43.3%.

The table below shows the franchising operations margin, calculated as the franchising operations segment result before tax over franchise aggregate sales revenue, for the following half-year ("HY") and full-year ("FY") periods. The franchising operations margin was 5.39% for the current year compared to 4.28% in the previous financial year.

Franchising Operations Margin	FY June 2006		FY June 2007	
no. of franchised outlets in Australia ¹	163		192	
franchising operations segment result before tax ²	\$169.30m		\$242.62m	
franchisee sales revenue ¹	\$3.96bn		\$4.50bn	
franchising operations margin (%)	4.28%		5.39%	
	HY to Dec-05	HY to Jun-06	HY to Dec-06	HY to Jun-07
no. of franchised outlets in Australia ¹	157	163	174	192
franchising operations segment result before tax ²	\$105.65m	\$63.65m	\$127.00m	\$115.62m
franchisee sales revenue ¹	\$2.00bn	\$1.96bn	\$2.28bn	\$2.22bn
franchising operations margin (%)	5.28%	3.25%	5.55%	5.22%

¹ Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity

² Excluding FlexiGroup final commission of \$40.98m

Property Portfolio

The Harvey Norman property portfolio consists of Harvey Norman, Domayne and Joyce Mayne owned complexes in Australia, New Zealand and Slovenia, properties held under several joint venture agreements and land and buildings owned by the consolidated entity in Australia for development and resale at a profit.

The total value of the Harvey Norman property portfolio as at 30 June 2007 was \$1.41 billion, broken down as follows:

- (i) investment properties in Australia of \$1.02 billion;
- (ii) owned land and buildings in New Zealand, Singapore and Slovenia of \$207.09 million;
- (iii) investment properties under construction recorded as

property, plant and equipment of \$79.62 million; and

- (iv) joint venture properties accounted for using the equity method of \$106.42 million

The property portfolio is an essential complement to the Harvey Norman brand and retail system. The ownership of the Harvey Norman, Domayne and Joyce Mayne retail complexes enables shareholders to participate in the benefits of ownership of high quality commercial retail and warehouse property, tenanted by leaders in the retail industry.

Investment properties relate to owned land and buildings in Australia that are fully operational, earning investment income and are leased to

external franchisees (i.e. not physically occupied by the consolidated entity). All property owned by the consolidated entity in New Zealand, Singapore and Slovenia is owner-occupied.

The total net revaluation increment recognised in the income statement for the year ended 30 June 2007 was \$65.68 million before tax and before minority interests. The balance for the previous year was \$46.51 million.

30 June 2007	Owned	Leased	Total
Australia	69	123	192
New Zealand	14	10	24
Slovenia	2	0	2
Ireland	0	10	10
Asia	0	17	17
TOTAL	85	160	245



Future Prospects

Harvey Norman is committed to growth and is extremely well placed to take advantage of emerging opportunities.

The worldwide demand for technology and lifestyle products appears to be insatiable. Harvey Norman is a market leader in Australia, New Zealand, and Singapore. Our market share in Ireland and Malaysia is rapidly growing.

Growth will be leveraged by our commitment to improve our technology and supply chain management systems.

Our core competencies include the capacity to identify and acquire property for the development of Harvey Norman, Domayne and Joyce Mayne retail complexes in strategic growth areas, as an essential element of our integrated retail and property strategy.

We will continue our rollout of new stores into the 2008 financial year. Our previously stated goal of a minimum of 15 new sites per annum will be achieved this year in addition to an active program of store upgrades, refurbishment and enhancement. We are actively looking for additional key sites to expand the Joyce Mayne brand into other regions, as well as investigating other retail opportunities in the New Zealand market. We have identified strategic growth opportunities in Malaysia.

Expansion into the Irish market has proven to be successful. There are currently 10 Harvey Norman stores in Ireland which have been performing to expectations. We anticipate opening at least 4 new stores in Ireland in the next 12 months. We plan to capitalise on the strong brand awareness in the Irish market and move into Northern Ireland, having identified 3 sites for new stores. Success in the Irish market will be the platform for expansion into neighbouring markets.

Our strong financial position and low gearing places us in an excellent position to capitalise on any competitor failure in the market place.

Equity

Consolidated equity as at 30 June 2007 was \$1.74 billion compared to \$1.44 billion at 30 June 2006 – an increase of \$299.23 million or 20.7%. Of the total equity of \$1.74 billion, an amount of \$49.57 million (2006: \$89.86 million) is attributable to minority interests in the controlled entities mainly relating to Pertama Holdings Limited, Singapore. The balance at the end of June 2007 excludes the minority interests' share of equity in Rebel Sport Limited following the sale of Rebel on 30 March 2007. The prior year minority interest balance relating to Rebel was \$41.57 million.

Dividend

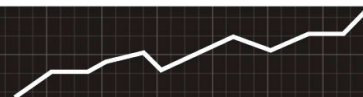
The recommended final dividend is 6.0 cents per share fully franked. This final dividend will be paid on 10 December 2007. No provision has been made in the Balance Sheet for this recommended final dividend. The total dividend for the year will be 11.0 cents per share fully franked.

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

G. HARVEY

Chairman

Sydney, 28 September 2007



Your directors submit their report for the year ended 30 June 2007.

Directors

Names, qualifications, experience and special responsibilities:

The names and details of Harvey Norman Holdings Limited's (the "Company") directors in office during the financial year and until the date of this report are as follows. Unless otherwise indicated, all directors (collectively termed the "Board") held their position as a director throughout the entire financial year and up to the date of this report.

Gerald Harvey – Executive Chairman

Mr. G. Harvey, aged 68, was the co-founder of Harvey Norman Holdings Limited in 1982 with Mr. I. Norman. Mr. G. Harvey has overall executive responsibility for the strategic direction of the consolidated entity, and in particular, property investments. During the past three years Mr. G. Harvey has also served as a director of Rebel Sport Limited.

Kay Lesley Page – Director and Chief Executive Officer

Ms. Page, aged 50, joined Harvey Norman in 1983 and was appointed a director of Harvey Norman Holdings Limited in 1987.

Ms. Page became a Director and Chief Executive Officer of the Company in February 1999 and has overall executive responsibility for the consolidated entity. During the past three years Ms. Page has also served as a director of the following other listed/public companies:

- Rebel Sport Limited
- National Rugby League Limited

Arthur Bayly Brew - Director

Mr. Brew, aged 57, joined the Company in 1983. He is responsible for the security, insurance, planning and design and shopfitting operations of the consolidated entity. Mr. Brew was appointed as a director in September 1994.

John Evyn Slack-Smith – Director and Chief Operating Officer

Mr. Slack-Smith, aged 38, was a Harvey Norman computer franchisee between 1993 and 1999. Mr. Slack-Smith became a director of the Company on 5 February 2001. Mr. Slack-Smith has overall executive responsibility for the operations of the consolidated entity.

David Matthew Ackery – Director

Mr. Ackery, aged 47, was appointed as a director of Harvey Norman Holdings Limited on 20 December 2005. Mr. Ackery has overall executive responsibility for the relationship between the Company, Harvey Norman electrical franchisees and strategic relationships.

Chris Mentis – Director and Chief Financial Officer

Mr. Mentis, aged 41, was appointed a director of Harvey Norman Holdings Limited on 30 August 2007.

Mr. Mentis joined Harvey Norman as Financial Controller on 15 December 1997. On 20 April 2006, he became Chief Financial Officer and Company Secretary. Mr. Mentis is a chartered accountant and a chartered secretary with over 20 years experience in financial accounting. Mr. Mentis has overall executive responsibility for the accounting and financial matters of the consolidated entity.

Ian John Norman - Non-Executive Director

Mr. Norman, aged 68, was co-founder of Harvey Norman with Mr. G. Harvey in 1982.

**Michael John Harvey - Non-Executive Director**

Mr. M. Harvey, aged 42, joined Harvey Norman in 1987, having completed a Bachelor of Commerce degree. Mr. M. Harvey gained extensive experience as a Harvey Norman franchisee from 1989 to 1994. Mr. M. Harvey became a director of the Company in 1993 and was appointed Managing Director in July 1994. Mr. M. Harvey ceased to be an Executive Director and Managing Director on 30 June 1998.

Christopher Herbert Brown - Non-Executive Director

Mr. Brown, aged 57, holds the degree of Master of Laws from the University of Sydney. Mr. Brown is the senior partner in Brown Wright Stein Lawyers. Brown Wright Stein Lawyers, the successors of Gillis Delaney Brown, has acted as lawyers for the consolidated entity since 1982. Mr. Brown was appointed as a director of the Company in 1987, when it became a listed public company. Mr. Brown is Chairman of the Remuneration and Nomination Committees and a member of the Audit Committee. During the past three years Mr. Brown has also served as a director of Rebel Sport Limited.

Kenneth William Gunderson-Briggs – Non-Executive Director

Mr. Gunderson-Briggs, aged 45, was appointed as a director of Harvey Norman Holdings Limited on 30 June 2003. Mr. Gunderson-Briggs is a chartered accountant and a registered company auditor. He has been involved in public practice since 1982 and a partner in a chartered accounting firm since 1990. His qualifications include a Bachelor of Business and he is a fellow of the Institute of Chartered Accountants. Mr. Gunderson-Briggs is a member of the Audit, Remuneration and Nomination Committees.

Graham Charles Paton AM - Non-Executive Director

Mr. Paton, aged 62, holds a Bachelor of Economics degree from the University of Sydney. During his twenty-three years as a partner of an international chartered accounting practice, he was involved in the provision of professional services to the retail industry. He retired from public practice in July 2001. Mr. Paton is a Fellow and Life Member of CPA Australia and was the National President of that professional accounting body in 1993/1994. In 2001 he was awarded membership of the General Division of the Order of Australia for his services to the accounting profession and for his services to the deaf community through his chairmanship of the Shepherd Centre for Deaf Children for the decade to 2001.

Mr. Paton was appointed as a director of Harvey Norman Holdings Limited on 20 June 2005. Mr. Paton was also appointed as a member of the Audit, Remuneration and Nomination Committees on 30 June 2005 and was appointed Chairman of the Audit Committee on 9 March 2006.

On 1 August 2006, Mr Paton was appointed as an independent non-executive director of Gazal Corporation Limited, a company listed on the Australian Stock Exchange.

Committee Membership

As at the date of this report, the Company had an Audit Committee, a Remuneration Committee and a Nomination Committee.

Members acting on the committees of the board during the year were:

Audit Committee

- G.C. Paton AM (Chairman)
- C.H. Brown
- K.W. Gunderson-Briggs

Nomination Committee

- C.H. Brown (Chairman)
- K.W. Gunderson-Briggs
- G.C. Paton AM

Remuneration Committee

- C.H. Brown (Chairman)
- K.W. Gunderson-Briggs
- G.C. Paton AM

Directors' Meetings

The number of meetings of the Board of directors and of its Board committees during the year were:

Board / Committee	Number of Meetings
Full Board	12
Audit	11
Remuneration	4
Nomination	4

Each of Mr G.C. Paton, Mr C.H. Brown, and Mr K.W. Gunderson-Briggs attended each of the Remuneration Committee meetings and the Nomination Committee meetings held during the year.

The attendance of directors at meetings of the Board and Audit Committee were:

Director	Board of Directors	Audit Committee
G. Harvey	11 [12]	n/a
K.L. Page	11 [12]	n/a
A.B. Brew	12 [12]	n/a
J.E. Slack-Smith	10 [12]	n/a
D.M. Ackery	11 [12]	n/a
M.J. Harvey	12 [12]	n/a
C.H. Brown	12 [12]	11 [11]
I.J. Norman	10 [12]	n/a
K.W. Gunderson-Briggs	10 [12]	11 [11]
G.C. Paton	12 [12]	11 [11]
C. Mentis	12 [12]	n/a

The above table represents the directors' attendance at meetings of the Board and the Audit Committee. The number of meetings for which the director was eligible to attend is shown in brackets.

In addition, the executive directors held regular meetings for the purpose of signing various documentation.

The details of the functions and memberships of the Audit Committee of the Board are presented in the Statement of Corporate Governance Practices.

Directors' Interests

At the date of this report, the relevant direct and indirect interest of each director in the shares, options or other instruments of the Company and related bodies corporate are:

HARVEY NORMAN HOLDINGS LIMITED		
Director	Ordinary Shares	Options
G. Harvey	311,519,532	3,000,000
I.J. Norman	175,249,660	-
K.L. Page	17,345,133	3,000,000
M.J. Harvey	3,175,553	-
A.B. Brew	1,169,871	240,000
C.H. Brown	173,467	-
J.E. Slack-Smith	1,699,999	-
D.M. Ackery	666,667	-
K. W. Gunderson-Briggs	3,000	-
G.C. Paton	15,000	-
C. Mentis	-	-
TOTAL	511,017,882	6,240,000

Beneficial Interest

Included in the Directors' Interests table on page 11 are the following shareholdings indirectly held by each of the directors:

Director	Beneficial Interest in Shares
G. Harvey	has a beneficial interest in 142,629,301 shares held by G Harvey Nominees Pty Limited, and 333,333 shares held by HVN Share Plan Pty Limited.
I.J. Norman	has a beneficial interest in 175,249,660 shares held by Dimbulu Pty Limited.
K.L. Page	has a beneficial interest in 1,932,000 shares held by Page Option Trust and 2,204,000 shares held by K. Page Pty Limited in Pertama Holdings Limited. She also has a beneficial interest in 31,210 Harvey Norman Holdings Limited shares held by K. Page Pty Limited, and 333,333 Harvey Norman Holdings Limited shares held by HVN Share Plan Pty Limited.
A.B. Brew	has a beneficial interest in 627,408 shares held by ANZ nominees, and 40,000 shares held by HVN Share Plan Pty Limited.
J.E. Slack-Smith	has a beneficial interest in 99,999 shares held by HVN Share Plan Pty Limited and 1,600,000 shares held by J. E. Slack-Smith as Trustee for Slack-Smith 2003 Option Trust (Shares).
D.M. Ackery	has a beneficial interest in 133,334 shares held by HVN Share Plan Pty Limited and 533,333 shares held by D.M. Ackery as Trustee for Ackery 2005 Option Trust (Shares).
M.J. Harvey	has a beneficial interest in 978,735 shares held by M.J. Harvey Option Trust.
C.H. Brown	has a beneficial interest in 173,467 shares held by PWSD Pty Limited and Starmoro Pty Limited.
K.W. Gunderson-Briggs	has a beneficial interest in 3,000 shares held by Nosrednug Superannuation Fund Pty Limited.
G.C. Paton	has a beneficial interest in 15,000 shares held by G.C. Paton and V. Paton as trustee for The St. Georges Superannuation Fund.
C. Mentis	nil

Share Options

Details of share options are set out in Note 29 and Note 31 to the financial statements and form part of this report.

Principal Activities

The principal activities of the consolidated entity continue to be that of an integrated retail and property entity including:

- Franchisor
- Sale of furniture, bedding, computers, communications and consumer electrical products in New Zealand, Slovenia and Ireland
- Property investment
- Lessor of premises to Harvey Norman franchisees and other third parties
- Media placement
- Provision of consumer finance

The consolidated entity holds a controlling interest in Pertama Holdings Limited ("Pertama"). Shares in Pertama are listed on the Stock Exchange of Singapore. The principal activities of Pertama are retail, wholesale and export sales of furniture, bedding, computers, communications and consumer electrical products.

On 30 March 2007, the consolidated entity sold its shares in Rebel Sport Limited ("Rebel") and deconsolidated its 52.82% controlling interest on that day. For the purposes of this report, Rebel has been classified as a discontinued operation and the consolidated entity has restated the prior year consolidated income statement and associated notes to the income statement.

Results

The profit after tax from continuing operations attributable to members for the year ended 30 June 2007 was \$324.10 million. This represents an increase of 48.8% on the profit after tax from continuing operations attributable to members for the year ended 30 June 2006.

Profit from discontinued operations after tax and minority interests was \$83.15 million for the year ended 30 June 2007, compared to \$11.81 million for the year ended 30 June 2006. The current period includes a \$72.47 million after tax gain on the sale of shares in Rebel.



Dividends

The directors recommend a fully franked dividend of 6.0 cents per share be paid on 10 December 2007 (total dividend, fully franked - \$63,515,007). The following fully franked dividends of the parent entity have also been paid, declared or recommended since the end of the preceding financial year:

Dividend	Payment Date	\$
2006 final fully franked dividend	11 December 2006	42,311,338
2007 interim fully franked dividend	7 May 2007	52,929,173

Review of Group Operations

The total equity of the consolidated entity for the year ended 30 June 2007 increased over the previous financial year due to the following:

- Profit attributable to increased franchise fee revenue from franchisees;
- Profit attributable to increased rental income from franchisees and external tenants;
- Profit attributable to the revaluation of the investment property portfolio in Australia;
- Profit from the sale of shares held in Rebel Sport Limited and deconsolidation of Rebel from the group's operations;
- Final commission received in relation to the FlexiGroup Limited initial public offering; and
- Increased profit from Harvey Norman owned stores in New Zealand and Ireland.

Significant Changes in the State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year, apart from the disposal of the controlling interest in Rebel Sport Limited on 30 March 2007.

Likely Developments and Future Results

The directors have excluded from this report any further information on the likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years, as the directors believe that it would be likely to result in unreasonable prejudice to one or more entities in the consolidated entity.

Significant Events After Balance Date

There have been no circumstances arising since the end of the year which have significantly affected or may significantly affect:

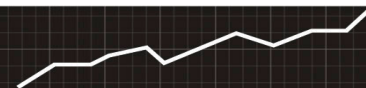
- the operations;
- the results of those operations; or
- the state of affairs of the entity or consolidated entity in future financial years

Environmental Regulation Performance

The consolidated entity's environmental obligations are regulated under both State and Federal Law. All environmental performance obligations are monitored by the Board. The consolidated entity has a policy of at least complying, but in most cases exceeding its environmental performance obligations. No environmental breaches have been notified to the consolidated entity by any Government agency during the year ended 30 June 2007 and up to the date of this report.

Company Secretary

Mr Chris Mentis, aged 41, became Company Secretary on 20 April 2006. Mr. Mentis has over 20 years experience as a chartered accountant and has been with the consolidated entity since 1997. Mr. Mentis is a member of the Institute of Chartered Secretaries.



Remuneration Report

Remuneration Policy

The performance of the Company depends upon the quality of its directors and executives. To prosper, the Company must attract, motivate and retain highly skilled directors and executives. The Company intends to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined.

The Company's philosophy is that executive rewards must be "fair and responsible" in the context of both external and internal relativities. Accordingly, all executive remuneration has been benchmarked against comparable executive rewards in comparable companies (by size). Consistent with current best practice, executive rewards must have a balance between fixed components (base salary and benefits) and variable components (short-term and long-term incentives) and that any variable components, particularly when offered in the form of shares or options, must be subject to performance conditions and service conditions.

Since 30 June 2005, the remuneration committee has consisted of three members, comprising three non-executive directors, two of whom are independent.

Responsibilities of the Remuneration Committee

The Board confirmed the role and responsibilities of the remuneration committee in a written charter, which was formally adopted at a meeting of directors of the Company, held 18 August 2003.

The responsibilities of the remuneration committee include the review and making of recommendations to the board on:

- i) executive remuneration and incentive policies;
- ii) remuneration packages of senior management;
- iii) the recruitment, retention and termination policies of the Company and procedures for senior management;
- iv) incentive schemes;
- v) superannuation arrangements;
- vi) the remuneration framework for directors.

The remuneration policy has been designed so that the policy:

- i) motivates directors and management to pursue long-term growth and success of the Company within an appropriate control framework; and
- ii) demonstrates a clear relationship between key executive performance and remuneration.

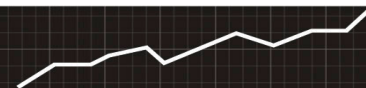
The Company believes that the members of the remuneration committee can make, and do make, quality and independent judgements in the best interests of the Company on remuneration issues, notwithstanding that the members of the remuneration committee are not all independent.

Components of Executive Remuneration

The remuneration committee reviews and makes recommendations to the Board about the performance, and remuneration of all executive directors. The remuneration committee reviews recommendations of the chief executive officer and the chief financial officer in relation to key senior executives of the Company, other than the executive directors. No individual is directly involved in deciding his or her remuneration. The remuneration committee intends that remuneration packages of executives of the Company should involve a balance between fixed and incentive remuneration, reflecting short and long-term performance objectives, appropriate to the circumstances and goals of the Company. A proportion of the remuneration of executive directors is structured in a manner designed to link rewards to corporate and individual performance.

It is the policy of the Company that service contracts for senior management, including executive directors, have no fixed term, but should be capable of termination on a maximum of 3 months notice to the executive, but upon the basis that the Company should have the right to terminate the relevant service contract summarily, by making a payment to the terminated executive equal to not more than 3 months pay in lieu of notice.

Each of the executive directors named in Table 1 of the Remuneration Report has a pre-existing service contract that is partly written and partly oral and does not contain a specific notice period ("Executive Director Contract"). Each Executive Director Contract can be terminated by a reasonable period of notice, subject to statute. Each of the executives named in Table 3 of this report has a pre-existing service contract that is partly written and partly oral ("Executive Contract"). Each Executive Contract can be terminated by a reasonable period of notice, subject to statute. The remuneration committee has determined that all future contracts for executives will be in writing and contain notice periods not exceeding 3 months.



The remuneration of executives of the Company is comprised of a combination of the following:

- Base salary;
- Performance cash incentive;
- Other remuneration;
- Superannuation;
- Shares; and
- Options.

Base Salary

The base salaries of executives are determined with reference to the executive's duties and responsibilities, taking into account current market levels. Base salaries are not at risk for executives and are not dependent on the satisfaction of a performance condition.

Performance Cash Incentive

The Performance Cash Incentive ("PCI") is a cash incentive or bonus paid at the end of a performance period to executive participants, based on the extent to which specific performance conditions have been satisfied by each respective executive participant in that performance period. The PCI does not involve the grant or award of shares or options. The amount of the PCI in respect of each executive participant is determined annually by the Board. No payment of PCI will be made if overall profitability hurdles, as determined by the Board, are not achieved. The aggregate amount of PCI paid to executive directors in respect of the year ending 30 June 2007 was \$1,350,000, as set out in Table 1 below.

Other Remuneration

Other remuneration includes the provision of fully-maintained motor vehicles, motor vehicle allowances, and payment of education, medical and other similar items as nominated by the executive, by way of salary sacrifice, and statutory leave entitlements.

Superannuation

The consolidated entity makes contributions to complying superannuation funds for the purpose of provision of superannuation benefits for eligible employees. The amount of contribution in respect of each eligible employee is not less than the prescribed minimum level of superannuation support in respect of that eligible employee. The complying superannuation funds are independent and not administered by the consolidated entity. This component also includes any voluntary superannuation contributions as elected by the eligible employee.

Shares and Options

The Board has engaged the services of CRA Plan Managers Pty Limited, an independent firm of consultants specialising in executive remuneration and the design and implementation of employee ownership and incentive schemes, in order to assist the Board to implement remuneration plans for senior executives which comply with best practice corporate governance guidelines.

The remuneration of non-executive directors is different to that of executive directors. Executive directors are remunerated by means of a salary, and in certain cases, by equity based remuneration. All equity based remuneration is made in accordance with plans approved by shareholders. Non-executive directors are not entitled to any retiring allowance, payable upon their retirement as a director of the Company.

At the annual general meeting of the Company held on 25 November 2003:

- the Deferred Executive Incentive Share Plan ("DEIP"), a summary of which was set out in the Explanatory Notes accompanying the notice of that meeting, was approved by members for all purposes;
- the Harvey Norman Executive Option Plan ("EOP"), a summary of which was set out in the Explanatory Notes accompanying the notice of that meeting, was approved by members for all purposes;
- the Board of Directors of the Company was authorised, pursuant to the DEIP, to issue up to 2,576,666 fully paid ordinary shares in the Company to executive directors (as set out in the DEIP table below) in accordance with the DEIP rules and subject to the conditions set out in the Explanatory Notes which accompanied the notice of meeting;
- the Board of Directors of the Company was authorised, pursuant to the EOP, to issue up to 11,840,000 options to subscribe for up to 11,840,000 fully paid ordinary shares in the Company and to issue 11,840,000 fully paid ordinary shares following the valid exercise of any such options in the Company to executive directors (as set out in the EOP table below) in accordance with the EOP rules and subject to the conditions set out in the Explanatory Notes which accompanied the notice of meeting.

DIRECTOR'S REPORT (CONTINUED)

The Board of Directors of the Company was authorised, pursuant to the DEIP and EOP to invite executives, who are key executives, to participate in both the DEIP and the EOP as long as, when aggregated with the shares previously issued under the DEIP or EOP, the number of ordinary shares in the capital of the Company acquired or subscribed for or issued upon exercise of an option under the DEIP or EOP, does not exceed the Plan Limit of five percent of the number of ordinary shares in the capital of the Company.

	DEIP TABLE			
	2003	2004	2005	TOTAL
Gerald Harvey	166,667	166,667	166,666	500,000
Kay Lesley Page	166,667	166,667	166,666	500,000
Raymond John Skippen	250,000	200,000	200,000	650,000
Stephen Patrick Hauville	166,666	133,334	133,333	433,333
John Evyn Slack-Smith	166,666	133,334	133,333	433,333
Arthur Bayly Brew	20,000	20,000	20,000	60,000
	936,666	820,002	819,998	2,576,666

	EOP TABLE			
	2003	2004	2005	TOTAL
Gerald Harvey	1,000,000	1,000,000	1,000,000	3,000,000
Kay Lesley Page	1,000,000	1,000,000	1,000,000	3,000,000
Raymond John Skippen	800,000	800,000	800,000	2,400,000
Stephen Patrick Hauville	534,000	533,000	533,000	1,600,000
John Evyn Slack-Smith	534,000	533,000	533,000	1,600,000
Arthur Bayly Brew	80,000	80,000	80,000	240,000
	3,948,000	3,946,000	3,946,000	11,840,000

Performance Conditions for DEIP Shares

Performance conditions and service conditions are an essential component of all variable reward elements. The allocation of shares under DEIP is subject to performance and service conditions. Shares under DEIP become an asset of the Participant, assuming the Performance Conditions are met, and may grow in value. The Board believes this creates an alignment between Executive Director rewards and shareholder benefits and greater overall reward for Executives, assuming success.

The Performance Conditions that apply to all DEIP share issues are set out in the table below.

Year of Allocation	2003	2004	2005
Share price	Market price at the date of issue. Must be issued before 30/11/2003	Market price at the date of issue. Must be issued after 31/08/2004 but before 30/11/2004	Market price at the date of issue. Must be issued after 31/08/2005 but before 30/11/2005
Financial year measured (Qualifying Period)	30/06/2004	30/06/2005	30/06/2006
Earnings per share increase	% of shares issued that will vest on 31/08/2004	% of shares issued that will vest on 31/08/2005	% of shares issued that will vest on 31/08/2006
< 5%	0	0	0
5%	50	50	50
6%	60	60	60
7%	70	70	70
8%	80	80	80
9%	90	90	90
10%	100	100	100
>10%	100	100	100

If the Performance Condition for the relevant year is not met, or only a portion of the Performance Condition is met then those shares issued, but not vested, will be forfeited by the Participant by no later than 31 August in the relevant year.

Performance Conditions for EOP Options

The issue of options to senior executives under EOP is designed to provide both motivation to perform and retention incentive. Options issued under EOP are subject to two performance conditions and the conditions that apply to all EOP option issues are set out in the table below.

Performance Condition 1 – Earnings per share increase must be 10% per annum, cumulative.

Year of Allocation	2003	2004	2005
Option price	Market price at the date of issue. Must be issued before 30/11/2003	Market price at the date of issue. Must be issued after 31/08/2004 but before 30/11/2004	Market price at the date of issue. Must be issued after 31/08/2005 but before 30/11/2005
Financial year measured (Qualifying Period)	30/06/2004	30/06/2005	30/06/2006
Earnings per share increase (cumulative) FYE 2003 is the base year	% of options that will vest on 31/08/2005, subject to satisfying Performance Condition 2	% of options that will vest on 31/08/2006, subject to satisfying Performance Condition 2	% of options that will vest on 31/08/2007, subject to satisfying Performance Condition 2
10.0%	100	-	-
21.0%	-	100	-
33.1%	-	-	100
First Exercise Date	01/09/2005	01/09/2006	01/09/2007
Last Exercise Date	30/11/2008	30/11/2008	30/11/2008

Performance Condition 2 – HVN Accumulated Total Shareholder Return ("TSR") greater than the ASX 300 Industrials Accumulation Index for two periods of 30 continuous days.

Year of Allocation	2003	2004	2005
Option price	Market price at the date of issue. Must be issued before 30/11/2003	Market price at the date of issue. Must be issued after 31/08/2004 but before 30/11/2004	Market price at the date of issue. Must be issued after 31/08/2005 but before 30/11/2005
Financial year measured (Qualifying Period)	30/06/2004	30/06/2005	30/06/2006
HVN TSR ≥ ASX 300 Industrials Accumulation Index for two periods of 30 consecutive days during the option term	% of options that will vest on 31/08/2005, subject to satisfying Performance Condition 1	% of options that will vest on 31/08/2006, subject to satisfying Performance Condition 1	% of options that will vest on 31/08/2006, subject to satisfying Performance Condition 1
Achieved	100	100	100
Not Achieved	-	-	-
First Exercise Date	01/09/2005	01/09/2006	01/09/2007
Last Exercise Date	30/11/2008	30/11/2008	30/11/2008

Growth in TSR is the aggregate of share price growth, dividends paid, and dividends reinvested on the ex-dividend date (adjusted for rights, bonus issues and any capital reconstructions) measured from the time of issue to the time of vesting or last exercise date. The relative TSR performance hurdle for the long term incentive is arguably current market best practice and ensures an alignment between comparative total shareholder return and reward for executives.

Both Performance Conditions under EOP are cumulative and all options are available up to the Last Exercise Date (30 November 2008).



Non-Executive Remuneration

The Remuneration Committee reviews and makes recommendations to the Board in respect of the remuneration paid to non-executive directors. Non-executive directors are not entitled to any retiring allowance. Fees currently paid to non-executive directors are within the aggregate limit of \$1,000,000 approved by shareholders at the annual general meeting held on 21 November 2006.

Employment Contracts

There is a formal employment contract for each of the Executive Chairman, Chief Executive Officer, Chief Operating Officer and each of the Executive Directors ("Executive Director Employment Contract"). Each Executive Director Employment Contract has an open-ended term, and can be terminated by the Company upon a minimum of four weeks notice if the executive director is convicted of a criminal offence, becomes of an unsound mind, is guilty of any gross misconduct or negligence or refusal to comply with any lawful direction, default, or serious breach of non-observance of any of the conditions of the Executive Director Employment Contract. The Executive Director Employment Contract may be terminated by the relevant executive director by giving a minimum of four weeks notice. Upon termination of employment for any cause whatsoever, the executive director must immediately deliver to the Company all records, not retain possession or control any copies or records and repay any loans advanced by the Company together with any accrued interest up to the date of termination. Changes to the employment arrangements with an executive director are subject to the review and approval of the Remuneration Committee, and ultimately the Board.

Interests in Contracts or Proposed Contracts with the Company

No director has any interest in any contract or proposed contract with the Company other than as disclosed elsewhere in this report.

DIRECTOR'S REPORT (CONTINUED)

TABLE 1 (audited): Compensation of Key Management Personnel for the Year Ended 30 June 2007 - *Directors of Harvey Norman Holdings Limited:*

		Short Term Benefits				Post-Employment	Share-Based Payments					
		Salary & fees \$	Performance Cash Incentive \$	Other Short-Term \$	Non monetary benefits \$	Super-annuation \$	Shares Granted (number)	Value of Shares \$	Options Granted (number)	Value of Options \$	TOTAL \$	% of options
G. Harvey	2007	476,914	75,000	10,400	-	12,686	-	96,203	-	225,676	896,879	25.2%
<i>Chairman</i>	2006	389,088	-	8,667	-	12,140	166,666	370,847	1,000,000	563,443	1,344,185	41.9%
K.L. Page	2007	444,759	75,000	-	42,555	12,686	-	96,203	-	225,676	896,879	25.2%
<i>Chief Executive Officer</i>	2006	454,441	-	-	33,521	12,140	166,666	370,847	1,000,000	563,443	1,434,392	39.3%
R.J. Skippen	2007	-	-	-	-	-	-	-	-	-	-	-
<i>[retired 20 April 2006]</i>	2006	487,860	-	-	-	12,140	200,000	445,018	800,000	450,754	1,395,772	32.3%
A.B. Brew	2007	241,239	200,000	-	24,135	12,686	-	11,544	-	18,054	507,658	3.6%
<i>Executive Director</i>	2006	239,769	-	-	25,995	12,140	20,000	44,502	80,000	45,075	367,481	12.3%
J.E. Slack-Smith	2007	429,789	500,000	-	29,651	40,560	-	76,962	-	120,285	1,197,247	10.0%
<i>Executive Director</i>	2006	419,732	-	-	39,805	40,560	133,333	296,678	533,000	300,367	1,097,142	27.4%
D.M. Ackery	2007	487,314	500,000	-	-	12,686	-	51,287	-	70,940	1,122,227	6.3%
<i>Executive Director</i>	2006	487,860	-	-	-	12,140	-	297,303	-	70,843	868,146	8.2%
S.P. Hauville	2007	-	-	-	-	-	-	-	-	-	-	-
<i>[resigned 31 Aug 2005]</i>	2006	77,143	-	4,167	-	2,023	-	-	-	27,823	111,156	25.0%
M.J. Harvey	2007	1,000	-	-	-	19,000	-	-	-	-	20,000	-
<i>Non-Executive</i>	2006	1,000	-	-	-	19,000	-	-	-	-	20,000	-
C.H. Brown	2007	18,349	-	-	-	1,651	-	-	-	-	20,000	-
<i>Non-Executive</i>	2006	18,349	-	-	-	1,651	-	-	-	-	20,000	-
I.J. Norman	2007	18,349	-	-	-	1,651	-	-	-	-	20,000	-
<i>Non-Executive</i>	2006	18,349	-	-	-	1,651	-	-	-	-	20,000	-
K.W. Gunderson - Briggs	2007	46,460	-	-	-	40,000	-	-	-	-	86,460	-
<i>Non-Executive</i>	2006	20,000	-	-	-	40,000	-	-	-	-	60,000	-
G.C.Paton	2007	-	-	-	-	60,000	-	-	-	-	60,000	-
<i>Non-Executive</i>	2006	-	-	-	-	60,000	-	-	-	-	60,000	-
TOTAL	2007	2,164,173	1,350,000	10,400	96,341	213,606	-	332,199	-	660,631	4,827,350	
TOTAL	2006	2,613,591	-	12,834	99,321	225,585	686,665	1,825,195	3,413,000	2,021,748	6,798,274	

The listed parent entity, Harvey Norman Holdings Limited, does not have any employees. Mr S.P. Hauville resigned as a director of the Company on 31 August 2005. Mr R.J. Skippen retired as director, secretary and chief financial officer on 20 April 2006.

Shares Issued Pursuant to DEIP

HVN Share Plan Pty Limited ACN 106 762 761 ("Plan Trustee") administers the DEIP. Refer to Note 31 to the financial statements for details of shareholdings of key management personnel and to the detailed disclosures set out below in relation to shares issued pursuant to DEIP.

Shares Issued on 25 November 2003:

On 25 November 2003, the Plan Trustee subscribed for, and was issued 936,666 new shares in the Company at an issue price of \$3.004 per share ("2003 DEIP Allocation"). The 2003 DEIP Allocation fully vested on 31 August 2004 upon satisfaction of the performance conditions assessed in respect of the year ended 30 June 2004. No expense in relation to the 2003 DEIP Allocation was recognised in the previous year as the consolidated entity has applied the exemption available under AASB 1 "First-time Adoption of Australian Equivalents to International Financial Reporting Standards" to not apply AASB 2 "Share-based Payment" to equity based instruments granted after 7 November 2002 and vesting before 1 January 2005.

Shares Issued on 28 September 2004:

On 28 September 2004, the Plan Trustee subscribed for, and was issued 820,002 new shares in the Company at an issue price of \$2.9263 per share as equity compensation benefits for the benefit of certain executive directors ("2004 DEIP Allocation"). The conditions for vesting of the 2004 DEIP Allocation have not been satisfied and accordingly the value of shares, the subject of the 2004 DEIP Allocation, has not been disclosed as part of remuneration for certain executive directors and has not been recognised as a share-based payment expense under AASB 2 for the current or prior periods.

Shares Issued on 29 June 2005:

On 29 June 2005, the Plan Trustee subscribed for, and was issued, 133,334 new shares in the Company at an issue price of \$2.6193 per share ("2005 DEIP Ackery Shares"). The 2005 DEIP Ackery Shares have been registered in the name of the Plan Trustee, to be held for the benefit of the executive director, Mr D.M. Ackery, subject to the terms and conditions of the DEIP. The 2005 DEIP Ackery Shares fully vested on 31 August 2006 upon satisfaction of the performance conditions assessed in respect of the year ended 30 June 2006.

Reallocation of 2004 DEIP Allocation on 4 November 2005:

As the conditions for vesting of the 2004 DEIP Allocation were not satisfied, 686,665 of the shares, the subject of the 2004 DEIP Allocation, were appropriated, reallocated and utilised in the provision of equity compensation benefits on 4 November 2005 ("2005 DEIP Allocation"), for certain executive directors, as disclosed in Table 2 on page 22 of this report. The 2005 DEIP Allocation is to be assessed in respect of the year ended 30 June 2006 pursuant to the DEIP rules. The value of the 2005 DEIP Allocation was the volume weighted average share price for the 5-day period ending on 4 November 2005, which was \$2.79 per share. The residue of the 2004 DEIP Allocation, namely 133,337 shares, was sold on market.

Options Issued Pursuant to EOP

Refer to Note 31 to the financial statements for details of option holdings of key management personnel and to the detailed disclosures set out below in relation to options issued pursuant to EOP.

Options Issued on 25 November 2003:

On 25 November 2003, 3,948,000 options to subscribe for 3,948,000 fully paid ordinary shares were issued, free of charge, to the respective trustees of trusts for the benefit of certain executive directors at an exercise price

of \$3.00 per option ("2003 EOP Allocation"). The qualifying period for the 2003 EOP Allocation is the year ended 30 June 2004. The 2003 EOP Options were valued at grant date using the recognised Black-Scholes-Merton valuation methodology which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Using the Black-Scholes-Merton valuation methodology, the value of the 2003 EOP Allocation was \$0.5326 per option or \$2,102,705 in total.

Mr S. P. Hauville resigned his position as a director of the Company on 31 August 2005 and was deemed to leave the DEIP and EOP on that same date. The 534,000 options issued to the respective trustee of trust for the benefit of Mr S. P. Hauville were exercisable from 1 September 2005. The options held by the trustee of a trust for the benefit of Mr S.P. Hauville under EOP were not exercised and can longer be exercised.

Options Issued on 28 September 2004:

On 28 September 2004, 3,946,000 options to subscribe for 3,946,000 fully paid ordinary shares were issued, free of charge, to the respective trustees of trusts for the benefit of certain executive directors at an exercise price of \$2.93 per option ("2004 EOP Allocation"). The qualifying period for the 2004 EOP Allocation is the year ended 30 June 2005.

The 2004 EOP Allocation has been valued at grant date using the recognised Black Scholes-Merton valuation methodology which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. Using the Black Scholes-Merton valuation methodology, the value of each option in the 2004 EOP Allocation was \$0.4258 per option or \$1,680,207 in total.

The fair value of the 2004 EOP Allocation has not been disclosed as part of remuneration for executive directors or as a share-based expense in the income statement

for the previous financial year as the relevant performance conditions in respect of the year ended 30 June 2005 were not satisfied. Performance Condition 1 "Earnings Per Share of the Company must increase by 10% per annum cumulative, over the qualifying period" was not satisfied as the basic earnings per share as reported under the previous accounting regime ("AGAAP") decreased by 2.65% relative to the previous financial year.

The performance conditions under EOP are cumulative and all options are available up to the last exercise date (30 November 2008). During the previous financial year, a reassessment was performed for the 2004 EOP Allocation in respect of the year ended 30 June 2006 to ascertain whether the relevant performance conditions were achieved. Based on the financial performance of the consolidated entity for the year ended 30 June 2006, the performance conditions for the 2004 EOP Allocation have been satisfied. The fair value of the 2004 EOP Allocation has been disclosed as part of remuneration for executive directors and recognised as a share-based payment expense in the income statement for the year ended 30 June 2006.

Upon resignation of Mr S.P. Hauville as a director of the Company on 31 August 2005, the 533,000 options previously issued to the trustee of a trust for the benefit of Mr S.P. Hauville on 28 September 2004 lapsed as the service conditions in respect of those options were not met.

Options Issued on 29 June 2005:

On 29 June 2005, 533,333 options to subscribe for 533,333 fully paid ordinary shares were issued, free of charge, to the respective trustee of a trust for the benefit of Mr. D. Ackery at an exercise price of \$2.62 per option (the "2005 EOP Ackery Options"). The 2005 EOP Ackery Options are not capable of exercise prior to 1 September 2007 and will lapse, if not exercised, no later than 30 November 2010. The qualifying period for the 2005 EOP Ackery Options is the year ended 30 June 2006.

The 2005 EOP Ackery Options have been valued at grant date using the recognised binomial valuation methodology which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option.

Using the binomial valuation methodology, the value of the 2005 EOP Ackery Options was \$0.434 per option or \$231,467 in total. The value of the 2005 EOP Ackery Options determined at grant date is disclosed as part of remuneration of Mr D. Ackery and recognised as a share-based payment expense in the income statement evenly over the vesting period of the 2005 EOP Ackery Options.

Options Issued on 4 November 2005:

On 4 November 2005, 3,413,000 options to subscribe for 3,413,000 fully paid ordinary shares were issued, free of charge, to the respective trustees of trusts for the benefit of certain executive directors at an exercise price of \$2.79 per option ("2005 EOP Allocation"). The qualifying period for the 2005 EOP Allocation is the year ended 30 June 2006.

The options, the subject of the 2005 EOP Allocation, have been valued at grant date, using the Black Scholes-Merton valuation methodology. Under this valuation methodology, the value of each option in the 2005 EOP Allocation was \$0.5147 per option or \$1,756,671 in total. The number of options issued to each of the trustees of the trusts has been discounted based on the likelihood of the performance and service conditions being met, to reflect the actual number of options expected to vest.

The value of the options has been apportioned over the vesting period. The remuneration disclosed in Table 1 on page 19 of this report and the share-based payment expense recognised in the income statement represents the current year amortisation amount for the year ending 30 June 2007, calculated as the number of days in that

financial year over the total number of days in that option vesting period multiplied by the number of options granted at the Black Scholes-Merton value of \$0.5147 per option.

Share-based Payments for the year ended 30 June 2007

The DEIP and EOP previously approved by shareholders related to executive remuneration for the three years ending 30 June 2004, 30 June 2005 and 30 June 2006. No shares or options were issued to executive directors pursuant to DEIP or EOP in respect of the year ended 30 June 2007.

The Remuneration Committee is currently finalising a new executive remuneration plan with external remuneration consultants, CRA Plan Managers Pty Limited, in respect of the year ended 30 June 2008. The details of the new executive remuneration plans will be put forward for approval by shareholders at the 2007 annual general meeting of the Company on 20 November 2007.

The value of shares recognised as remuneration for the current year relates to the remaining amortisation amount for the 2005 DEIP Ackery Shares that was issued to D.M. Ackery on 29 June 2005 and the 2005 DEIP Allocation that was issued to executive directors on 4 November 2005. The 2005 DEIP Ackery Shares and the 2005 DEIP Allocation shares fully vested on 31 August 2006.

The value of options recognised as remuneration for the current year relates to the remaining amortisation amounts of the 2004 EOP Allocation that fully vested on 31 August 2006 and the amortisation amounts in respect of the 2005 EOP Ackery Options and 2005 EOP Allocation that relate to the year ended 30 June 2007. Both the 2005 EOP Ackery Options and the 2005 EOP Allocation had vested on 31 August 2007.

DIRECTOR'S REPORT (CONTINUED)

TABLE 2 (audited): Options Granted to Executive Directors as Part of Remuneration:

	Options Granted as Remuneration During the Year								Options Lapsed During the Year		
	Grant Date	Grant Number	Value per option at Grant Date \$	Total Value of Options Granted During Year \$	First Exercise Date	Last Exercise Date			Number of Options Lapsed During Year	Value of Options Lapsed During Year	
G. Harvey	-	-	-	-	-	-	1,000,000	-	-	-	-
K.L. Page	-	-	-	-	-	-	1,000,000	-	-	-	-
J.E. Slack-Smith	-	-	-	-	-	-	533,000	-	-	-	-
A.B. Brew	-	-	-	-	-	-	80,000	-	-	-	-
TOTAL		-		-			2,613,000	-	-	-	-

DIRECTOR'S REPORT (CONTINUED)

TABLE 3 (audited): Compensation of Key Management Personnel for the Year Ended 30 June 2007 - *Executives of Harvey Norman Holdings Limited:*

		Short-Term Benefits			Post-Employment Super-annuation \$	Share-Based Payments				TOTAL \$	% of options
		Salary & fees \$	Performance Cash Incentive \$	Non monetary benefits \$		Shares Granted (number)	Value of Shares \$	Options Granted (number)	Value of Options \$		
R. Orrock (a)	2007	250,000	249,550	24,656	12,686	-	-	-	-	536,892	-
<i>General Manager: Domayne</i>	2006	187,500	-	16,144	9,105	-	-	-	-	212,749	-
M.L. Anderson	2007	268,032	-	21,654	20,469	-	-	-	-	310,155	-
<i>General Manager: Advertising</i>	2006	248,033	-	27,624	16,240	-	-	-	-	291,897	-
C. Mentis (b)	2007	349,923	75,000	37,391	12,686	-	-	-	-	475,000	-
<i>Chief Financial Officer</i>	2006	195,839	-	39,363	12,140	-	-	-	-	247,342	-
K. Escott (c)	2007	390,000	-	17,521	12,686	-	-	-	-	420,207	-
<i>Chief Information Officer</i>	2006	199,781	-	-	7,081	-	-	-	-	206,862	-
J. Scott (d)	2007	315,847	-	-	12,686	-	-	-	-	328,533	-
<i>General Manager: Property</i>	2006	74,541	-	-	3,035	-	-	-	-	77,576	-
R. F. Smith (e)	2007	312,927	-	30,566	12,686	-	-	-	-	356,179	-
<i>General Manager: Computers</i>	2006	-	-	-	-	-	-	-	-	-	-
T.L. Huckel (e)	2007	247,448	-	36,865	11,629	-	-	-	-	295,942	-
<i>General Manager: Furniture & Bedding</i>	2006	-	-	-	-	-	-	-	-	-	-
R.C.D. Champion	2007	-	-	-	-	-	-	-	-	-	-
<i>[Resigned 30 December 2005]</i>	2006	202,476	-	28,690	7,082	-	-	-	-	238,248	-
S. Lindsay	2007	-	-	-	-	-	-	-	-	-	-
<i>[Resigned 30 September 2005]</i>	2006	65,567	-	-	5,153	-	-	-	-	70,720	-
TOTAL KEY MANAGEMENT PERSONNEL 2007		2,134,177	324,550	168,653	95,528	-	-	-	-	2,722,908	-
TOTAL KEY MANAGEMENT PERSONNEL 2006		1,173,737	-	111,821	59,836	-	-	-	-	1,345,394	-

(a) Mr R. Orrock was appointed as General Manager: Domayne on 30 September 2005 upon resignation of S. Lindsay on the same date.

(b) Mr C. Mentis was appointed as Chief Financial Officer on 20 April 2006 upon retirement of Mr. R.J. Skippen as Director, Secretary and Chief Financial Officer on the same date. Prior to this appointment, Mr C. Mentis held the position of Financial Controller of the consolidated entity. On 30 August 2007, Mr C. Mentis was appointed a director of Harvey Norman Holdings Limited.

(c) Mr K. Escott was appointed as Chief Information Officer on 1 November 2005.

(d) Mr J. Scott was appointed as General Manager: Property on 3 April 2006 upon resignation of Mr. R.C.D Champion on 30 December 2005.

(e) Mr R.F. Smith and Ms T.L. Huckel did not meet the definition of a key management person under AASB 124 for the 2006 financial year but are key management personnel for 2007.

TABLE 4 (audited): Compensation of the Five Named Executives Who Receive the Highest Remuneration in the Consolidated Entity for the Year Ended 30 June 2007

	Short Term Benefits				Post Employment	Share-Based Payments						
	Salary & fees \$	Performance Cash Incentive \$	Other Short-Term \$	Non monetary benefits \$	Super \$	Perf. Rights Granted #	Value of Perf. Rights \$	Shares Granted number	Value of Shares \$	Options Granted number	Value of Options \$	TOTAL \$
S. M. Heath <i>Managing Director: Rebel Sport Limited</i>	357,985	-	2,007,500	-	9,515	150,000	692,273	-	-	-	-	3,067,273
B. Callard <i>Managing Director: HN Europe d.o.o</i>	548,119	250,000	-	55,257	-	-	-	-	-	-	-	853,376
J. Weiden <i>Managing Director: HN Europe d.o.o</i>	548,119	250,000	-	26,182	-	-	-	-	-	-	-	824,301
R.J. Skippen <i>Yoogalu Pty Limited: Mergers and Acquisitions</i>	487,314	-	-	-	12,686	-	-	-	115,444	-	180,541	795,985
A. A. Augustus <i>Managing Director: Pertama Holdings Limited, Singapore</i>	448,582	-	-	53,393	-	-	-	-	-	-	66,971	568,946
TOTAL	2,390,119	500,000	2,007,500	134,832	22,201	150,000	692,273	-	115,444	-	247,512	6,109,881

The remuneration disclosed for Mr S.M. Heath is for the nine-months ended 30 March 2007, the date upon which Rebel was sold and deconsolidated from the Harvey Norman Holdings Limited consolidated group. Harvey Norman Holdings Limited paid Mr S.M. Heath a fee of \$2,200,000 for management and business consulting services rendered during the months of April, May and June 2007. On 3 July 2006, Mr S.M. Heath was granted 150,000 performance rights with a \$nil exercise price in respect of the FYE 2007 offer of the Rebel Options and Performance Rights Plan (the "Rebel Plan") which was approved by Rebel shareholders on 22 November 2005. Upon the sale of Rebel Sport Limited on 30 March 2007, the options and performance rights previously granted to Mr. S.M. Heath under the Rebel Plan were cancelled. As a result of the cancellation of the options and performance rights, the vesting period of the performance rights were accelerated, and therefore the value disclosed in the above table for Mr. S.M. Heath includes the remaining amortisation expense that otherwise would have been recognised for services received under the vesting period.

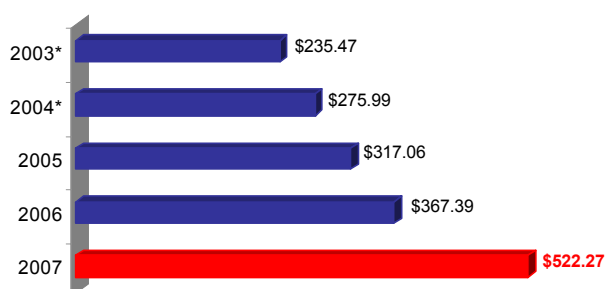
Mr A. A. Augustus was issued 4,000,000 options on 25 October 2005 to subscribe for 4,000,000 ordinary shares in Pertama Holdings Limited, Singapore. Options have been valued at grant date, using the Black-Scholes option pricing model which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. The value of the options has been apportioned over the vesting period. The amortisation amount disclosed in the above table represents the current year amortisation amount for the year ended 30 June 2007, calculated as the number of days in that financial year over the total number of days in that option vesting period multiplied by the number of options granted at the Black-Scholes value. Refer to Note 29 to the financial statements for further details of these options.

Relationship between Remuneration and the Performance of the Company

The Remuneration Committee is responsible for ensuring that the remuneration policies of the Company motivate directors and employees to pursue short-term goals, long-term growth and success of the Company. The different remuneration components disclosed in Table 1 and Table 3 in the Remuneration Report reflect the link between *at risk* remuneration of executives and the performance of the Company. The amount of *at risk* remuneration of an executive is wholly dependant upon satisfaction of the respective service conditions and performance conditions under each of DEIP, EOP and PCI.

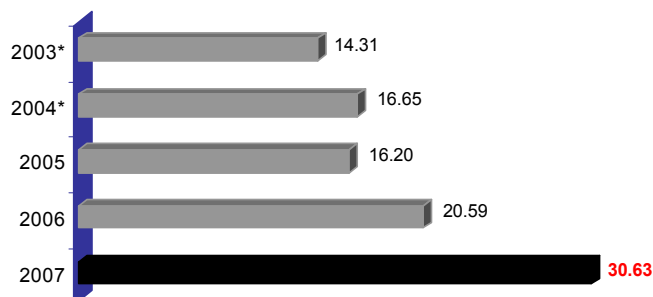
To demonstrate, the graphs below illustrate the Company's performance for the past five financial periods.

EARNINGS BEFORE INTEREST & TAX (\$ million)



Earnings Before Interest & Tax (\$ million) from continuing operations for the past five years

EARNINGS PER SHARE (cents)



Earnings Per Share (cents) from continuing operations for the past five years

HVN AVERAGE SHARE PRICE (\$)



Average Share Price (\$) for the past five years

* Balances for 2004 and 2003 have not been restated for AIFRS



Indemnification of Officers

During the financial year, insurance and indemnity arrangements were continued for officers of the consolidated entity.

An indemnity agreement was entered into between Harvey Norman Holdings Limited and each of the directors of the Company named earlier in this report and with each full-time executive officer, director and secretary of all group entities. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. This indemnity is limited to \$10,000,000.

Harvey Norman Holdings Limited paid an insurance premium of \$53,365 in respect of a contract insuring each of the directors of the Company named earlier in this report and each full-time executive officer, director and secretary of the Australian group entities, against all liabilities and expenses arising as result of work performed in their respective capacities, to the extent permitted by law.

Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Harvey Norman Holdings Limited support and have adhered to the principles of corporate governance. The Company's Corporate Governance Statement follows the Directors' Report.

Tax Consolidation

Effective 1 July 2002, for the purposes of income taxation, Harvey Norman Holdings Limited and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Rounding of Amounts

The parent entity is a company of the kind specified in Australian Securities and Investments Commission class order 98/0100. In accordance with the class order, amounts in the financial statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Auditor Independence and Non-Audit Services

During the year, Harvey Norman Holdings Limited's auditors, Ernst & Young, provided non-audit services to Harvey Norman Group entities. In accordance with advice from the Company's Audit Committee, the directors are satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act. Also, in accordance with advice from the Audit Committee, the directors are satisfied that the nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Details of the amounts paid or payable to the auditor, Ernst & Young, for the provision of non-audit services during the year ended 30 June 2007 are as follows:

- Tax compliance services \$168,041 (2006: \$308,433);
- Accounting advice \$0 (2006: \$25,930); and
- Other services \$13,904 (2006: \$70,503)

Auditor Independence and Non-Audit Services

The directors received the following declaration from the auditor of Harvey Norman Holdings Limited.



■ Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

■ Tel 61 2 9248 5555
Fax 61 2 9248 5959
DX Sydney Stock
Exchange 10172

In relation to our audit of the financial report of Harvey Norman Holdings Limited for the financial year ended 30 June 2007, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in black ink that reads "Et + Yoy".

Ernst & Young

A handwritten signature in black ink, appearing to be "C. George".

Christopher George
Partner
Sydney
28 September 2007

Signed in accordance with a resolution of directors.

A handwritten signature in black ink, appearing to be "G. Harvey".

G. HARVEY
Chairman
Sydney
28 September 2007

A handwritten signature in black ink, appearing to be "K.L. Page".

K.L. PAGE
Director / Chief Executive Officer
Sydney
28 September 2007

The Company is committed to good corporate governance and disclosure. The Company has substantially adopted the ASX Corporate Governance Council's "Principles of Good Corporate Governance and Best Practice Recommendations" for the entire financial period, unless otherwise stated. Where the ASX Corporate Governance Council's recommendations have not been adopted by the Company, this is identified and explained below.

1. Lay solid foundations for management and oversight

1.1 Recognise and publish the respective roles and responsibilities of the board and management

The directors of the Company are accountable to shareholders for the proper management of the business and affairs of the Company. The chief executive officer is a member of the board but does not hold the position of chairperson.

The key responsibilities of the board are to:

- (i) establish, monitor and modify the corporate strategies of the Company;
- (ii) ensure proper corporate governance;
- (iii) monitor the performance of management of the Company;
- (iv) ensure that appropriate risk management systems, internal control and reporting systems and compliance frameworks are in place and are operating effectively;
- (v) monitor financial results;
- (vi) approve decisions concerning the capital (including capital restructures) and dividend policies of the Company; and
- (vii) comply with reporting and other requirements of the law.

The board confirmed the role and responsibilities of the board in a written board charter, which was formally adopted at a meeting of directors of the Company held 18 August 2003. A copy of the board's charter is available on the company's website.

2. Structure of the board to add value

2.1 Composition of the board

The constitution of the Company provides that the number of directors must be not less than three. There are presently eleven (11) directors. The executive directors are the Chairman (Mr G. Harvey), Chief Executive Officer (Ms K.L. Page), Chief Operating Officer (Mr J.E. Slack-Smith), Executive Directors (Mr A. Brew and Mr D. Ackery) and Finance Director (Mr C. Mentis), who was appointed to the board on 30 August 2007. All other directors are non-executive directors. Two of the non-executive directors, Mr. K.W. Gunderson-Briggs, and Mr G.C. Paton AM are independent directors.

A majority of the members of the board are not independent directors. The board believes that the individuals on the board can make, and do make, quality and independent judgements in the best interests of the Company on all relevant issues, notwithstanding that the chairperson is not an independent director and a majority of the board are not independent directors. The directors are able to obtain independent advice at the expense of the Company.

The board considers a director to be an independent director if that director is a non-executive director (i.e. is not a member of management) and:

- (i) is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
- (ii) within the last three (3) years has not been employed in an executive capacity by the Company or another group member, or been a director after ceasing to hold any such employment;
- (iii) within the last three (3) years has not been a principal of a material professional adviser or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- (iv) is not a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;

- (v) has no material contractual relationship with the Company or another group member other than as a director of the Company;
- (vi) has not served on the board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- (vii) is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Chairperson of the board

The chairperson is an executive director, and therefore not an independent director. The roles of chairperson and chief executive officer are not exercised by the same individual. The board believes that the chairperson is able, and does bring quality and independent judgement to all relevant issues falling within the scope of the role of a chairperson.

Management of the business of the Company

The business of the Company is conducted by or under the supervision of the chief executive officer and by employees to whom management functions have been delegated by the chief executive officer. The board has delegated responsibility for the day-to-day management of the Company to the chief executive officer. The chief executive officer must consult the board on matters that are sensitive, extraordinary or of a strategic nature.

2.2 Nomination committee

The nomination committee consists of three non-executive directors, two of whom are independent. The responsibilities of the nomination committee include the identification of individuals qualified to become members of the board and to recommend those individuals to the board for nomination as members of the board and committees of the board.

The board confirmed the role and responsibilities of the nomination committee in a written charter adopted by the board. A copy of the nomination committee's charter is available on the Company's web-site.

The board has assessed the performance of individual directors and the board as a whole, and determined, apart from the appointment of Mr C. Mentis as a director on 30 August 2007, there was no need during the reporting period, and there is no present need, for the appointment of any additional directors. The nomination committee recommended to the board that an additional director be appointed with extensive experience in accounting and financial matters. Mr C. Mentis is a chartered accountant with over 20 years experience in financial accounting.

3. Promote ethical & responsible decision-making

The Company has:

- (i) clarified the standards of ethical behaviour required of directors and key executives (that is, officers and employees who have the opportunity to materially influence the integrity, strategy and operation of the business and its financial performance) and encourages the observance of those standards; and
- (ii) published the position of the Company concerning the issue of board and employee trading in Company securities.

3.1 Code of conduct

The Company has established a code of conduct to guide the non-executive directors, the chief executive officer and other key executives as to:

- (i) the practices and ethical standards necessary to maintain confidence in the integrity of the Company; and
- (ii) the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The code of conduct deals with the following matters:

- (i) conflicts of interest - managing situations where the interest of a private individual interferes or appears to interfere with the interests of the Company as a whole;
- (ii) corporate opportunities - preventing directors and key executives from taking advantage of property, information or position, or opportunities arising from these, for personal gain or to compete with the Company;
- (iii) confidentiality - restricting the use of non-public information except where disclosure is authorised or legally mandated;
- (iv) fair dealing - by all employees with the customers, suppliers, competitors and employees of the Company;
- (v) protection and proper use of the assets of the Company - protecting and ensuring efficient use of assets for legitimate business purposes;
- (vi) compliance with laws and regulations - active promotion of compliance; and
- (vii) encouraging the reporting of unlawful or unethical behaviour - active promotion of ethical behaviour and protection for those who report violations in good faith.

3.2 Trading in Company securities by directors, officers and employees

The Company has a share trading policy. Directors and senior management (and their associates) are prohibited from engaging in short-term trading of Company securities. The policy also restricts the buying or selling of Company securities to three "window" periods (between 24 hours and 30 working days following the release of the annual results, the release of the half-yearly results and the close of the annual general meeting) and such other times as the board permits. In addition, directors and senior management must notify the chairperson before they or their close relatives buy or sell Company securities.

4. Safeguard integrity in financial reporting

The Company has put in place a structure of review and authorisation designed to ensure the truthful and factual presentation of the financial position of the Company. The structure includes:

- (i) review and consideration of the accounts by the audit committee; and
- (ii) a process to ensure the independence and competence of the external auditors of the Company.

4.1 Statement to the board by the chief executive officer and chief financial officer

The board requires the chief executive officer and the chief financial officer to state in writing to the board that the financial reports of the Company present a true and fair view, in all material respects, of the financial condition and operational results of the Company and are in accordance with relevant accounting standards.

4.2 Audit committee - structure and purpose

The board has established an audit committee. The audit committee provides assistance to the board in fulfilling the corporate governance and oversight responsibilities of the board to verify and safeguard the integrity of the financial reporting of the Company. The audit committee maintains free and open communication between the audit committee, the auditors and management of the Company. The audit committee must consist of not less than three members and the majority of the members of the audit committee must be independent directors. Since 20 June 2005, the audit committee has consisted of three members, comprising three non-executive directors (two of whom were and remain independent).

The chairperson of the audit committee must not be the chairperson of the board of directors, and must be independent.

At least one member of the audit committee must have financial expertise (i.e. is a qualified accountant or other financial professional with experience in financial and accounting matters), and some members who have an understanding of the industry in which the Company operates.

The board confirmed the role and responsibilities of the audit committee in a written charter, which was formally adopted at a meeting of directors of the Company held 18 August 2003. A copy of the audit committee's charter is available on the company's website. The audit committee meets not less than four times each year.

The purpose of the audit committee is to:

- (i) review and approve audit plans;
- (ii) review and approve the half-year financial report;
- (iii) update the internal and external audit plans;
- (iv) review and approve the annual financial report; and
- (v) meet in private session at least annually to assess the effectiveness of management.

The audit committee makes a report to the board in relation to matters relevant to the role and responsibilities of the committee, including:

- (i) assessment of whether external reporting is consistent with committee members' information and knowledge and is adequate for shareholder needs;
- (ii) assessment of the management processes supporting external reporting;
- (iii) procedures for the selection and appointment of the external auditor and for the rotation of external audit engagement partners;
- (iv) recommendations for the appointment or removal of an auditor;
- (v) assessment of the performance and independence of the external auditors and whether the audit committee is satisfied that the independence of this function has been maintained having regard to the provision of any non-audit services;
- (vi) assessment of the performance and objectivity of the internal audit function; and
- (vii) the results of its review of risk management and internal compliance and control systems.

The audit committee is empowered to investigate any matter brought to the attention of the audit committee with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as the audit committee determines necessary to carry out the duties of the audit committee.

During the reporting period, the audit committee met with the external auditor to review the independence of the external auditor and discuss the need for rotation of external audit engagement partners. The audit committee determined that there was no need for any change in the external auditor.

5. Timely and balanced disclosure

The Company has established policies and procedures designed to ensure compliance with the ASX Listing Rule requirements such that:

- (i) all investors have equal and timely access to material information concerning the Company, including its financial situation, performance, ownership and governance; and
- (ii) Company announcements are factual and presented in a clear and balanced way.

The Company has established policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance. The board authorises all disclosures necessary to ensure compliance with ASX Listing Rule disclosure requirements.



6. Respect the rights of shareholders

The Company has a communications strategy to promote effective communication with shareholders, subject to privacy laws and the need to act in the best interests of the Company by protecting confidential commercial information, and encourage effective participation at general meetings.

All relevant disclosures made in accordance with ASX Listing Rule disclosure requirements are placed on the website of the Company after they have been released to, and acknowledged by the ASX.

The Company requests the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

7. Recognise and manage risk

The board or appropriate board committees have established policies on risk oversight and management. In order to carry out this function, the audit committee:

- (i) reviews the financial reporting process of the Company on behalf of the board and reports the results of its activities to the board;
- (ii) discusses with management and the external and internal auditors, the adequacy and effectiveness of the accounting and financial controls, including the policies and procedures of the Company to assess, monitor and manage business risk, and any legal and ethical compliance programmes;
- (iii) reviews with the external and internal auditor any audit problems or difficulties and the response of management;
- (iv) receives reports from the external and internal auditor on the critical policies and practices of the Company;
- (v) makes recommendations to the board on the appointment, reappointment or replacement (subject, if applicable, to shareholder ratification), remuneration, monitoring of the effectiveness, and independence of the external auditors;
- (vi) reviews and assesses the independence of the external auditor;
- (vii) reviews and discusses with the board any ASX press releases, the half-year financial report, Appendix 4E and other reports required to be lodged with the ASX, prior to the filing of these documents with the ASX;
- (viii) establishes procedures for the receipt, retention and treatment of complaints received by the Company (if any) regarding accounting, internal accounting controls or auditing matters and the confidential, anonymous submission by employees of the Company of concerns regarding accounting or auditing matters.

The chief executive officer and the chief financial officer state to the board in writing that:

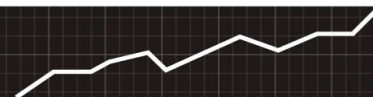
- (i) that the accounts are true and fair and comply with accounting standards, are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board; and
- (ii) the Company's risk management and internal compliance is operating efficiently and effectively in all material respects.

The systems of internal financial control have been determined by senior management of the Company and are designed to provide reasonable, but not absolute protection against fraud, material misstatement or loss. These controls are intended to identify, in a timely manner, control issues that require attention of the board or audit committee.

8. Encourage enhanced performance

The performance of committees, individual directors and key executives is evaluated regularly by the board. The board regularly evaluates the performance of the board.

There has been no formal performance evaluation for the board, the members of the board, committees or individual directors undertaken in the reporting period. The board informally evaluates the performance of the board, the members of the board, committees and individual directors during each meeting of the board. The board believes that the individuals on the board have made quality and independent judgments in the best interests of the Company on all relevant issues during the reporting period. There has been a formal performance evaluation of all key executives (other than the executive directors) during the reporting period.



9. Remunerate fairly & equally

The Company intends to ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined. On 30 June 2003, the Company established a remuneration committee, consisting of three non-executive directors, one of whom was and remains an independent director. Since 20 June 2005, the remuneration committee has consisted of three members, comprising three non-executive directors, two of whom are independent.

The board confirmed the role and responsibilities of the remuneration committee in a written charter, which was formally adopted at a meeting of directors of the Company, held 18 August 2003.

The responsibilities of the remuneration committee include the review and making of recommendations to the board on:

- (i) executive remuneration and incentive policies;
- (ii) remuneration packages of senior management;
- (iii) the recruitment, retention and termination policies of the Company and procedures for senior management;
- (iv) incentive schemes;
- (v) superannuation arrangements;
- (vi) the remuneration framework for directors.

The remuneration policy of the Company has been designed so that the policy:

- (i) motivates directors and management to pursue the long-term growth and success of the Company within an appropriate control framework; and
- (ii) demonstrates a clear relationship between key executive performance and remuneration.

The remuneration committee reviews the performance, and negotiates the remuneration of all executive directors. The remuneration committee reviews recommendations of the chief executive officer and the chief financial officer in relation to all employees of the Company, other than the executive directors. No individual is directly involved in deciding his/her remuneration. The remuneration committee believes that remuneration packages of executives of the Company involve a balance between fixed and incentive pay, reflecting short and long-term performance objectives, appropriate to the circumstances and goals of the Company. A proportion of the remuneration of executive directors is structured in a manner designed to link rewards to corporate and individual performance.

The Company believes that the members of the remuneration committee can make, and do make, quality and independent judgements in the best interests of the Company on remuneration issues, notwithstanding that the members of the remuneration committee are not all independent.

The remuneration of non-executive directors is different from that of executives. Executive directors are remunerated by means of a salary, and in certain cases, by equity based remuneration. All equity based remuneration is made in accordance with plans approved by shareholders. Non-executive directors are not entitled to any retiring allowance, payable upon their retirement as a director of the Company.

10. Recognise the legitimate interests of stakeholders

The Company has established a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders in the Company. The code of conduct gives guidance to the directors and other key executives about:

- (i) the practices necessary to maintain confidence in the integrity of the Company; and
- (ii) the right of employees to alert management and the board in good faith to potential misconduct without fear of retribution, and, where necessary, recording and investigation of such alerts.

BALANCE SHEET AS AT 30 JUNE 2007

		CONSOLIDATED		PARENT	
	NOTE	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Current Assets					
Cash and cash equivalents	28(a)	165,875	122,776	-	-
Trade and other receivables	6	1,028,180	1,004,515	-	-
Other financial assets	7	3,144	2,742	-	-
Inventories	8	222,471	259,384	-	-
Other assets	9	25,710	20,026	-	-
Intangible assets	10	1,736	2,302	-	-
Total current assets		1,447,116	1,411,745	-	-
Non-Current Assets					
Trade and other receivables	11	24,982	48,947	1,024,271	844,489
Investments accounted for using equity method	37	106,416	96,065	-	-
Other financial assets	12	16,075	15,149	63,394	63,132
Inventories	13	-	32,093	-	-
Property, plant and equipment	14	533,225	474,734	-	-
Investment properties	15	1,020,906	891,901	-	-
Intangible assets	16	20,997	34,839	-	-
Deferred income tax assets	4(d)	22,979	24,891	4,836	5,364
Total non-current assets		1,745,580	1,618,619	1,092,501	912,985
Total Assets		3,192,696	3,030,364	1,092,501	912,985
Current Liabilities					
Trade and other payables	17	635,227	552,001	298	272
Interest-bearing loans and borrowings	18	110,526	118,841	-	-
Income tax payable		83,025	20,148	71,881	13,311
Other liabilities	19	7,206	7,813	-	-
Provisions	20	12,351	14,575	-	-
Total current liabilities		848,335	713,378	72,179	13,583
Non-Current Liabilities					
Interest-bearing loans and borrowings	21	457,030	733,473	-	-
Provisions	20	8,471	7,179	-	-
Deferred income tax liabilities	4(d)	125,941	114,149	6,802	3,209
Other liabilities	22	10,767	19,260	-	-
Total non-current liabilities		602,209	874,061	6,802	3,209
Total Liabilities		1,450,544	1,587,439	78,981	16,792
NET ASSETS		1,742,152	1,442,925	1,013,520	896,193
Equity					
Contributed equity	23	248,991	246,591	248,991	246,591
Other reserves	24	56,925	31,815	-	-
Retained profits	25	1,386,668	1,074,661	764,529	649,602
Parent entity interest		1,692,584	1,353,067	1,013,520	896,193
Minority interest	26	49,568	89,858	-	-
TOTAL EQUITY		1,742,152	1,442,925	1,013,520	896,193

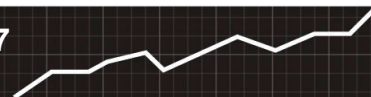
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

		CONSOLIDATED		PARENT	
	NOTE	2007 \$000	2006 \$000	2007 \$000	2006 \$000
Continuing Operations					
Sales revenue	2	1,329,431	1,103,902	-	-
Cost of sales		(984,916)	(827,252)	-	-
Gross profit		344,515	276,650	-	-
Revenues and other income items	2	1,006,325	788,350	244,353	167,270
Distribution expenses		(5,712)	(5,511)	-	-
Marketing expenses		(281,467)	(238,175)	-	-
Occupancy expenses		(143,266)	(120,021)	-	-
Administrative expenses		(323,057)	(275,384)	-	-
Other expenses from ordinary activities		(80,358)	(63,091)	(342)	(405)
Finance costs	3	(48,799)	(47,480)	-	-
Share of net profit of associates, joint venture entities and partnerships accounted for using the equity method	37	5,289	4,569	-	-
Profit from continuing operations before income tax		473,470	319,907	244,011	166,865
Income tax expense	4(a)	(142,779)	(97,755)	(33,844)	(11,227)
Profit from continuing operations after tax		330,691	222,152	210,167	155,638
Profit from continuing operations attributable to minority interests		(6,596)	(4,403)	-	-
Profit from continuing operations attributable to members of the parent		324,095	217,749	210,167	155,638
Discontinued Operations					
Profit for the year from discontinued operations after income tax and minority interests	5(a)	83,152	11,809	-	-
Net profit for the year attributable to members of the parent	25	407,247	229,558	210,167	155,638
Earnings Per Share					
From continuing and discontinued operations:					
Basic earnings per share (cents per share)	27	38.49	21.70		
Diluted earnings per share (cents per share)	27	38.36	21.68		
From continuing operations:					
Basic earnings per share (cents per share)	27	30.63	20.59		
Diluted earnings per share (cents per share)	27	30.53	20.57		
Dividends per share (cents per share)		11.0 cents	8.0 cents		

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007

	Attributable to Equity Holders of the Parent				TOTAL EQUITY
	Contributed Equity	Retained Profits	Reserves	Minority Interest	
	\$000	\$000	\$000	\$000	\$000
AT 1 JULY 2005	246,591	929,888	15,000	74,958	1,266,437
Impact of adopting AASB 132 and 139	-	(5,557)	(2,991)	-	(8,548)
Restated at 1 July 2005 on adoption of AASB 132 and 139	246,591	924,331	12,009	74,958	1,257,889
Revaluation of land and buildings	-	-	16,353	-	16,353
Currency translation differences	-	-	(10,292)	5,754	(4,538)
Fair value of interest rate swaps	-	-	7,246	-	7,246
Fair value of available for sale financial assets	-	-	1,446	-	1,446
Net income/(expense) recognised directly in equity	-	-	14,753	5,754	20,507
Profit attributable to members	-	229,558	-	14,727	244,285
Total recognised income and expense for the period	-	229,558	14,753	20,481	264,792
Other adjustments	-	106	921	-	1,027
Deconsolidation of controlled entity	-	-	-	1,159	1,159
Cost of share based payments	-	-	4,132	-	4,132
Dividends paid	-	(79,334)	-	(6,740)	(86,074)
AT 30 JUNE 2006	246,591	1,074,661	31,815	89,858	1,442,925
AT 1 JULY 2006	246,591	1,074,661	31,815	89,858	1,442,925
Revaluation of land and buildings	-	-	135	-	135
Reversal of deferred tax liability previously raised on New Zealand property portfolio	-	-	12,706	-	12,706
Currency translation differences	-	-	10,252	(4,012)	6,240
Fair value of interest rate swaps	-	-	507	-	507
Fair value of forward foreign exchange contracts	-	-	(928)	-	(928)
Fair value of available for sale financial assets	-	-	1,500	-	1,500
Net income/(expense) recognised directly in equity	-	-	24,172	(4,012)	20,160
Profit attributable to members	-	407,247	-	6,596	413,843
Total recognised income and expense for the period	-	407,247	24,172	2,584	434,003
Shares issued	2,400	-	-	-	2,400
Change in control of controlled entity	-	-	-	530	530
Deconsolidation of controlled entity	-	-	(394)	(41,574)	(41,968)
Cost of share based payments	-	-	1,332	-	1,332
Dividends paid	-	(95,240)	-	(1,830)	(97,070)
AT 30 JUNE 2007	248,991	1,386,668	56,925	49,568	1,742,152

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2007
(CONTINUED)



PARENT		
Contributed Equity	Retained Profits	TOTAL EQUITY
\$000	\$000	\$000

AT 1 JULY 2005	246,591	573,298	819,889
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Net income/(expense) recognised directly in equity	-	-	-
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Profit attributable to members	-	155,638	155,638
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Total recognised income and expense for the period	-	155,638	155,638
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Dividends paid	-	(79,334)	(79,334)
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AT 30 JUNE 2006	246,591	649,602	896,193
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AT 1 JULY 2006	246,591	649,602	896,193
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Net income recognised directly in equity	-	-	-
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Profit attributable to members	-	210,167	210,167
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Total recognised income and expense for the period	-	210,167	210,167
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Shares issued	2,400	-	2,400
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Dividends paid	-	(95,240)	(95,240)
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AT 30 JUNE 2007	248,991	764,529	1,013,520
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CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	NOTE	CONSOLIDATED		PARENT	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Cash Flows from Operating Activities			Inflows/(Outflows)		
Receipts from franchisees	A	840,759	587,724	-	-
Receipts from customers	B	1,721,874	1,460,079	-	-
Payments to suppliers and employees	C	(1,970,683)	(1,746,812)	(316)	(441)
Distributions received from joint ventures		8,056	12,502	-	-
GST paid		(37,168)	(23,910)	-	-
Interest received		10,751	7,302	-	-
Interest and other costs of finance paid	D	(48,875)	(43,122)	-	-
Income taxes paid		(105,764)	(92,743)	(80,525)	(64,212)
Dividends received		533	619	-	-
Trust distributions received		-	-	112,445	37,823
		419,483	161,639	31,604	(26,830)
Consumer finance related cash flows:					
Consumer finance loans granted by consolidated entity	E	(7,054)	(26,929)	-	-
Proceeds of sale of FAST No. 1 Trust consumer finance loans	E	5,483	27,669	-	-
Accommodation fees paid	E	(2,644)	(3,206)	-	-
Repayments received from consumers on FAST No. 1 Trust consumer finance loans granted by consolidated entity and not sold to commercial investors	E	29,164	587	-	-
		24,949	(1,879)	-	-
Net Cash Flows from/(Used in) Operating Activities	28(b)	444,432	159,760	31,604	(26,830)

CASH FLOW STATEMENT (CONTINUED)

	NOTE	CONSOLIDATED		PARENT	
		2007 \$000	2006 \$000	2007 \$000	2006 \$000
Cash Flows from Investing Activities			Inflows/(Outflows)		
Payment for purchases of property, plant and equipment and intangible assets	F	(137,655)	(123,455)	-	-
Payment for the purchase of Investment properties		(52,281)	(58,622)	-	-
Proceeds from sale of property, plant and equipment		10,874	3,722	-	-
Scheme consideration received from sale of shares held in Rebel Sport Limited	G	194,992	-	-	-
Cash disposed as a result of deconsolidation of a subsidiary, Rebel Sport Limited	H	(44,796)	-	-	-
Payment for purchase of units in unit trusts		(7)	-	-	-
Proceeds from sale of units in unit trusts		-	2,836	-	-
Payments for purchase of equity investments		(11,949)	(14,252)	(262)	(10)
Proceeds from sale of listed securities		-	489	-	-
Payments for purchase of listed securities		(860)	-	-	-
Loans granted		-	(1,648)	-	-
Loans repaid from other entities		558	-	61,498	106,174
Net Cash Flows (Used In)/From Investing Activities		(41,124)	(190,930)	61,236	106,164
Cash Flows from Financing Activities					
Proceeds from borrowings		-	58,946	-	-
Proceeds from the issue of shares	I	2,400	-	2,400	-
Dividends paid		(95,240)	(79,334)	(95,240)	(79,334)
Repayment of loans to directors and other persons		(460)	(3,742)	-	-
Repayment of borrowings	J	(262,785)	(979)	-	-
Net Cash Flows Used In Financing Activities		(352,732)	(25,109)	(92,840)	(79,334)
Net increase/(decrease) in cash and cash equivalents		50,576	(56,279)	-	-
Cash and Cash Equivalents at Beginning of Year		55,264	111,543	-	-
Cash and Cash Equivalents at End of Year	28(a)	105,840	55,264	-	-



Commentary to the Cash Flow Statement:

- <A> The increase in net receipts from franchisees is due to increased revenue from franchisees in respect of franchise fees, rent received from franchisees and interest received from franchisees. Receipts from franchisees increased as a result of the opening of twelve (12) new Harvey Norman complexes, one (1) new Domayne complex and ten (10) new Joyce Mayne complexes during the year ended 30 June 2007.
- The increase in receipts from customers is attributable to an increase in sales revenue from company owned stores in New Zealand, Ireland, Singapore and Slovenia. There was a significant increase in sales from company-owned stores in Ireland, due to the opening of the Naas and Drogheda stores during the current year period and the inclusion of a full year's trading of the Cork store that opened in October 2005, four smaller format computer and electrical stores that commenced trading in April and May 2006 and the opening of the Limerick store in May 2006.
- <C> The increase in payments to suppliers and employees is due to increased inventory payments and operating expenses by company owned stores and other controlled entities driven by a rise in the number of stores opened across the consolidated entity and a rise in sales revenue earned by those entities.
- <D> The increase in interest and other costs of finance paid is mainly due to the alignment of floating bank bills with fixed interest rate swap maturity dates. In previous years, bank bills were either rolled or retired on maturity date, depending on the available cash reserves at that date.
- <E> There has been a decrease in the number of consumer finance loans granted by Network Consumer Finance ("NCF"), a wholly-owned subsidiary, primarily due to significantly less interest-free promotions generated by NCF throughout the franchised system. During the current period, there was increased emphasis on the in-store promotions of external financiers, including the venture with GE Capital Finance Limited and the launch of the co-branded "GO Mastercard" in November 2005. The large increase in cash inflow from consumer finance loans is due to the repayment of loans granted to customers in prior periods as the consumer contracts near maturity dates.
- <F> For the year ended 30 June 2007, payment for the purchase of land and buildings held as either owner-occupied properties or investment properties totalled \$69.56 million (June 2006: \$72.70 million) and payments for plant, equipment and intangible assets amounted to \$118.07 million (June 2006: \$109.38 million). The higher capital expenditure on plant and equipment in the current period relative to the previous period is due to the timing of store openings in Australia.
- <G> This amount relates to the Scheme consideration received on 30 March 2007 in relation to the sale of shares held in Rebel Sport Limited at a price of \$4.60 per share.
- <H> Rebel was deconsolidated on 30 March 2007 as Becto ceased to hold its controlling interest of 52.82% on that date. This amount represents the cash holdings of Rebel on the date of deconsolidation.
- <I> The proceeds from issue of new shares received during the year ended 30 June 2007 relate to the exercise of options granted under the Harvey Norman Executive Option Plan in 2003 ("2003 EOP Options"). In December 2006, 800,000 new shares were issued pursuant to the exercise of 800,000 options under the 2003 EOP Options plan at a price of \$3.00 per option.
- <J> The consolidated entity retired \$262.79 million bank bills held with financial institutions utilising the proceeds of the final commission received in relation to the FlexiGroup Limited IPO of \$40.98 million and the scheme consideration received in relation to the sale of shares held in Rebel of \$194.99 million.

PRIMARY SEGMENT – Business Segments – 30 June 2007

SEGMENT REVENUE				
Sales to Customers Outside the Consolidated Entity	Other Revenues from Outside the Consolidated Entity	Inter-segment Revenue	Share of Net Profit/(Loss) of Equity Accounted Investments	Segment Revenue
2007 \$000	2007 \$000	2007 \$000	2007 \$000	2007 \$000

Continuing Operations

FRANCHISING OPERATIONS	-	828,676	-	-	828,676
<hr/>					
Retail – New Zealand	585,073	3,764	-	-	588,837
Retail – Asia	348,593	3,018	-	-	351,611
Retail – Slovenia	43,394	104	-	-	43,498
Retail – Ireland	211,908	609	-	-	212,517
Other Non-Franchised Retail	140,463	6,383	1,320	-	148,166
<hr/>					
TOTAL RETAIL	1,329,431	13,878	1,320	-	1,344,629
<hr/>					
Retail Property	-	180,379	-	4,522	184,901
Property Under Construction for Retail	-	8	-	1,110	1,118
Property Development for Resale	-	(5,046)	-	(343)	(5,389)
<hr/>					
TOTAL PROPERTY	-	175,341	-	5,289	180,630
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Financial Services	-	10,626	-	-	10,626
Share Trading	-	532	-	-	532
<hr/>					
TOTAL OTHER	-	11,158	-	-	11,158
<hr/>					
Eliminations	-	(22,728)	(1,320)	-	(24,048)
<hr/>					
Total from continuing operations	1,329,431	1,006,325	-	5,289	2,341,045
<hr/>					
Discontinued Operations					
Retail – Rebel Sport	311,085	120,081	-	-	431,166
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Total from discontinued operations	311,085	120,081	-	-	431,166

SEGMENT INFORMATION (CONTINUED)

Business Segments – 30 June 2007 (continued)

SEGMENT RESULT				
Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense	Amortisation & Impairment Expense	Segment Result Before Tax
2007 \$000	2007 \$000	2007 \$000	2007 \$000	2007 \$000

Continuing Operations

FRANCHISING OPERATIONS(a)	356,035	(20,323)	(45,693)	(6,421)	283,598
Retail – New Zealand	56,359	(3,341)	(5,155)	(178)	47,685
Retail – Asia	15,279	(155)	(3,291)	-	11,833
Retail – Slovenia	1,946	(691)	(601)	(79)	575
Retail - Ireland	7,515	(1,322)	(4,760)	-	1,433
Other Non-Franchised Retail	3,500	(2,317)	(2,159)	(132)	(1,108)
TOTAL RETAIL	84,599	(7,826)	(15,966)	(389)	60,418
Retail Property	159,466	(17,100)	(6,523)	-	135,843
Property Under Construction for Retail	164	(1,149)	-	-	(985)
Property Development for Resale	(5,778)	(404)	(15)	-	(6,197)
TOTAL PROPERTY (b)	153,852	(18,653)	(6,538)	-	128,661
Financial Services	5,243	(4,545)	(230)	-	468
Share Trading	532	(207)	-	-	325
TOTAL OTHER	5,775	(4,752)	(230)	-	793
Eliminations	(2,755)	2,755	-	-	-
Total from continuing operations	597,506	(48,799)	(68,427)	(6,810)	473,470
Income tax expense					(142,779)
Profit from continuing operations attributable to minority interests					(6,596)
Discontinued Operations					
Retail – Rebel Sport					83,152
Net profit for the year attributable to members of the parent					407,247

(a) Included in the Franchising Operations segment for the current year is the final commission received in relation to the FlexiGroup Limited IPO in December 2006 of \$40.98 million.

(b) Included in the Total Property segments for the current year is the revaluation increment of \$65.68 million relating to investment properties. The property revaluation increment for the year ended 30 June 2006 was \$46.51 million.

SEGMENT INFORMATION (CONTINUED)

Business Segments – 30 June 2007 (continued)

	SEGMENT ASSETS			SEGMENT LIABILITIES		
	Segment Assets	Eliminations	Segment Assets After Eliminations	Segment Liabilities	Eliminations	Segment Liabilities After Eliminations
	2007 \$000	2007 \$000	2007 \$000	2007 \$000	2007 \$000	2007 \$000
FRANCHISING OPERATIONS	2,709,363	(1,587,227)	1,122,136	1,245,708	(614,658)	631,050
Retail – New Zealand	173,877	-	173,877	99,802	-	99,802
Retail – Asia	128,392	-	128,392	51,265	-	51,265
Retail – Slovenia	18,215	-	18,215	23,304	-	23,304
Retail – Ireland	63,253	-	63,253	77,188	-	77,188
Other Non-Franchised Retail	94,604	(1,854)	92,750	111,003	(1,854)	109,149
TOTAL RETAIL	478,341	(1,854)	476,487	362,562	(1,854)	360,708
Retail Property	1,327,912	(31,507)	1,296,405	1,023,469	(825,154)	198,315
Property Under Construction for Retail	89,825	(2,800)	87,025	101,509	(88,789)	12,720
Property Development for Resale	42,009	(11,407)	30,602	41,020	(36,547)	4,473
TOTAL PROPERTY	1,459,746	(45,714)	1,414,032	1,165,998	(950,490)	215,508
Financial Services	200,056	(56,274)	143,782	158,379	(124,067)	34,312
Share Trading	13,280	-	13,280	-	-	-
TOTAL OTHER	213,336	(56,274)	157,062	158,379	(124,067)	34,312
CONSOLIDATED	4,860,786	(1,691,069)	3,169,717	2,932,647	(1,691,069)	1,241,578
Unallocated			22,979			208,966
TOTAL			3,192,696			1,450,544

Refer Note 36. Other Segment Information.

SEGMENT INFORMATION (CONTINUED)

Business Segments Comparative – 30 June 2006

PRIMARY SEGMENT – Comparative 30 June 2006

SEGMENT REVENUE				
Sales to Customers Outside the Consolidated Entity	Other Revenues from Outside the Consolidated Entity	Inter-segment Revenue	Share of Net Profit/(Loss) of Equity Accounted Investments	Segment Revenue
2006 \$000	2006 \$000	2006 \$000	2006 \$000	2006 \$000

Continuing Operations

FRANCHISING OPERATIONS	30,947	653,862	-	-	684,809
Retail – New Zealand	504,514	2,678	-	-	507,192
Retail – Asia	331,207	2,615	-	-	333,822
Retail – Slovenia	31,032	751	-	-	31,783
Retail – Ireland	91,406	393	-	-	91,799
Other Non-Franchised Retail	114,796	8,652	1,320	-	124,768
TOTAL RETAIL	1,072,955	15,089	1,320	-	1,089,364
Retail Property	-	143,537	-	2,449	145,986
Property Under Construction for Retail	-	327	-	1,142	1,469
Property Development for Resale	-	2,379	-	978	3,357
TOTAL PROPERTY	-	146,243	-	4,569	150,812
Financial Services	-	10,174	-	-	10,174
Share Trading	-	875	-	-	875
TOTAL OTHER	-	11,049	-	-	11,049
Eliminations	-	(37,893)	(1,320)	-	(39,213)
Total from continuing operations	1,103,902	788,350	-	4,569	1,896,821
Discontinued Operations					
Retail – Rebel Sport	371,225	2,686	-	-	373,911
Total from discontinued operations	371,225	2,686	-	-	373,911

SEGMENT INFORMATION (CONTINUED)

Business Segments Comparative – 30 June 2006 (continued)

	SEGMENT RESULT				
	Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense	Amortisation & Impairment Expense	Segment Result Before Tax
	2006 \$000	2006 \$000	2006 \$000	2006 \$000	2006 \$000
FRANCHISING OPERATIONS	250,391	(19,584)	(52,360)	(9,145)	169,302
Retail – New Zealand	52,832	(2,813)	(5,284)	(180)	44,555
Retail – Asia	13,284	(126)	(2,365)	(8)	10,785
Retail – Slovenia	1,154	(122)	(356)	(67)	609
Retail – Ireland	(2,269)	(804)	(2,311)	-	(5,384)
Other Non-Franchised Retail	7,637	(2,395)	(1,912)	(118)	3,212
TOTAL RETAIL	72,638	(6,260)	(12,228)	(373)	53,777
Retail Property	122,003	(16,907)	(5,507)	-	99,589
Property Under Construction for Retail	821	(1,346)	-	-	(525)
Property Development for Resale	2,642	(678)	(136)	-	1,828
TOTAL PROPERTY (a)	125,466	(18,931)	(5,643)	-	100,892
Financial Services	6,613	(5,812)	(237)	-	564
Share Trading	874	(203)	-	-	671
TOTAL OTHER	7,487	(6,015)	(237)	-	1,235
Eliminations	(8,609)	3,310	-	-	(5,299)
Total from continuing operations	447,373	(47,480)	(70,468)	(9,518)	319,907
Income tax expense					(97,755)
Profit from continuing operations attributable to minority interests					(4,403)
Discontinued Operations					
Retail – Rebel Sport					11,809
Net profit for the year attributable to members of the parent					229,558

(a) Included in the Total Property segments for the year ended 30 June 2006 was the property revaluation increment of \$46.51 million.

SEGMENT INFORMATION (CONTINUED)

Business Segments Comparative – 30 June 2006 (continued)

	SEGMENT ASSETS			SEGMENT LIABILITIES		
	Segment Assets	Eliminations	Segment Assets After Eliminations	Segment Liabilities	Eliminations	Segment Liabilities After Eliminations
	2006 \$000	2006 \$000	2006 \$000	2006 \$000	2006 \$000	2006 \$000
FRANCHISING OPERATIONS	2,093,291	(1,036,653)	1,056,638	892,224	(202,448)	689,776
Retail – New Zealand	126,116	-	126,116	75,483	-	75,483
Retail – Rebel Sport	146,198	(23,500)	122,698	47,692	-	47,692
Retail – Asia	115,176	-	115,176	39,533	-	39,533
Retail – Slovenia	16,258	-	16,258	39,688	-	39,688
Retail – Ireland	56,862	-	56,862	73,396	-	73,396
Other Non-Franchised Retail	73,171	(1,830)	71,341	85,469	(1,830)	83,639
TOTAL RETAIL	533,781	(25,330)	508,451	361,261	(1,830)	359,431
Retail Property	1,147,574	(26,225)	1,121,349	1,025,039	(709,723)	315,316
Property Under Construction for Retail	89,623	(3,054)	86,569	93,451	(69,166)	24,285
Property Development for Resale	59,181	(12,873)	46,308	56,709	(43,558)	13,151
TOTAL PROPERTY	1,296,378	(42,152)	1,254,226	1,175,199	(822,447)	352,752
Financial Services	249,475	(74,880)	174,595	203,473	(152,290)	51,183
Share Trading	11,563	-	11,563	-	-	-
TOTAL OTHER	261,038	(74,880)	186,158	203,473	(152,290)	51,183
CONSOLIDATED	4,184,488	(1,179,015)	3,005,473	2,632,157	(1,179,015)	1,453,142
Unallocated			24,891			134,297
TOTAL			3,030,364			1,587,439

SEGMENT INFORMATION (CONTINUED)

The consolidated entity operates predominantly in eleven (11) primary segments:

Segment	Description of Segment
Continuing Operations:	
Franchising Operations	Consists of the franchising operations of the consolidated entity (other than retailing, property and financial services).
Retail – New Zealand	Consists of the wholly-owned operations of the consolidated entity in New Zealand.
Retail – Asia	Consists of the controlling interest of the consolidated entity in the retail trading operations in Singapore and Malaysia under the Harvey Norman and Space brand names.
Retail – Slovenia	Consists of the controlling interest of the consolidated entity in the retail trading operations in Slovenia under the Harvey Norman brand name.
Retail – Ireland	Consists of the wholly-owned operations of the consolidated entity in Ireland.
Non-Franchised Retail	Consists of the retail trading operations in Australia which are controlled by the consolidated entity and does not include any operations of Harvey Norman franchisees.
Retail Property	Consists of land and buildings for each retail site that is fully operational or is ready and able to be tenanted. The revenue and results of this segment consists of rental income, outgoings recovered and the net property revaluation increments for each retail site that is owned by the consolidated entity which is fully operational (or ready for operations) as at year-end. The property is held for the purpose of facilitating the expansion and operation of the franchising network.
Property Under Construction for Retail	Consists of sites that are currently undergoing construction at year-end intended for retail leasing. It also includes vacant land that has been purchased for the purposes of generating future investment income and facilitating the expansion and operation of the franchising network.
Property Developments for Resale	Consists of land and buildings acquired by the consolidated entity, to be developed, or currently under development, for the sole purpose of resale at a profit.
Financial Services	This segment primarily refers to credit facilities provided to third parties.
Share Trading	This segment refers to the trading of listed securities.
Discontinued Operations:	
Retail – Rebel Sport	The controlling interest of the consolidated entity in the retail trading operations of Rebel Sport Limited has been classified as a discontinued operation subsequent to the sale of shares held in Rebel on 30 March 2007. The prior year segment revenue and segment result for Rebel have been reclassified to discontinued operations for the purposes of this report.

Property Segment Analysis

The following table is a detailed analysis of the three different property segments. This analysis calculates the following two ratios which are integral in assessing the performance of the property segments.

	RETAIL PROPERTY		PROPERTY UNDER CONSTRUCTION FOR RETAIL		PROPERTY DEVELOPMENT FOR RESALE	
	2007	2006	2007	2006	2007	2006
% of Consolidated Revenue	7.9%	7.7%	0.1%	0.1%	(0.2%)	0.2%
% of Consolidated Result	28.7%	31.1%	(0.2%)	(0.2%)	(1.3%)	0.6%
Yield % [Revenue/Segment Assets After Eliminations]	14.3%	13.0%	1.3%	1.7%	(17.6%)	7.2%
Return on Assets % [Result/Segment Assets After Eliminations]	10.5%	8.9%	(1.1%)	(0.6%)	(20.3%)	3.9%
	2007	2006	2007	2006	2007	2006
	\$000	\$000	\$000	\$000	\$000	\$000
Segment Assets After Eliminations	1,296,405	1,121,349	87,025	86,569	30,602	46,308
Less: Accumulated Asset Revaluation	(410,123)	(341,205)	(2,000)	(1,610)	-	-
Segment Assets After Eliminations Less Revaluation	886,282	780,144	85,025	84,959	30,602	46,308
Yield % [Revenue/Segment Assets After Eliminations & Revaluations]	20.9%	18.7%	1.3%	1.7%	(17.6%)	7.2%
Return on Assets % [Result/Segment Assets After Eliminations & Revaluations]	15.3%	12.8%	(1.2%)	(0.6%)	(20.3%)	3.9%

SECONDARY SEGMENT – Geographic Segments

Segment Revenue		Segment Assets		Acquisition of Property, Plant and Equipment, Intangible Assets and other Non-current Assets	
2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000

Continuing Operations

Australia	1,138,667	925,400	2,572,841	2,540,879	187,489	200,344
New Zealand	596,004	515,243	331,786	255,854	28,618	15,752
Asia	351,616	333,885	132,450	118,951	6,538	2,736
Slovenia	43,561	31,814	59,541	59,679	4,489	18,045
Ireland	212,517	91,799	63,253	56,862	9,919	12,349
	2,342,365	1,898,141	3,159,871	3,032,225	237,053	249,226
Eliminations	(1,320)	(1,320)	9,846	(26,752)	-	-
Total	2,341,045	1,896,821	3,169,717	3,005,473	237,053	249,226
Unallocated	-	-	22,979	24,891	-	-
Total from continuing operations	2,341,045	1,896,821	3,192,696	3,030,364	237,053	249,226
Discontinued Operations						
Australia – Rebel Sport	431,166	373,911	-	-	-	-
Total from discontinued operations	431,166	373,911	-	-	-	-

1. Statement of Significant Accounting Policies

(a) Corporate Information

Harvey Norman Holdings Limited (the “Company”) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian stock exchange.

The financial report of the consolidated entity for the year ended 30 June 2007 was authorised for issue in accordance with a resolution of the directors on 28 September 2007.

(b) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards. The financial report also has been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments and available-for-sale investments, which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/0100. The Company is an entity to which the class order applies.

(c) Statement of Compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial report also complies with International Financial Reporting Standards (IFRS).

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated group for the annual reporting period ended 30 June 2007. For details on the impact of future accounting standards, refer to page 60.

(d) Summary of Significant Accounting Policies

(i) Significant accounting judgements, estimates and assumptions

Significant Accounting Judgements:

In applying the consolidated entity's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the consolidated entity. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Operating lease commitments – consolidated entity as lessor

The entity has entered into commercial property leases on its investment property portfolio. The entity has determined that it retains all the significant risks and rewards of ownership of these properties and has thus classified the leases as operating leases. Refer to Note 15 to the financial statements.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Impairment of non-financial assets other than goodwill

The consolidated entity assesses impairment of all assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

Significant Accounting Estimates and Assumptions:

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of certain assets and liabilities within the next annual reporting period are:

Revaluation of investment properties

The consolidated entity values investment properties at fair value. The valuations are determined by either appropriately qualified independent valuers or directors' valuations. The properties are valued using market rental returns and capitalisation rates deemed appropriate for a 30-day rental agreement. The capitalisation rates used are between 7.43% and 11.17% depending on the location of the investment property. Refer to Note 15 for further details.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

Make good provisions

Provision is made for the anticipated costs of future restoration of leased premises. The provision includes future cost estimates associated with dismantling and removing the assets and restoring the leased premises according to contractual arrangements. These future cost estimates are discounted to their present value. The related carrying amounts are disclosed in Note 20.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms or beyond the terms specified in the loan agreement, the likelihood of the recovery of these receivables are assessed by management.

For trade receivables, due to the large number of debtors, this assessment is based on supportable past collection history and historical write-offs of bad debts. Non-trade debts receivable are assessed on an individual basis if impairment indicators are present. The impairment loss is outlined in note 2.

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of Harvey Norman Holdings Limited and its controlled entities (the "consolidated entity").

The financial statements of controlled entities are prepared for the same reporting period as the parent company, using consistent accounting policies. Investments in wholly-owned subsidiaries are carried at cost less accumulated impairment losses in the separate financial statements of the parent.

Subsidiaries are all those entities (including special purpose entities) over which the consolidated entity has the power to govern the financial and operating policies so as to obtain benefits from their activities.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered. Franchisees are not controlled by the consolidated entity and have not been consolidated. Subsidiaries are consolidated from the date on which control is transferred to the consolidated entity and cease to be consolidated from the date on which control is transferred out of the consolidated entity.

Financial statements of foreign controlled entities presented in accordance with overseas accounting principles are, for consolidation purposes, adjusted to comply with group policy and generally accepted accounting principles in Australia.

Minority interests in the equity and results of entities that are controlled by the entity are shown as a separate item in the consolidated financial statements.

(iii) Investments accounted for using equity method

Interests in associated and joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. Under this method, the investment in associates and joint ventures is initially recognised at its cost of acquisition and its carrying value is subsequently adjusted for increases or decreases in the investor's share of post-acquisition results and reserves of the associated and joint venture entities. The investment in associated and joint venture entities is decreased by the amount of dividends received or receivable. After application of the equity method, the consolidated entity determines whether it is necessary to recognise any impairment loss with respect to the entity's net investment in the joint venture entities.

**(iv) Foreign currency translation**

Both the functional and presentation currency of Harvey Norman Holdings Limited and its Australian subsidiaries is Australian dollars.

Transactions in foreign currencies are initially recorded in the functional currency at exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at balance sheet date.

All differences in the consolidated financial report are taken to the income statement in the period they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The functional currency of overseas subsidiaries is the currency commonly used in their respective countries. As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Harvey Norman Holdings Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity. On disposal of a foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign operation is recognised in the income statement.

(v) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset as follows:

- Land – not depreciated
- Buildings – 20 to 40 years
- Owned plant and equipment – 3 to 20 years
- Plant and equipment under finance lease – 1 to 10 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For plant and equipment, impairment losses are recognised in the income statement. However, because land and buildings are measured at revalued amounts, impairment losses on land and buildings are treated as a revaluation decrement.

Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Property in New Zealand owned by the consolidated entity, upon any revaluation, is valued at fair value, determined by an independent licensed valuer, in accordance with New Zealand statutory requirements.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the balance sheet unless it reverses a revaluation decrease of the same asset previously recognised in the income statement. Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve. An annual transfer from the asset revaluation reserve is made to retained earnings for the depreciation relating to the revaluation surplus.

In addition, any accumulated depreciation as at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

Derecognition and Disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(vi) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(vii) Investment properties

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance sheet date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the income statement in the period of derecognition.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Properties in 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. Properties in ACT have been accounted for as investment properties as they are primarily held to earn rental income.

Each investment property is valued at fair value. Each investment property is the subject of a lease or licence in favour of independent third parties, including franchisees. Franchisees occupy properties pursuant to a licence for an initial term of 30 days, thereafter terminable at will. The fair value in respect of each investment property has been calculated using the capitalisation method of valuation, against current rental value, and having regard to, in respect of each property:

- the highest and best use
- quality of construction
- age and condition of improvements
- recent market sales data in respect of comparable properties
- tenure of Harvey Norman franchisees and external tenants
- adaptive reuse of buildings
- the specific circumstances of the property not included in any of the above points

(viii) Discontinued operation

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and that represents a single major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(ix) Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Goodwill is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. As at acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. When goodwill forms part of a cash-generating unit and an operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Impairment losses recognised for goodwill are not subsequently reversed.

(x) Intangible assets

Intangible assets, consisting of capitalised computer software assets and licence property, are initially recorded at cost and are amortised on a straight line basis over their estimated useful lives but not greater than a period of six and a half (6.5) years.

Intangible assets are tested for impairment where an indicator of impairment exists, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognised in the income statement when the intangible asset is derecognised.

(xi) Recoverable amount of assets

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(xii) Other financial assets

Financial assets in the scope of AASB 139 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The consolidated entity determines the classification of its financial assets after initial recognition and, when allowed and appropriate, re-evaluates this designation at each financial year-end.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the consolidated entity has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification.

Loans and receivables

Loans and receivables including loan notes and loans to key management personnel are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss. The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business on the balance sheet date. For investments with no active market, fair values are determined using valuation techniques.

(xiii) Inventories

Inventories are valued at the lower of cost and net realisable value and are recorded net of all volume rebates, marketing and business development contributions and settlement discounts.

Costs are on a weighted average basis and includes the acquisition cost, freight, duty and other inward charges.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(xiv) Trade and other receivables

Trade receivables are carried at amortised cost. An allowance for doubtful debts is made when there is objective evidence that the consolidated entity will not be able to collect the debts. Bad debts are written off when identified.

Receivables from related parties are recognised and carried at amortised cost.

Interest is taken up as income using the effective interest method.

Under AASB 139, long-term interest free trade receivables are discounted to their present value at balance sheet date, less an allowance for any uncollectible amounts. The discounting is recognised as an expense in the income statement as a period cost. Accretion of the discounted long-term interest free trade receivables balance is recognised as income. The short-term portion of the discounted long-term interest free trade receivables is recognised in current assets.

(xv) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the balance sheet.

(xvi) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

(xvii) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows, at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost, in the Income Statement.

A provision for dividends is not recognised as liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(xviii) Trade and other payables

Trade payables and other accounts payable are carried at amortised cost.

Liabilities for trade creditors and other amounts are recognised at cost, which is the fair value of the consideration to be paid in the future for inventories and other goods or services received, whether or not billed to the consolidated entity at balance date. Trade accounts payable are non-interest bearing and are normally settled within sixty days of statement date. Payables to related parties are recognised at cost.

(xix) Employee benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(xx) Share-based payment transactions

The consolidated entity provides benefits to certain employees (including executive directors) of the consolidated entity in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity-settled transactions').

There are currently two plans in place to provide these benefits:

- The Executive Option Plan (EOP), which provides benefits to directors and senior executives, and
- The Deferred Executive Incentive Share Plan (DEIP), which provides benefits to directors and senior executives.

The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer either using a binomial valuation methodology or Black Scholes-Merton valuation methodology.

In valuing equity-settled transactions, there are two performance conditions need to be met, they are:

- Earnings Per Share ("EPS") of the group must increase by 10% per annum, cumulative, over the qualifying period; and
- Harvey Norman Accumulated Total Shareholder Return ("TSR") of the group must be greater than or equal to the ASX 300 Industries Accumulation Index for two periods of 30 consecutive days during the qualifying period.

For equity-settled share-based payments granted after 7 November 2002, the cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the directors of the consolidated entity, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award.

(xxi) Leases

Consolidated entity as lessor

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recognised at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease payments are allocated between interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

Consolidated entity as lessee

Finance leases, which transfer to the consolidated entity substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Lease Incentives

Financial incentive contributions received from lessors of certain stores are recognised at their fair value on receipt as a liability in the financial statements.

The liability is reduced and recognised as income, by offsetting against occupancy expenses in the Income Statement over the period the consolidated entity expects to derive a benefit from the incentive contribution. Lease incentives are normally amortised to the income statement on a straight-line basis over the term of the lease.

(xxii) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred, or to be incurred, in respect of the transaction can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer. Lay-by sales are recognised after the final payment is received from the customer.

Interest

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Rental income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

Franchisee income

Revenue attributable to franchise fees is brought to account only when the franchise fees have been earned, or where franchise fees are unpaid but recovery is certain.

(xxiii) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(xxiv) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

(xxv) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the consolidated entity no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(xxvi) Derivative financial instruments

The consolidated entity uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations and interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is calculated with reference to current interest rates for contracts with similar maturity profiles.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

Foreign currency contracts and interest rate swaps are generally considered to be cash flow hedges. In relation to cash flow hedges to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement. When the hedged firm commitment results in the recognition of an asset (being the inventory purchase), at the time the asset is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost of the inventory. For interest rate swaps that are designated as cash flow hedges under AASB 139, the effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

For derivatives that do not qualify for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

(xxvii) Earnings Per Share (EPS)

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- Costs of servicing equity (other than dividends);
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(xxviii) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(e) Future Accounting Standards

Certain Australian Accounting Standards and UIG Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the consolidated entity for the year ended 30 June 2007. The directors have assessed the impact of these new or amended standards (to the extent relevant to the consolidated entity) and do not expect any significant impact to the amounts recognised in this report.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 2005-10	Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 7 <i>Financial Instruments: Disclosures</i> .	1 January 2007	AASB 7 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However, the amendments will result in changes to the financial instrument disclosures included in the Group's financial report.	1 July 2007
AASB 2007-1	Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]	Amending standard issued as a consequence of AASB Interpretation 11 <i>AASB 2 – Group and Treasury Share Transactions</i> .	1 March 2007	This is consistent with the Group's existing accounting policies for share-based payments, so the amendments are not expected to have any impact on the Group's financial report.	1 July 2007
AASB 2007-3	Amendments to Australian Accounting Standards arising from AASB 8 [AASB 5, AASB, AASB 6, AASB 102, AASB 107, AASB 119, AASB 127, AASB 134, AASB 136, AASB 1023 & AASB 1038]	Amending standard issued as a consequence of AASB 8 <i>Operating Segments</i> .	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the Group's financial statements. However the amendments may have an impact on the Group's segment disclosures as segment information included in internal management reports is more detailed than is currently reported under AASB 114 <i>Segment Reporting</i> .	1 July 2009
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 123 [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]	Amending standard issued as a consequence of revisions to AASB 123 <i>Borrowing Costs</i> .	1 January 2009	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised. The Group has no borrowing costs associated with qualifying assets and as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 8	<i>Operating Segments</i>	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management approach to segment reporting.	1 January 2009	Refer to AASB 2007-3 above.	1 July 2009
AASB 123 (amended)	<i>Borrowing Costs</i>	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset must be capitalised.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009

*designates the beginning of the applicable annual reporting period

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
2. Revenues from Continuing Operations				
Revenues from continuing operations:				
Revenue from the sale of products	1,329,431	1,103,902	-	-
Gross revenue from:				
- Franchisees (excluding rent and interest received)	658,171	528,252	-	-
- Rent received from franchisees	160,378	143,563	-	-
- Interest received from franchisees	29,506	25,412	-	-
Total revenue received from franchisees	848,055	697,227	-	-
Rent received from other third parties	20,456	17,368	-	-
Interest received from other unrelated parties	10,751	5,415	-	-
Dividends from:				
- Other unrelated parties	533	619	-	-
- Related parties (wholly owned group)	-	-	131,908	129,447
Total other revenues from continuing operations	31,740	23,402	131,908	129,447
Share of net profit of associates, joint venture entities and partnerships	37	4,569	-	-
Total revenues from continuing operations	2,214,515	1,829,100	131,908	129,447
Other Income Items:				
Increase in fair value of investment properties	65,684	46,511	-	-
Trust distribution received from:				
- Controlled entities	517	441	112,445	37,823
- Other unrelated parties	-	-	-	-
Net foreign exchange gains	-	1,169	-	-
Net profit from the disposal of listed securities	255	489	-	-
Final commission received in relation to FlexiGroup Limited initial public offering	40,980	-	-	-
Realised gain on crystallisation of cash flow hedge	3,353	-	-	-
Other revenue	15,741	19,111	-	-
Total other income items	126,530	67,721	112,445	37,823
Total revenues and other income items from continuing operations	2,341,045	1,896,821	244,353	167,270
Total revenues from continuing operations is disclosed on the Income Statement as follows:				
Sales revenue	1,329,431	1,103,902	-	-
Other revenues from continuing operations	879,795	720,629	131,908	129,447
Other income items	126,530	67,721	112,445	37,823
Total other revenues and income items	1,006,325	788,350	244,353	167,270
Share of net profit of associates, joint venture entities and partnerships	5,289	4,569	-	-
Total revenues and other income items from continuing operations	2,341,045	1,896,821	244,353	167,270

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
3. Expenses and Losses from Continuing Operations				
In arriving at profit before tax, the following items were taken into account:				
Depreciation and amortisation:				
Depreciation of:				
- Buildings	2,113	1,796	-	-
- Plant and equipment	66,314	59,715	-	-
Amortisation of:				
- Leased plant and equipment	-	118	-	-
- Computer software	6,453	9,204	-	-
- Other	-	8	-	-
Impairment of (included in administrative expenses line on Income Statement):				
- Capitalised IT projects	357	9,145	-	-
Total depreciation and amortisation	75,237	79,986	-	-
Finance costs:				
Interest paid or payable:				
- Finance leases	-	46	-	-
- Loans from directors and director related entities	2,052	1,811	-	-
- Bank interest paid to financial institutions	25,458	25,737	-	-
- Interest paid on non-trade amounts owing to Commercial Mortgage Backed Securities	15,920	15,969	-	-
- Other	5,369	3,917	-	-
Total finance costs	48,799	47,480	-	-
Employee benefits expense:				
- Wages and salaries	139,821	110,414	-	-
- Workers' compensation costs	1,020	608	-	-
- Superannuation contributions expense	6,409	5,105	-	-
- Payroll tax expense	5,752	3,839	-	-
- Share-based payment expense	1,356	3,892	-	-
- Other employee benefit expense	4,790	1,929	-	-
Total employee benefits expense	159,148	125,787	-	-
Other expense items:				
Net bad debts – written off	10,912	2,173	-	-
Net charge to provision for doubtful debts	6,662	354	-	-
Net loss on disposal of plant and equipment	1,151	500	-	-
Minimum lease payments	109,689	92,053	-	-
Provision for obsolescence of inventories	(1,628)	186	-	-
Provision for employee benefits	(1,334)	1,484	-	-
Included in cost of sales is the cost of inventories recognised as an expense	1,108,949	944,075	-	-

4. Income Tax

(a) Income tax recognised in the Income Statement:

The major components of income tax expense are:

	CONSOLIDATED 2007 \$000	2006 \$000	PARENT 2007 \$000	2006 \$000
Current income tax:				
Current income tax charge	175,817	94,896	29,863	11,433
Adjustments in respect of current income tax of previous years	(112)	1,263	(140)	29
Deferred income tax:				
Relating to the origination and reversal of temporary differences	21,491	11,684	4,121	(235)
Write-downs (reversals of previous write-downs) of deferred tax assets	(111)	(451)	-	-
Total income tax expense from continuing and discontinued operations reported in the income statement	197,085	107,392	33,844	11,227

Total income tax expense is disclosed on Income Statement and in Note 5.

Discontinued Operations as follows:

Income tax expense from continuing operations	142,779	97,755	33,844	11,227
Income tax expense from discontinued operations:				
- income tax expense recognised by Rebel Sport Limited	5	9,221	9,637	-
- income tax expense attributable to the gain on sale of discontinued operation	5	45,085	-	-
Total income tax expense from discontinued Operations	54,306	9,637	-	-
Total income tax expense from continuing and discontinued operations	197,085	107,392	33,844	11,227

(b) Income tax recognised in the Statement of Changes in Equity

The following deferred amounts were charged directly to equity during the period:

Deferred income tax:				
Net gain on revaluation of cash flow hedges	1,257	1,844	-	-
Net gain on revaluation of land and buildings	-	8,054	-	-
Reversal of deferred tax liability in respect of New Zealand property portfolio	(12,706)	-	-	-
Net gain on revaluation of available for sale financial assets	-	712	-	-
Reversal of deferred tax liability in respect of New Zealand shares	(712)	-	-	-
Total income tax expense reported in equity	(12,161)	10,610	-	-

4. Income Tax (continued)

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
(c) Reconciliation between income tax expense and prima facie income tax:				
<i>A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the consolidated entity's applicable income tax rate is as follows:</i>				
Accounting profit before tax from continuing operations	473,470	319,907	244,011	166,865
Accounting profit before tax from discontinued operations	147,105	31,770	-	-
Total accounting profit before income tax	620,575	351,677	244,011	166,865
At the consolidated entity's statutory income tax rate of 30% (2006: 30%)	186,173	105,503	73,203	50,060
<i>Adjustments to arrive at total income tax expense recognised for the year:</i>				
Adjustments in respect of current income tax of previous years	(112)	(469)	(140)	-
Share-based payment expenses	387	1,221	-	-
Expenditure not allowable for income tax purposes	411	364	16	(11)
Income not assessable for income tax purposes	-	68	70	-
Unrecognised tax losses	(143)	1,166	-	-
Reversal of deferred tax balances raised in previous periods	34	(451)	-	-
Tax concession for research and development expenses	(70)	-	-	-
Non-allowable building and motor vehicle depreciation	84	84	82	-
Receipt of fully franked dividends	(171)	(196)	(70)	-
Sundry items	355	-	(34)	12
Effect of different rates of tax on overseas income and exchange rate differences	30	170	-	-
Differences between accounting profits and capital gains on sale of assets	10,107	(68)	289	-
Dividends received	-	-	(39,572)	(38,834)
	10,912	1,889	(39,359)	(38,833)
Total income tax expense reported in the income statement	197,085	107,392	33,844	11,227

4. Income Tax (continued)

	BALANCE SHEET		INCOME STATEMENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
(d) Deferred income tax assets and liabilities:				
Deferred income tax at 30 June relates to the following:				
CONSOLIDATED				
Deferred tax liabilities:				
Accelerated depreciation for tax purposes	-	(720)	(7)	(608)
Revaluations of investment properties to fair value	(109,771)	(88,411)	21,260	13,953
Revaluations of owner-occupied land and buildings to fair value	(3,604)	(15,902)	-	-
Reversal of building depreciation expense for investment properties	(6,297)	(2,985)	3,312	2,985
Differences between accounting carrying amount and tax cost base of investment properties	-	(1,655)	(1,655)	-
Unrealised profits on investments	(79)	(77)	2	244
Adjustments in respect of deferred tax liabilities of previous years	(360)	231	-	-
Reversal of deferred tax balances raised in previous periods due to the sale of assets	-	-	(370)	(451)
Accretion of FAST receivables	(2,431)	(1,440)	991	807
Cash flow hedge reserves	(2,060)	(1,712)	-	-
Available for sale reserves	-	(712)	-	-
Other items	(1,339)	(766)	778	127
	(125,941)	(114,149)		
CONSOLIDATED				
Deferred tax assets:				
Employee provisions	3,121	3,829	(586)	(339)
Other provisions	3,384	1,998	(2,690)	(76)
Provision for lease makegood	344	344	-	29
Provision for deferred lease expenses	1,029	885	(144)	(91)
Inventory valuation adjustments	4,349	5,533	-	(1,445)
Unearned income for accounting purposes	4,148	4,912	764	(2,905)
Lease incentive income	-	1,595	-	(276)
Differences between accounting carrying amount and tax cost base of investment properties	1,475	1,475	-	-
Differences between book to tax depreciation rates	2	(225)	-	-
Unrealised profits on investments	106	106	-	-
Unrealised losses on foreign exchange transactions	605	-	(123)	-
Finance leases	(29)	(29)	-	(715)
Discount interest-free receivables	3,279	3,037	(242)	-
Adjustments in respect of deferred tax assets of previous years	422	681	259	-
Other items	744	750	(169)	(6)
	22,979	24,891		
			21,380	11,233

4. Income Tax (continued)

	BALANCE SHEET		INCOME STATEMENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
PARENT				
Deferred tax liabilities:				
Building depreciation allowable for tax purposes	(6,295)	(2,983)	3,312	2,983
Unrealised profits on investment	(80)	(77)	3	77
Other items	(427)	(149)	278	57
	(6,802)	(3,209)		
Deferred tax assets:				
Unearned income for accounting purposes	2,224	2,988	764	(2,988)
Employee provisions	1,573	1,399	(174)	(199)
Other provisions	470	602	132	(138)
Unrealised profit on investments	106	106	-	-
Other items	463	269	(194)	(27)
	4,836	5,364		
			4,121	(235)

The consolidated entity has not recognised deferred tax assets relating to tax losses of \$18.32 million (2006: \$19.50 million) and that are available for offset against taxable profits of the companies in which the losses arose.

At 30 June 2007, there is no recognised or unrecognised deferred income tax liability (2006: \$nil) for taxes that would be payable on the unremitted earnings of certain of the consolidated entity's subsidiaries, associates or joint ventures, as the consolidated entity has no liability for additional taxation should such amounts be remitted.

Tax consolidation

Harvey Norman Holdings Limited and its 100% owned Australian resident subsidiaries have formed a tax consolidated group with effect from 1 July 2002. Harvey Norman Holdings Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement which provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Wholly owned companies of the tax consolidated group have entered into a tax funding agreement. The funding agreement provides for the allocation of current and deferred taxes on a modified stand alone basis in accordance with the principals as outlined in UIG 1052 Tax Consolidation Accounting.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated group head company Harvey Norman Holdings Limited.

5. Discontinued Operations

Rebel Sport Limited ("Rebel") was sold on 30 March 2007. Rebel's results for the period 1 July 2006 to 30 March 2007 have been included in the consolidated income statement. The prior year comparative balances represent a full year's results for Rebel which has been included in the 2006 consolidated income statement.

On 8 November 2006, Rebel announced that Rebel had entered into an agreement with a wholly-owned subsidiary of Archer Capital Pty Limited ("Archer") for the negotiation of a scheme implementation agreement pursuant to which Archer would acquire all of the issued shares in Rebel at a purchase price of \$4.60 per share. The Rebel Board of Directors unanimously recommended the acceptance of the Scheme in the absence of a superior proposal. Rebel Shareholders voted to approve the Scheme at the Scheme Meeting held on 15 March 2007.

Becto Pty Limited ("Becto"), a wholly-owned subsidiary of Harvey Norman Holdings Limited, voted its 42,389,565 shares (representing a controlling interest of 52.82%) in favour of the Scheme. Archer was successful in attaining the necessary majority of Shareholder votes with 76.69% of Rebel Shareholders supporting the privatisation of Rebel. Court approval of the Scheme was obtained on 19 March 2007 and on 20 March 2007 Rebel lodged a Court Order with ASIC under section 411 of the Corporations Act approving the Scheme upon which date Rebel shares ceased trading on the ASX. On 30 March 2007, Rebel announced that the implementation of the Scheme was effective and confirmed that all share capital in Rebel had been transferred to a wholly-owned subsidiary of Archer. On 30 March 2007, Becto sold its controlling interest in Rebel in return for a scheme consideration totaling \$194.99 million and had subsequently ceased to control Rebel from that day.

	CONSOLIDATED	
	2007	2006
	\$000	\$000
(a) Profit from discontinued operation – Rebel		
Sales revenue	311,085	371,225
Cost of sales	(176,248)	(209,002)
Gross profit	134,837	162,223
Revenues and other income items	2,528	2,686
Marketing expenses	(13,162)	(17,550)
Occupancy expenses	(22,768)	(28,036)
Administrative expenses	(69,818)	(85,726)
Other expenses from ordinary activities	(2,053)	(1,781)
Finance costs	(12)	(46)
Profit from discontinued operations before income tax	29,552	31,770
Income tax expense	(9,221)	(9,637)
Profit from discontinued operations after income tax	20,331	22,133
Profit attributable to minority interests	(9,647)	(10,324)
Profit from discontinued operations attributable to members of the parent	10,684	11,809
Gain on sale of discontinued operation before income tax	117,553	-
Income tax expense attributable to the gain on sale of discontinued operation	(45,085)	-
Gain on sale of discontinued operation after income tax	72,468	-
Total profit for the year from discontinued operations	83,152	11,809

5. Discontinued Operations (continued)

(b) Assets and cash flow information on disposal of shares held in Rebel Sport Limited

On acquisition date, 28 July 2001, Becto paid a purchase consideration of \$28.01 million to acquire 55.46% of the total number of Rebel shares on issue as at that date. The fair value of net assets acquired in Rebel on acquisition date was \$14.97 million. Therefore, Becto paid a premium of \$13.04 million to acquire the controlling interest in Rebel. The excess of purchase consideration over the fair value of net assets acquired was recognised as goodwill on the acquisition of Rebel and was amortised over a period of twenty years prior to the implementation of AIFRS from 1 January 2005. The amortised value of goodwill on the date of sale of Rebel was \$11.14 million. Subsequent to acquisition date, Becto made additional purchases of Rebel shares as displayed in the table below.

	CONSOLIDATED 2007 \$000
Assets	
Shares held in Rebel by Becto:	
(i) acquisition of 34,634,580 Rebel shares on 28 July 2001	28,008
(ii) take-up of rights issue and allotment of 5,145,985 shares on 13 June 2002	9,022
(iii) on-market purchase of 2,600,000 shares on 18 September 2002	5,680
Total investment in Rebel by Becto	42,710
Net Cash Inflows on the Sale of Shares Held in Rebel	
Consideration received:	
Cash and cash equivalents	194,992
Total sale consideration	194,992
Less net assets disposed of:	
Shares held in Rebel by Becto	(42,710)
<i>Less adjustments to the gain on sale of Rebel resulting from the deconsolidation of Rebel from the consolidated financial statements of Harvey Norman Holdings Limited:</i>	
Becto's post-acquisition share of retained profits	(27,125)
Becto's share of current year profit to date of sale	(10,684)
Other adjustments on deconsolidation	3,080
Gain on sale of discontinued operations before income tax	117,553
Income tax expense attributable to gain on sale of discontinued operations	(45,085)
Net gain on sale of discontinued operations – Rebel Sport Limited	72,468

	CONSOLIDATED	
Cash Flow Information	30 March 2007 \$000	30 June 2006 \$000
The net cash inflows of Rebel Sport Limited are as follows:		
Net cash flows from operating activities	23,281	27,311
Net cash flows from investing activities	(6,726)	(10,800)
Net cash flows from financing activities	(5,799)	(5,879)
Net cash flows	10,756	10,632

5. Discontinued Operations (continued)

(c) Assets and liabilities of the disposed entity – Rebel Sport Limited

On 30 March 2007, Becto's controlling interest in Rebel was 52.82%. As at the end of the previous financial year, Becto's controlling interest in Rebel was 52.87%.

On 30 March 2007, Becto sold all the shares held in Rebel to a subsidiary of Archer Capital Pty Limited for \$4.60 per share. On this date, Becto lost control of its subsidiary and Rebel was deconsolidated from the consolidated financial statements of Harvey Norman Holdings Limited. As at 30 June 2007, the balance sheet of Rebel has not been included in the financial statements of the consolidated entity. The assets and liabilities of Rebel as at the date of sale, 30 March 2007, are represented in the table below, but do not form part of the consolidated balance sheet on page 34. These figures have been obtained from Rebel's unaudited management accounts.

The consolidated balance sheet presented in this report as at 30 June 2006 include the assets and liabilities of Rebel at that date as shown in the table below.

	CONSOLIDATED	
	30 March 2007 \$000	30 June 2006 \$000
Current Assets		
Cash and cash equivalents	44,796	34,040
Trade and other receivables	3,374	2,067
Inventories	87,286	76,515
Prepayments	1,164	3,122
Total current assets	136,620	115,744
Non-Current Assets		
Intangible assets	771	585
Property, plant and equipment	29,194	29,870
Deferred tax assets	7,323	6,704
Total non-current assets	37,288	37,159
Total Assets	173,908	152,903
Current Liabilities		
Trade and other payables	42,803	37,921
Income tax payable	5,111	4,983
Provisions and other current liabilities	4,916	4,603
Total current liabilities	52,830	47,507
Non-Current Liabilities		
Deferred tax liabilities	1,602	1,463
Provisions and other non-current liabilities	5,164	5,169
Total non-current liabilities	6,766	6,632
Total Liabilities	59,596	54,139
Net Assets	114,312	98,764

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
6. Trade and Other Receivables (Current)				
Trade debtors	952,131	925,750	-	-
Provision for doubtful debts	(10,754)	(4,954)	-	-
Trade debtors, net	941,377	920,796	-	-
Consumer finance loans	38,260	33,491	-	-
Amounts receivable in respect of finance leases (a)	10,319	10,202	-	-
Non-trade debts receivable from:				
- Related parties	2,589	1,708	-	-
- Other unrelated persons	38,410	39,333	-	-
- Provision for doubtful debts	(2,775)	(1,015)	-	-
Non-trade debts receivable, net	38,224	40,026	-	-
Total trade and other receivables (current)	1,028,180	1,004,515	-	-

- (a) Finance lease receivables are reconciled to amounts receivable in respect of finance leases as follows:

Aggregate of minimum lease payments and guaranteed residual values:				
Not later than one year	12,406	12,168	-	-
Later than one year but not later than five years	18,662	19,388	-	-
	31,068	31,556	-	-
Future finance revenue:				
Not later than one year	(2,087)	(1,966)	-	-
Later than one year but not later than five years	(1,228)	(1,550)	-	-
Net finance lease receivables	27,753	28,040	-	-
Reconciled to:				
Trade and other receivables (Current)	10,319	10,202	-	-
Trade and other receivables (Non-current – Note 11)	17,434	17,838	-	-
	27,753	28,040	-	-

The consolidated entity offers finance lease arrangements as part of its consumer finance business. Finance leases are offered in respect of motor vehicles, livestock and fixtures and fittings, with lease terms not exceeding 4 years. All finance leases are at fixed rates for the term of the lease.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
7. Other Financial Assets (Current)				
Listed shares held for trading at fair value	3,123	2,706	-	-
Other investments	21	36	-	-
Total other financial assets (current)	3,144	2,742	-	-
8. Inventories (Current)				
Finished goods at cost	225,698	264,239	-	-
Provision for obsolescence	(3,227)	(4,855)	-	-
Total current inventories, net	222,471	259,384	-	-
9. Other Assets (Current)				
Prepayments	13,609	18,333	-	-
Other current assets	12,101	1,693	-	-
Total other assets (current)	25,710	20,026	-	-
10. Intangible Assets (Current)				
Net Licence Property	1,736	2,302	-	-
11. Trade and Other Receivables (Non-Current)				
Consumer finance loans	7,660	32,119	-	-
Provision for doubtful debts	(112)	(1,010)	-	-
	7,548	31,109	-	-
Amounts receivable in respect of finance leases	17,434	17,838	-	-
Non-trade debts receivable from wholly owned entities	-	-	798,587	762,021
Tax related balances with controlled entities	-	-	225,684	82,468
Total trade and other receivables (non-current)	24,982	48,947	1,024,271	844,489

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
12. Other Financial Assets (Non-Current)				
Securities not quoted on prescribed Stock Exchanges – at cost (in wholly owned controlled entities - Note 38)	-	-	54,581	54,326
Units in unit trusts not quoted on prescribed Stock Exchanges – at cost (a)	-	-	8,813	8,806
Listed shares held as available for trading	2,300	2,380	-	-
Listed shares held as available for sale	7,857	6,477	-	-
Units in unit trusts held as available for sale	204	197	-	-
Derivatives	5,714	6,095	-	-
Total other financial assets (non-current)	16,075	15,149	63,394	63,132

(a) Units in Unit Trusts

Certain consumer finance receivables are sold, in accordance with an agreement, to a special purpose trust, "The Financial Assets Specialised Trust No. 1" (FAST). The consolidated entity may, but is not obliged to, sell receivables to FAST and FAST may, but is not obliged to, purchase some or all of consumer finance receivables. The receivables that have been sold to FAST, and which at balance date remain outstanding, total \$38.34 million (2006: \$62.02 million). The consolidated entity also holds monies on behalf of FAST relating to these receivables of \$0.98 million (2006: \$1.46 million) at balance date.

In these financial statements, the consolidated entity's interest in FAST is 24.76% (2006: 26.98%) of all issued equity units in FAST. Consumer finance receivables that have not been sold pursuant to this agreement are included in consumer finance loans.

The consolidated entity, prior to selling the receivables, establishes a provision for doubtful debts, adequate to cover any bad or doubtful debts that may be sold back to the consolidated entity.

The consolidated entity is exposed to interest rate risk through its investment in FAST. Under the Receivables Facility Agreement between the consolidated entity and the Manager and Trustee of FAST, the consolidated entity bears the cost of all interest paid in relation to commercial paper issued by FAST. Interest paid by FAST on commercial paper proceeds for the year ended 30 June 2007 was \$2.64 million (2006: \$3.21 million). The weighted average interest rate applicable to commercial paper issued by FAST for the year ended 30 June 2007 was 6.44% (2006: 6.10%).

The consolidated entity has implemented the requirements of AASB 127 "Consolidated and Separate Financial Statements" and the Urgent Issues Group Interpretation UIG 112 "Consolidation – Special Purpose Entities", and has consolidated FAST. The substance of the relationship between the consolidated entity and FAST indicates that FAST is controlled by the consolidated entity. This has the impact of increasing receivables by consolidating the receivables sold to FAST and increasing payables to reflect the liability that FAST has to its commercial investors for the issue of commercial paper. The consolidated entity's investment in FAST has been eliminated on consolidation. A large portion of the receivables sold to FAST are non-interest bearing. Under AASB 139, long-term interest free trade receivables are discounted to their present value at balance sheet date, less an allowance for any uncollectible amounts.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

13. Inventories (Non-Current)

Land held for resale at cost	-	31,087	-	-
Buildings held for resale at cost	-	1,006	-	-
Total non-current inventories	-	32,093	-	-

This account relates to properties that have been acquired which are not expected to be sold within the next twelve months. The properties previously recorded in this account have been reclassified to land and buildings under construction (refer to Note. 14) due to a change in management intention in respect of these properties during the current year.

14. Property, Plant and Equipment (Non-Current)

Summary

Land				
- At fair value	98,201	96,669	-	-
- Investment properties under construction	71,067	37,108	-	-
Total Land	169,268	133,777	-	-
Buildings				
- At fair value	108,888	86,694	-	-
- Investment properties under construction	8,553	13,696	-	-
Total buildings	117,441	100,390	-	-
Net land and buildings	286,709	234,167	-	-
Plant and equipment				
- At cost	567,622	578,129	-	-
- Accumulated depreciation	(322,378)	(338,630)	-	-
Net plant and equipment, at cost	245,244	239,499	-	-
Lease make good asset				
- At cost	2,713	2,667	-	-
- Accumulated depreciation	(1,441)	(1,599)	-	-
Net lease make good asset, at cost	1,272	1,068	-	-
Total plant and equipment	246,516	240,567	-	-
Total property, plant and equipment				
- Land and buildings at cost and fair value	286,709	234,167	-	-
- Plant and equipment at cost	570,335	580,796	-	-
	857,044	814,963	-	-
Accumulated depreciation and amortisation	(323,819)	(340,229)	-	-
Total written down amount	533,225	474,734	-	-

14. Property, Plant and Equipment (continued)

Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year are as follows:

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Land:				
<i>Fair value</i>				
Opening balance	96,669	72,125	-	-
Additions	426	3,730	-	-
Disposals	(85)	-	-	-
Increase resulting from revaluation	335	24,407	-	-
Net foreign currency differences arising from self-sustaining foreign operations	856	(3,593)	-	-
Closing balance	98,201	96,669	-	-
Land under construction:				
<i>Fair value</i>				
Opening balance	37,108	38,875	-	-
Additions	26,440	9,485	-	-
Decrease resulting from devaluation	(5,218)	-	-	-
Transfers from non-current inventory	31,549	-	-	-
Transfers to investment properties	(18,812)	(11,252)	-	-
Closing balance	71,067	37,108	-	-
Buildings:				
<i>Fair value</i>				
Opening balance	86,694	67,669	-	-
Additions	17,006	24,507	-	-
Reversal of depreciation upon revaluation	(2,052)	(1,692)	-	-
Net foreign currency differences arising from self-sustaining foreign operations	7,240	(3,790)	-	-
Closing balance	108,888	86,694	-	-
Accumulated Depreciation				
Opening balance	-	-	-	-
Depreciation for the year	13,153	11,746	-	-
Disposals	(689)	(636)	-	-
Reversal upon revaluation	(12,513)	(11,005)	-	-
Net foreign currency differences arising from self-sustaining foreign operations	49	(105)	-	-
Closing balance	-	-	-	-
Net book value	108,888	86,694	-	-

Had the consolidated entity's land and buildings (other than land and buildings classified as investment properties and land and buildings owned under joint ventures) been measured on a historical cost basis, their carrying amount would have been \$242.02 million (2006: \$189.08 million).

14. Property, Plant and Equipment (continued)

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Buildings under construction (fair value):				
Opening balance	13,696	24,908	-	-
Additions	36,292	32,663	-	-
Disposals	(1)	(498)	-	-
Transfers from non-current inventory	2,001	-	-	-
Transfers to investment property	(43,435)	(43,377)	-	-
Closing balance	8,553	13,696	-	-
Total land and buildings	286,709	234,167	-	-
Plant and equipment (at cost):				
Opening balance	578,129	525,801	-	-
Additions	111,820	90,469	-	-
Disposals	(122,858)	(38,132)	-	-
Transfers to capitalised leased plant and equipment	(941)	-	-	-
Transfers from capitalised leased plant and equipment	-	3,600	-	-
Transfers to computer software	-	(2,303)	-	-
Net foreign currency differences arising from foreign operations	444	(1,306)	-	-
Closing balance	566,594	578,129	-	-
Accumulated Depreciation				
Opening balance	338,630	298,288	-	-
Depreciation for the year	65,333	70,328	-	-
Disposals	(81,955)	(30,395)	-	-
Transfers to capitalised leased plant and equipment	(302)	-	-	-
Transfers to computer software	(3)	-	-	-
Transfers from capitalised leased plant and equipment	-	2,358	-	-
Transfers to computer software	-	(1,455)	-	-
Net foreign currency differences arising from foreign operations	273	(494)	-	-
Closing balance	321,976	338,630	-	-
Net book value	244,618	239,499	-	-
Lease make good asset (at cost):				
Opening balance	2,667	2,138	-	-
Additions	1,135	1,198	-	-
Disposals	(981)	(669)	-	-
Net foreign currency differences arising from foreign operations	(108)	-	-	-
Closing balance	2,713	2,667	-	-
Accumulated Depreciation				
Opening balance	1,599	1,091	-	-
Amortisation for the year	761	771	-	-
Disposals	(836)	(263)	-	-
Net foreign currency differences arising from foreign operations	(83)	-	-	-
Closing balance	1,441	1,599	-	-
Net book value	1,272	1,068	-	-

14. Property, Plant and Equipment (continued)

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Capitalised Leased Plant and Equipment (at cost):				
Opening balance	-	3,808	-	-
Additions	287	-	-	-
Disposals	(200)	(208)	-	-
Transfers to owned plant and equipment	-	(3,600)	-	-
Transfers from owned plant and equipment	941	-	-	-
Closing balance	1,028	-	-	-
Accumulated Depreciation				
Opening balance	-	2,218	-	-
Amortisation for the period	220	186	-	-
Transfers to owned plant and equipment	-	(2,358)	-	-
Disposals	(120)	(46)	-	-
Transfers from owned plant and equipment	302	-	-	-
Closing balance	402	-	-	-
Net book value	626	-	-	-
Total plant and equipment	246,516	240,567	-	-
Total property, plant and equipment	533,225	474,734	-	-

All land and buildings recognised as property, plant and equipment or investment properties are pledged as security for the financing facilities as disclosed in Note 21(c) to the financial statements.

15. Investment Properties

Opening balance as at 1 July	891,901	778,617	-	-
Additions	5,844	19,728	-	-
Disposals	(8,787)	(6,465)	-	-
Transfers from property under construction	62,247	54,629	-	-
Increase resulting from revaluation	69,701	45,392	-	-
Closing balance as at 30 June	1,020,906	891,901	-	-

During the year, the Directors have analysed and revalued the group investment property portfolio at fair value. The fair value in respect of each investment property has been calculated using the capitalisation method of valuation, against current rental value, and having regard to, in respect of each property:

- the highest and best use
- quality of construction
- age and condition of improvements
- recent market sales data in respect of comparable properties
- strength and tenure of Harvey Norman franchisees and external tenants
- adaptive reuse of buildings
- the specific circumstances of the property not included in any of the above points

Of the total investment property portfolio, having an aggregate value of \$1.02 billion, 67 properties out of the total 83 investment properties, having an aggregate value of \$899.95 million, were independently valued by an external valuer, Knight Frank. The balance of investment properties have been valued to fair value by the directors.

15. Investment Properties (continued)

Included in rent received from franchisees and rent received from other third parties as disclosed in Note 2 to the financial statements is rent received from investment properties of \$99.27 million for the year ended 30 June 2007.

Operating expenses recognised in the income statement in relation to investment properties amounted to \$17.27 million for the year ended 30 June 2007.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

16. Intangible Assets

Computer Software

Summary

Cost (gross carrying amount)	37,555	35,180	-	-
Accumulated amortisation and impairment	(16,968)	(11,777)	-	-
Net carrying amount	20,587	23,403	-	-

Computer Software:

Net of accumulated amortisation and impairment

Opening balance	23,403	29,251	-	-
Additions	4,634	14,824	-	-
Disposals	(635)	(2,760)	-	-
Impairment	(357)	(9,145)	-	-
Amortisation	(6,453)	(9,578)	-	-
Transfers from owned plant and equipment	3	848	-	-
Net foreign currency differences arising from foreign operations	(8)	(37)	-	-
Net book value	20,587	23,403	-	-

The remaining amortisation period for computer software assets is between 1 to 6.5 years.

Goodwill:

Opening balance	11,147	11,208	-	-
Write-off goodwill on sale and deconsolidation of Rebel Sport Limited	(11,136)	-	-	-
Net foreign currency differences arising from foreign operations	(1)	(61)	-	-
Carrying value	10	11,147	-	-

Licence property:

Net book value	400	289	-	-
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Total intangible assets	20,997	34,839	-	-
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16. Intangible Assets (continued)

Computer Software

Computer software costs have been capitalised at cost. The intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of no greater than 6.5 years. If an impairment indication arises, the recoverable amount is estimated and an impairment loss is recognised to the extent that the recoverable amount is lower than the carrying amount. During the previous financial year, an impairment expense of \$9.15 million was recognised in the income statement before tax attributable to the write down of certain computer software, following a strategic information technology change in direction.

Goodwill

Goodwill is no longer amortised but is now subject to annual impairment testing. Goodwill acquired through business combinations has been allocated to individual cash generating units, which are reportable segments, for impairment testing.

Rebel Sport Limited

In prior years, the goodwill attributable to the Rebel acquisition was tested for impairment on an annual basis by comparing its carrying amount with its recoverable amount as at balance date. The carrying amount of Rebel goodwill relates to the excess of the investment made in Rebel (being the cash consideration paid to acquire Rebel shares at acquisition date) and the fair value of Rebel's net assets acquired at the date of acquisition. The fair value of the Rebel cash generating unit was calculated as the number of shares held in Rebel Sport Limited multiplied by the current share price at balance date. From the testing performed, there is no indicator that the goodwill recognised on the acquisition of Rebel Sport Limited may be impaired.

Pertama Holdings Limited, Singapore

The recoverable amount of the Pertama Holdings Limited, Singapore cash generating unit has been determined based on a fair value less costs to sell calculation as the asset, being the shares held by the consolidated in Pertama Holdings Limited, Singapore are traded in an active market.

From the testing performance, there is no indicator that goodwill recognised in Pertama Holdings Limited, Singapore may be impaired.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
17. Trade and Other Payables (Current)				
Unsecured:				
Trade creditors	532,598	477,738	298	272
Accruals	65,760	43,642	-	-
Other creditors	36,869	30,621	-	-
Total trade and other payables (current)	635,227	552,001	298	272

18. Interest-Bearing Loans and Borrowings (Current)

Secured:				
Non trade amounts owing to:				
- Other related parties (a)	980	1,464	-	-
- Commercial investors F.A.S.T	22,220	22,159	-	-
Unsecured:				
Bank overdraft	60,035	67,512	-	-
Lease liabilities (b) Note 33(b)(i)	431	385	-	-
Non trade amounts owing to:				
- Directors (c)	23,931	24,697	-	-
- Other related parties (c)	2,755	1,944	-	-
- Other unrelated persons	174	680	-	-
Total interest-bearing loans and borrowings (current)	110,526	118,841	-	-

(a) These loans are secured over consumer finance receivables.

(b) The implicit interest rate on lease liabilities is 9% over a term of 3 years.

(c) Interest is payable at normal commercial bank bill rates. The loans are unsecured and repayable at call.

19. Other Liabilities (Current)

Lease incentives	1,916	2,418	-	-
Unearned revenue	5,290	5,395	-	-
Total other liabilities (current)	7,206	7,813	-	-

Unearned revenue mainly refers to unearned interest on NCF lease receivables.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

20. Provisions

Current				
- Employee benefits (note 29)	11,370	12,416	-	-
- Make good provision	200	1,040	-	-
- Deferred lease expenses	438	335	-	-
- Other	343	784	-	-

Total provisions (current)	12,351	14,575	-	-
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Non – Current				
- Employee benefits (note 29)	1,526	1,814	-	-
- Make good provision	2,677	1,836	-	-
- Deferred lease expenses	3,354	2,615	-	-
- Other	914	914	-	-

Total provisions (non- current)	8,471	7,179	-	-
---------------------------------	-------	-------	---	---

Movements in the provisions for the year are as follows:

	Make Good Provision	Deferred Lease Expenses	Other	Total
	\$000	\$000	\$000	\$000
Consolidated				
At 1 July 2006	2,876	2,950	1,698	7,524
Arising during the year	1,122	1,151	-	2,273
Utilised / unused amounts reversed	(1,056)	(309)	(441)	(1,806)
Discount rate adjustment	39	-	-	39
Exchange rate variance	(104)	-	-	(104)
At 30 June 2007	2,877	3,792	1,257	7,926
Current 2007	200	438	343	981
Non-current 2007	2,677	3,354	914	6,945
Total provisions 2007	2,877	3,792	1,257	7,926
Current 2006	1,040	335	784	2,159
Non-current 2006	1,836	2,615	914	5,365
Total provisions 2006	2,876	2,950	1,698	7,524

20. Provision (Continued)

Make good provision

In accordance with the lease agreements, the consolidated entity must restore certain leased premises.

The balance of the make good provision as at 30 June 2007 was \$2,877,000 in respect of the consolidated entities' obligation to restore leased premises.

Due to the long-term nature of the liability, the greatest uncertainty in estimating the provisions is the costs that will ultimately be incurred. The provision has been calculated using a discount rate of 3 per cent.

Deferred lease expenses

The provision for deferred lease expenses represents the present value of the future lease payments that the consolidated entity is presently obligated to make in respect of onerous lease contracts under non-cancellable operating lease agreements, less revenue expected to be earned on the lease including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The unexpired term of the leases range from 3 to 5 years.

Other

The majority of other provisions relates to a provision for the minority interest share of losses incurred by a controlled entity within the consolidated entity.

CONSOLIDATED		PARENT	
2007	2006	2007	2006
\$000	\$000	\$000	\$000

21. Interest-Bearing Loans and Borrowings (Non-current)

Secured:

Non trade amounts owing to:

Commercial Mortgage Backed Securities (a)

253,253

250,369

-

-

Commercial investors F.A.S.T

6,628

23,122

-

-

Secured bills payable (b)

196,795

459,624

-

-

Lease liabilities - Note 33(b)(i)

354

358

-

-

Total interest-bearing liabilities
(non-current)

457,030

733,473

-

-

(a) Commercial Mortgage Backed Securities (CMBS)

The CMBS facility is secured by a first registered mortgage over fifty-four (54) separate Harvey Norman complexes in Australia and New Zealand. In Australia, the term of the facility is 5 years, expiring on 19 May 2009, with a fixed interest rate of 5.87%. Interest is payable on a quarterly basis, in arrears. In New Zealand, the loan was originally subject to a floating interest rate but was subsequently fixed on 1 July 2004 under a 5-year facility expiring on 19 August 2009.

(b) Bills Payable

Bills payable are secured by a first mortgage over certain freehold land and buildings and by deeds of charge and mortgage debentures over inventories, trade debtors, consumer finance loans and lease receivables. The bills have an average maturity of 30 days with an effective average interest rate of 3.75% to 8.7% per annum (2006: 2.28% to 7.84%).

Bills payable have been classified as non-current interest-bearing liabilities on the basis that no net principal reductions are intended to be made prior to 30 June 2008 pursuant to the existing bill facilities. 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 ratios are to be maintained to the satisfaction of the bank.

These facilities are subject to annual review.

21. Interest-Bearing Loans and Borrowings (Non-Current) (continued)

(c) Financing facilities available

At reporting date, the following financing facilities had been negotiated and were available:

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Total facilities;				
- bank overdraft	80,614	75,770	-	-
- bank bills	241,566	537,566	-	-
- Commercial mortgage backed securities	253,253	250,369	-	-
Total Available Facilities	575,433	863,705	-	-
Facilities used at balance date:				
- bank overdraft	60,035	53,352	-	-
- bank bills	196,795	459,624	-	-
- Commercial mortgage backed securities	253,253	250,369	-	-
Total Used Facilities	510,083	763,345	-	-
Facilities unused at balance date:				
- bank overdraft	20,579	22,418	-	-
- bank loans	44,771	77,942	-	-
- Commercial mortgage backed securities	-	-	-	-
Total facilities	575,433	863,705	-	-
Facilities used at reporting date	510,083	763,345	-	-
Facilities unused at reporting date	65,350	100,360	-	-

Bank overdrafts

The bank overdrafts are secured by a floating charge over certain assets of the consolidated entity, including its land and buildings.

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

The remaining facilities are subject to annual review. 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 operations of the business. The company can cancel the facilities at any review date.

For additional financing facilities not disclosed above, refer to Notes 18 and 31(f)(i) for details in relation to loans by directors to Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited).

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000

22. Other Liabilities (Non-Current)

Lease incentives	3,741	8,050	-	-
Unearned revenue	7,026	11,210	-	-
Total other liabilities (non-current)	10,767	19,260	-	-

23. Contributed Equity

Ordinary shares	248,991	246,591	248,991	246,591
Total contributed equity	248,991	246,591	248,991	246,591

	2007 number	2006 number	2007 number	2006 number
Ordinary shares Issued and fully paid	1,058,583,451	1,057,783,451	1,058,583,451	1,057,783,451

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

	CONSOLIDATED No.	\$'000	PARENT No.	\$'000
Movements in ordinary shares on issue				
At 1 July 2005	1,057,783,451	246,591	1,057,783,451	246,591
Issue of shares under executive share option plan	-	-	-	-
At 1 July 2006	1,057,783,451	246,591	1,057,783,451	246,591
Issue of shares under executive share option plan	800,000	2,400	800,000	2,400
At 30 June 2007	1,058,583,451	248,991	1,058,583,451	248,991

Ordinary Shares - Terms and Conditions

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, to participate in any surplus on winding up in proportion to the number of and amounts paid up on shares held. Each ordinary share entitles the holder to one vote, either in person or by proxy, at a meeting of the company. Refer to Note 31. Key Management Personnel for further information on the shares issued during the year ended 30 June 2007.

**23. Contributed Equity (continued)****Share Options****Harvey Norman Holdings Limited**

There were 9,973,333 (2006: 10,773,333) options to subscribe for 9,973,333 fully paid ordinary shares in the Company, pursuant to the Harvey Norman Executive Option Plan ("EOP"), outstanding as at 30 June 2007.

Details of options issued pursuant to EOP are set out in Note 31 to the financial statements.

Rebel Sport Limited

For the previous financial year, there were 1,050,000 options over unissued ordinary shares outstanding at 30 June 2006. Rebel Sport Limited operates an Employee Option Incentive Scheme which was approved by shareholders on 12 October 1993. Under the terms of this scheme, the directors may offer options over unissued ordinary shares in Rebel Sport Limited to certain senior management employees of the entity.

Pertama Holdings Limited, Singapore

There were 4,000,000 (2006: 4,000,000) options over unissued ordinary shares outstanding at 30 June 2007. At an Extraordinary General Meeting of shareholders held on 25 October 2005, shareholders approved the grant of 4,000,000 options to Mr Angelo Augustus.

Refer to Note 29 to the financial statements for further information.

24. Reserves

	Asset revaluation reserve	Foreign currency translation reserve	CONSOLIDATED Available for sale reserve	Cash flow hedge reserve	Employee equity benefits	Total
At 1 July 2005	16,874	(4,095)	-	-	2,221	15,000
Revaluation of land and buildings	24,407	-	-	-	-	24,407
Tax effect of revaluation of land and buildings	(8,054)	-	-	-	-	(8,054)
Unrealised gains on available-for-sale investments	-	-	2,159	-	-	2,159
Tax effect of net gains on available-for-sale investments	-	-	(713)	-	-	(713)
Net gains on cash flow hedges	-	-	-	6,095	-	6,095
Tax effect of net gains on cash flow hedges	-	-	-	(1,840)	-	(1,840)
Currency translation differences	921	(10,292)	-	-	-	(9,371)
Share based payment	-	-	-	-	4,132	4,132
At 30 June 2006	34,148	(14,387)	1,446	4,255	6,353	31,815
Revaluation of land and buildings	135	-	-	-	-	135
Reversal of deferred tax liability in respect of New Zealand property portfolio	12,706	-	-	-	-	12,706
Unrealised gains on available-for-sale investments	-	-	787	-	-	787
Reversal of deferred tax liability in respect of New Zealand shares	-	-	713	-	-	713
Net gains on interest rate swaps	-	-	-	2,902	-	2,902
Tax effect of net gains on interest rate swaps	-	-	-	(860)	-	(860)
Transfer to income statement on crystallisation of interest rate swap	-	-	-	(1,535)	-	(1,535)
Net gains on forward foreign exchange contracts	-	-	-	(1,325)	-	(1,325)
Tax effect of net gains on interest rate swaps	-	-	-	397	-	397
Currency translation differences	-	10,252	-	-	-	10,252
Share based payment	-	-	-	-	1,332	1,332
Deconsolidation of controlled entity	-	-	-	7	(401)	(394)
At 30 June 2007	46,989	(4,135)	2,946	3,841	7,284	56,925

Nature and purpose of reserves:

(a) Asset revaluation reserve

The asset revaluation reserve is used to record increase in the fair value of "owner occupied" land and buildings and decreases to the extent that such decreases relate to an increase on the same asset previously recognised in equity. The reserve can only be used to pay dividends in limited circumstances.

(b) Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(c) Available for sale reserve

This reserve records fair value changes on available-for-sale investments.

(d) Cash flow hedge reserve

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

(e) Employee equity benefits reserve

This reserve is used to record the value of equity benefits provided to employees and directors as part of their remuneration.

There are no reserves recorded within the parent entity.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
25. Retained Profits and Dividends				
Movements in retained earnings were as follows:				
Balance 1 July	1,074,661	929,888	649,602	573,298
Application of AASB 132 and AASB 139	-	(5,557)	-	-
Net gain resulting from change in ownership interest in controlled entity	-	106	-	-
Profit for the year	407,247	229,558	210,167	155,638
Dividends	(95,240)	(79,334)	(95,240)	(79,334)
Balance 30 June	1,386,668	1,074,661	764,529	649,602

Declared and paid during the year:

Dividends on ordinary shares:

Final franked dividend for 2006: 4.0 cents (2005 3.5 cents)

42,311 37,022 42,311 37,022

Interim franked dividend for 2007: 5.0 cents (2006: 4.0 cents)

52,929 42,312 52,929 42,312

Total dividends paid

95,240 79,334 95,240 79,334

The final dividend for the year ended 30 June 2006 was paid on 11 December 2006.

The interim dividend for the year ended 30 June 2007 was paid on 7 May 2007.

Proposed for approval at AGM

(not recognised as a liability as at 30 June):

Dividends on ordinary shares:

Final franked dividend for 2007: 6.0 cents (2006: 4.0 cents)

63,515 42,312 63,515 42,312

The proposed final dividend for the year ended 30 June 2007 is to be paid on 10 December 2007 to shareholders registered at 5:00pm, 9 November 2007.

Franking credit balance

The amount of franking credits available for the subsequent financial year are:

- franking account balance as at the end of the financial year at 30% (2006: 30%)	412,209	371,041	412,209	371,041
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	81,582	13,311	81,582	13,311
- franking credits that will be utilised in the payment of proposed final dividend	(27,221)	(18,134)	(27,221)	(18,134)
The amount of franking credits available for future reporting periods:	466,570	366,218	466,570	366,218

As of 1 July 2002, Harvey Norman Holdings Limited and its wholly-owned Australian subsidiaries have formed a tax consolidated group pursuant to the tax consolidation legislation, which requires the tax-consolidated group to keep a single franking account. The amount of franking credits available to shareholders of the parent entity (being the head entity in the tax consolidated group) has been measured under the new legislation as those available from the tax consolidated group.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
26. Minority Interest				
Interest in:				
Ordinary shares	37,699	52,728	-	-
Reserves	(5,834)	(1,775)	-	-
Retained earnings	17,703	38,905	-	-
Total minority interests	49,568	89,858	-	-
			CONSOLIDATED	
			2007	2006
			\$000	\$000

27. Earnings Per Share

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Profit after tax and minority interests from continuing operations	324,095	217,749
Profit after tax and minority interests from discontinued operations	83,152	11,809
Profit from continuing and discontinued operations after tax	407,247	229,558
	Number of Shares	
	2007	2006
Weighted average number of ordinary shares used in calculating basic earnings per share (a)	1,058,191,070	1,057,783,451
Effect of dilutive securities (b):		
- Share Options	3,478,019	1,042,067
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	1,061,669,089	1,058,825,518

(a) Weighted Average Number of Ordinary Shares:

The number of ordinary shares on issue at 30 June 2007 was 1,058,583,451. The movement from prior year relates to the exercise of 800,000 options under the Executive Option Plan ("EOP") in December 2006 resulting in the issue of 800,000 ordinary shares. The 800,000 shares issued during the current year have been proportionally weighted to arrive at the weighted average number of ordinary shares used in calculating basic earnings per share of 1,058,191,070 shares.

(b) Effect of Dilutive Securities:

During the financial year ended 30 June 2007, options issued on 26 November 2003, 28 September 2004, 29 June 2005 and 4 November 2005 pursuant to EOP, have been included in the calculation of diluted earnings per share as the exercise price of each of the options granted was less than the average market price of an ordinary share in the Company for the year ended 30 June 2007.

Pursuant to EOP, shareholders of the Company approved the allocation of the following sets of options:

- 3,948,000 options were granted on 26 November 2003 to the respective trustees of certain trusts for the benefit of certain directors of the Company at an exercise price of \$3.00 per option ("2003 EOP Allocation");
- 3,946,000 options were granted on 28 September 2004 to the respective trustees of certain trusts for the benefit of certain directors of the Company on at an exercise price of \$2.93 per option ("2004 EOP Allocation");
- 533,333 options were granted on 29 June 2005 to the respective trustee of certain trust for the benefit of Mr D.M. Ackery at an exercise price of \$2.62 per option ("2005 EOP Ackery Options"); and
- 3,413,000 options were issued on 4 November 2005 to the respective trustees of certain trusts for the benefit of certain directors of the Company at an exercise price of \$ 2.79 per option ("2005 EOP Allocation").

All sets of options are considered to be dilutive as their conversion to ordinary shares would decrease the net profit from continuing operations per share. There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.

(c) Basic and Diluted EPS from Discontinued Operations:

Basic EPS from discontinued operations for the year ended 30 June 2007 was 7.86 cents (2006: 1.11 cents). Diluted EPS from discontinued operations for the year was 7.83 cents (2006: 1.11 cents).

28. Cash and Cash Equivalents

- (a) Reconciliation to Cash Flow Statement
Cash and cash equivalents comprise the following at 30 June:

	CONSOLIDATED 2007 \$000	2006 \$000	PARENT 2007 \$000	2006 \$000
Cash at bank and in hand	136,599	92,230	-	-
Short term money market deposits	29,276	30,546	-	-
	165,875	122,776	-	-
Bank overdraft (Note 18)	(60,035)	(67,512)	-	-
Cash and cash equivalents at end of year	105,840	55,264	-	-

- (b) Reconciliation of profit after income tax to net operating cash flows:

Profit after tax	413,843	244,285	210,167	155,638
Adjustments for:				
Net foreign exchange (gain)/loss	440	(1,169)	-	-
Bad and doubtful debts	4,191	2,174	-	-
Provision for inventory obsolescence	1,109	445	-	-
Share of joint ventures	(2,767)	(7,933)	-	-
Depreciation of property, plant and equipment	68,427	70,556	-	-
Amortisation	6,453	9,890	-	-
Impairment of fixed assets	357	10,088	-	-
Deferred lease expenses	477	304	-	-
Discount on interest-free long term receivables	809	2,183	-	-
Accretion of interest-free long term receivables	(3,305)	(4,799)	-	-
Shares and options expense	1,356	4,116	-	-
Realised gain on interest rate swap	(3,353)	-	-	-
Gain on deconsolidation of controlled entity	(117,553)	(3,627)	-	-
Revaluation of investment properties	(65,684)	(46,511)	-	-
Transfers to provisions:				
- Employee entitlements	3,118	1,830	-	-
- Doubtful debts	6,721	336	-	-
Profit on disposal and revaluation of:				
- Property, plant and equipment, and listed Securities	897	(244)	-	-
Changes in assets and liabilities net of effects from purchase and sale of controlled entities:				
(Increase)/decrease in assets:				
Receivables	(14,388)	(135,348)	(241,280)	(183,236)
Inventory	(19,389)	(8,207)	-	-
Other current assets	(7,170)	8,172	-	-
Deferred tax assets	(5,411)	(11,408)	528	(3,352)
Increase/(decrease) in liabilities:				
Payables and other current liabilities	107,750	18,215	26	(36)
Non trade amounts owing to FAST	(484)	(958)	-	-
Income tax payable	67,988	7,370	62,163	4,156
Net cash from operating activities	444,432	159,760	31,604	(26,830)

	CONSOLIDATED		PARENT	
	2007 number	2006 number	2007 number	2006 number
29. Employee Benefits				
The number of full-time equivalent employees employed as at 30 June are:	3,916	4,383	-	-
The prior year figure included 1,161 full-time equivalent employees attributable to Rebel Sport Limited compared to nil in the current year due to the deconsolidation of Rebel on 30 March 2007.				
	2007 \$000	2006 \$000	2007 \$000	2006 \$000
The aggregate employee benefit liability is comprised of:				
Accrued wages, salaries and on-costs	3,924	6,945	-	-
Provisions (current – Note 20)	11,370	12,416	-	-
Provisions (non-current – Note 20)	1,526	1,814	-	-
Total employee benefit provisions	16,820	21,175	-	-

The consolidated entity makes contributions to complying superannuation funds for the purpose of provision of superannuation benefits for eligible employees of the consolidated entity. The amount of contribution in respect of each eligible employee is not less than the prescribed minimum level of superannuation support in respect of that eligible employee. The complying superannuation funds are independent and not administered by the consolidated entity.

Share Options

Harvey Norman Holdings Limited

At balance date, the following options over unissued ordinary shares were outstanding and vested (or able to be exercised) by, or for the benefit of, directors of Harvey Norman Holdings Limited:

Grant Date	Expiry Date	Exercise Price	Number of Options Outstanding		Number of Options Vested	
			2007	2006	2007	2006
26/11/2003	30/11/2008	\$3.00	2,614,000	3,414,000	2,614,000	3,414,000
28/09/2004	30/11/2008	\$2.93	3,413,000	3,413,000	3,413,000	-
29/06/2005	30/11/2010	\$2.62	533,333	533,333	-	-
04/11/2005	30/11/2008	\$2.79	3,413,000	3,413,000	-	-
			9,973,333	10,773,333	6,027,000	3,414,000

Refer to Note 31. Key Management Personnel for further information. During the year ended 30 June 2007, 800,000 options out of the 2003 EOP Allocation were exercised by an executive of the consolidated entity.

Pertama Holdings Limited, Singapore

At balance date, the following options over unissued ordinary shares were outstanding and vested (or able to be exercised) by directors and employees of Pertama Holdings Limited, Singapore:

Grant Date	Expiry Date	Exercise Price	Number of Options Outstanding		Number of Options Vested	
			2007	2006	2007	2006
25/10/2005	01/10/2010	\$SGD 0.365	4,000,000	4,000,000	-	-
			4,000,000	4,000,000	-	-

29. Employee Benefits (continued)

On 25 October 2005, at an Extraordinary General Meeting of shareholders, options to subscribe for up to 4,000,000 ordinary shares of par value \$0.38 Singapore Dollars each in the capital of Pertama Holdings Limited, were granted to Mr A.A. Augustus at the exercise price of \$0.365 Singapore Dollars per option.

The terms of the option agreement entered into between Pertama Holdings Limited and Mr A.A. Augustus in respect of these 4,000,000 options are:

- The exercise price of these options is subject to annual review by the Board
- The options are exercisable for the period commencing the third anniversary of 1 October 2005 and must be exercised before the fifth anniversary of 1 October 2005

Using the Black-Scholes option-pricing model, the value of these options at grant date is \$0.0598 Singapore Dollars per option or 4.916 cents per option in Australian dollars, translated at an average exchange rate for the year ended 30 June 2007. Thus at grant date, the total value of these options is \$239,276 Singapore Dollars, or \$196,692 Australian dollars.

On 9 July 2003, at an Extraordinary General Meeting of shareholders, options to subscribe for up to 4,000,000 ordinary shares of par value \$0.25 Singapore Dollars each in the capital of Pertama Holdings Limited, were granted to Mr Martin Dunkerley at the exercise price of \$0.275 Singapore Dollars per option.

The terms of the option agreement entered into between Pertama Holdings Limited and Mr M.J. Dunkerley in respect of these 4,000,000 options are:

- The exercise price of these options is subject to annual review by the Board
- The options are exercisable for the period commencing the third anniversary of 31 January 2003 and must be exercised before the fifth anniversary of 31 January 2003

On 1 October 2005, the 4,000,000 options granted to Mr M.J. Dunkerley lapsed and became null and void upon his resignation from Pertama Holdings Limited.

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$

30. Remuneration of Auditors

Amounts received or due and receivable by Ernst & Young for:

- an audit or review of the financial report of the entity and any other entity in the consolidated entity	1,066,815	1,045,777	-	-
- tax services in relation to the entity and any other entity in the consolidated entity	168,041	308,433	-	-
- other services in relation to the entity and any other entity in the consolidated entity	13,904	96,443	-	-
	1,248,760	1,450,653	-	-

Amounts received or due and receivable by auditors other than Ernst & Young for:

- an audit or review of the financial report of the entity and any other entity in the consolidated entity	77,156	74,660	-	-
- tax services in relation to the entity and any other entity in the consolidated entity	138,000	100,300	-	-
- other services in relation to the entity and any other entity in the consolidated entity	5,487	23,598	-	-
	220,643	198,558	-	-
	1,469,403	1,649,211	-	-

31. Key Management Personnel

(a) Details of Key Management Personnel

(i) DIRECTORS		(ii) EXECUTIVES	
	Title		Title
Gerald Harvey	Executive Chairman	Martin Anderson	General Manager – Generic Publications Pty Limited
Kay Lesley Page	Chief Executive Officer	Rodney Orrock	General Manager – Domayne
John Evyn Slack-Smith	Executive Director and Chief Operating Officer	Chris Mentis	Chief Financial Officer and Company Secretary – appointed a Director of Harvey Norman Holdings Limited on 30 August 2007
Arthur Bayly Brew	Executive Director	Kaine Escott	Chief Information Officer
David Ackery	Executive Director	James Scott	General Manager – Property
Christopher Herbert Brown	Non-Executive Director	Rutland Forbes Smith	General Manager – Computers
Michael John Harvey	Non-Executive Director	Tracey Lea Huckel	General Manager – Furniture and Bedding
Ian John Norman	Non-Executive Director		
Kenneth William Gunderson-Briggs	Non-Executive Director		
Graham Charles Paton AM	Non-Executive Director		

(b) Compensation of Key Management Personnel

The consolidated entity has applied the option under the Corporations Amendments Regulations 2006 to transfer key management personnel remuneration disclosures required by Accounting Standard AASB 124 “Related Party Disclosures” paragraphs Aus 25.4 to Aus 25.7.2 to the Remuneration Report section of the Directors’ Report. These transferred disclosures have been audited.

The total remuneration paid or payable to Key Management Personnel of the consolidated entity is as follows:

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$	\$	\$	\$
Short – Term	6,248,294	4,011,304	-	-
Post Employment	309,134	285,421	-	-
Share – based Payment	992,830	3,846,943	-	-
	7,550,258	8,143,668	-	-

31. Key Management Personnel (continued)

(c) Option Holdings of Key Management Personnel (Consolidated)

30 June 2007	Balance at Beginning of Period 01/07/2006	Granted as Remuner- ation	Options Exercised	Net Change Other	Balance at End of Period 30/06/2007	Vested at 30 June 2007		
						Total	Exercisable	Not Exercisable
Directors								
G. Harvey	3,000,000	-	-	-	3,000,000	2,000,000	2,000,000	-
K.L. Page	3,000,000	-	-	-	3,000,000	2,000,000	2,000,000	-
A.B. Brew	240,000	-	-	-	240,000	160,000	160,000	-
J.E. Slack-Smith	1,600,000	-	-	-	1,600,000	1,067,000	1,067,000	-
D.M. Ackery	533,333	-	-	-	533,333	-	-	-
M.J. Harvey	-	-	-	-	-	-	-	-
C.H. Brown	-	-	-	-	-	-	-	-
I.J. Norman	-	-	-	-	-	-	-	-
K.W. Gunderson- Briggs	-	-	-	-	-	-	-	-
G.C. Paton	-	-	-	-	-	-	-	-
Executives								
R. Orrock	-	-	-	-	-	-	-	-
M.L. Anderson	-	-	-	-	-	-	-	-
C. Mentis	-	-	-	-	-	-	-	-
K. Escott	-	-	-	-	-	-	-	-
J. Scott	-	-	-	-	-	-	-	-
R.F. Smith	-	-	-	-	-	-	-	-
T.L. Huckel	-	-	-	-	-	-	-	-
	8,373,333	-	-	-	8,373,333	5,227,000	5,227,000	-

Subsequent to year-end, on 4 September 2007, J.E. Slack-Smith exercised the following sets of options leaving his balance as at the date of this report being nil:

- exercise of 534,000 options from the 2003 EOP Allocation at a price of \$3.00 per option;
- exercise of 533,000 options from the 2004 EOP Allocation at a price of \$2.9263 per option; and
- exercise of 533,000 options from the 2005 EOP Allocation at a price of \$2.79 per option.

On 4 September 2007, D.M. Ackery exercised 533,333 options from the 2005 EOP Ackery Options at a price of \$2.79 per option. D.M. Ackery's option balance as at the date of this report is nil.

30 June 2006	Balance at Beginning of Period 01/07/2005	Granted as Remuner- ation	Options Exercised	Net Change Other	Balance at End of Period 30/06/2006	Vested at 30 June 2006		
						Total	Exercisable	Not Exercis- able
Directors								
G. Harvey	2,000,000	1,000,000	-	-	3,000,000	1,000,000	1,000,000	-
K.L. Page	2,000,000	1,000,000	-	-	3,000,000	1,000,000	1,000,000	-
R.J. Skippen	1,600,000	800,000	-	-	2,400,000	800,000	800,000	-
A.B. Brew	160,000	80,000	-	-	240,000	80,000	80,000	-
J.E. Slack-Smith	1,067,000	533,000	-	-	1,600,000	534,000	534,000	-
D.M. Ackery	533,333	-	-	-	533,333	-	-	-
S.P. Hauville	1,067,000	-	-	(1,067,000)	-	-	-	-
M.J. Harvey	-	-	-	-	-	-	-	-
C.H. Brown	-	-	-	-	-	-	-	-
I.J. Norman	-	-	-	-	-	-	-	-
K.W. Gunderson- Briggs	-	-	-	-	-	-	-	-
G.C. Paton	-	-	-	-	-	-	-	-
Executives								
R. Orrock	-	-	-	-	-	-	-	-
M.L. Anderson	-	-	-	-	-	-	-	-
C. Mentis	-	-	-	-	-	-	-	-
K. Escott	-	-	-	-	-	-	-	-
J. Scott	-	-	-	-	-	-	-	-
	8,427,333	3,413,000	-	(1,067,000)	10,773,333	3,414,000	3,414,000	-

31. Key Management Personnel (continued)

(d) Shareholdings of Key Management Personnel

Shares held in Harvey Norman Holdings Limited (number):

30 June 2007	Balance 1 July 2006	Granted as Remuneration	On Exercise of Options	Net Change Other (a)	Balance 30 June 2007
Directors					
G. Harvey	311,519,532	-	-	-	311,519,532
K.L. Page	19,345,133	-	-	-	19,345,133
A.B. Brew	1,169,871	-	-	-	1,169,871
J.E. Slack-Smith	199,999	-	-	(100,000)	99,999
D. Ackery	133,334	-	-	-	133,334
M.J. Harvey	3,445,553	-	-	-	3,445,553
C.H. Brown	173,467	-	-	-	173,467
I.J. Norman	175,249,660	-	-	-	175,249,660
K.W. Gunderson- Briggs	3,000	-	-	-	3,000
G.C. Paton	-	-	-	15,000	15,000
Executives					
R. Orrock	-	-	-	-	-
M.L. Anderson	-	-	-	-	-
C. Mentis	-	-	-	-	-
K. Escott	-	-	-	-	-
J. Scott	-	-	-	-	-
R.F. Smith	-	-	-	-	-
T.L. Huckel	-	-	-	-	-
Total	511,239,549	-	-	(85,000)	511,154,549

(a) Net Change Other includes market disposals and market acquisitions of ordinary shares in the Company.

Subsequent to year end, on 4 September 2007, J.E. Slack-Smith acquired 1,600,000 new ordinary shares in the Company due to the exercise of the following sets of options:

- exercise of 534,000 options from the 2003 EOP Allocation at a price of \$3.00 per option resulting in 534,000 new ordinary shares in the Company;
- exercise of 533,000 options from the 2004 EOP Allocation at a price of \$2.9263 per option resulting in 533,000 new ordinary shares in the Company; and
- exercise of 533,000 options from the 2005 EOP Allocation at a price of \$2.79 per option resulting in 533,000 new ordinary shares in the Company.

J.E. Slack-Smith's total shareholding as at the date of this report is 1,699,999 ordinary shares in Harvey Norman Holdings Limited.

On 4 September 2007, D.M. Ackery acquired 533,333 new ordinary shares in the Company due to the exercise of 533,333 options from the 2005 EOP Ackery Options at a price of \$2.79 per option. D.M. Ackery's total shareholding as at the date of this report is 666,667 ordinary shares in Harvey Norman Holdings Limited.

Subsequent to year end, K.L. Page sold 2,000,000 shares in the Company on market, disposing of 500,000 shares on 13 September 2007, 500,000 shares on 20 September 2007, 393,303 shares on 25 September 2007 and 606,697 shares on 26 September 2007. As at the date of this report, K.L. Page's total shareholding is 17,345,133 ordinary shares in Harvey Norman Holdings Limited.

Subsequent to year end, M.J. Harvey sold 270,000 shares in the Company on market, disposing of 102,646 shares on 24 September 2007, 135,000 shares on 26 September 2007 and 32,354 shares on 27 September 2007. As at the date of this report, M.J. Harvey's total shareholding is 3,175,553 ordinary shares in Harvey Norman Holdings Limited.

M.J. Harvey, as trustee for the M.J. Harvey Option Account, granted call options to unrelated third parties to sell shares in the Company as follows:

- 26 September 2007 – Call option to sell 96,000 shares at a price of \$5.75 per share in consideration of a call option fee of \$0.3696 per share, with an expiry date of 20 December 2007.
- 27 September 2007 – Call option to sell 204,000 shares at a price of \$5.75 per share in consideration of a call option fee of \$0.3967 per share, with an expiry date of 20 December 2007.

Subsequent to year end, G. Harvey granted call options with unrelated third parties to sell shares in the Company as follows:

- 21 September 2007 – Call option to sell 134,000 shares at a price of \$5.75 per share in consideration of a call option fee of \$0.4538 per share, with an expiry date of 20 December 2007.
- 25 September 2007 – Call option to sell 66,000 shares at a price of \$5.75 per share in consideration of a call option fee of \$0.3624 per share, with an expiry date of 20 December 2007.
- 27 September 2007 – Call option to sell 246,000 shares at a price of \$5.75 per share in consideration of a call option fee of \$0.3967 per share, with an expiry date of 20 December 2007.

31. Key Management Personnel (continued)

30 June 2006	Balance 1 July 2005	Reallocation of the 2004 DEIP Allocation as 2005 DEIP Allocation	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2006
Directors						
G. Harvey	311,519,533	(166,667)	166,666	-	-	311,519,532
K.L. Page	20,013,924	(166,667)	166,666	-	(668,790)	19,345,133
R.J. Skippen *	1,576,297	(200,000)	200,000	-	(100,000)	1,476,297
A.B. Brew	1,169,871	(20,000)	20,000	-	-	1,169,871
J.E. Slack-Smith	300,000	(133,334)	133,333	-	(100,000)	199,999
D. Ackery	133,334	-	-	-	-	133,334
S.P. Hauville *	721,241	(133,334)	-	-	(50,000)	537,907
M.J. Harvey	3,445,553	-	-	-	-	3,445,553
C.H. Brown	173,467	-	-	-	-	173,467
I.J. Norman	175,249,660	-	-	-	-	175,249,660
K.W. Gunderson- Briggs	3,000	-	-	-	-	3,000
G.C. Paton	-	-	-	-	-	-
Executives						
R. Orrock	-	-	-	-	-	-
M.L. Anderson	-	-	-	-	-	-
C. Mentis	-	-	-	-	-	-
K. Escott	-	-	-	-	-	-
J. Scott	-	-	-	-	-	-
Total	514,305,880	(820,002)	686,665	-	(918,790)	513,253,753

* The shareholding disclosed above for Mr S.P. Hauville (resigned 31 August 2005) and Mr R.J. Skippen (retired as a director of the Company on 20 April 2006) are as at the date of resignation or retirement rather than as at 30 June 2006.

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the consolidated entity would have adopted if dealing at arm's length.

(e) Loans to Key Management Personnel

(i) Details of aggregates of loans to key management personnel are as follows :

	Balance at beginning of period	Interest charged	Interest not charged	Write-off	Balance at End of Period	Number in Group
	\$000	\$000	\$000	\$000	\$000	No.
2007						
Directors	-	-	-	-	-	-
Executives	77	7	-	-	97	1
	77	7	-	-	97	1
2006						
Directors	-	-	-	-	-	-
Executives	90	1	-	-	91	1
	90	1	-	-	91	1

31. Key Management Personnel (continued)

(ii) Details of individuals with loans above \$100,000 in the reporting period are as follows:

	Balance at beginning of period	Interest charged	Interest not charged	Write-off	Balance at End of Period	Highest Owing in Period
	\$000	\$000	\$000	\$000	\$000	No.
2007						
Directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-
2006						
Directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-

Terms and Conditions of Loans

The consolidated entity has advanced a loan to one key management personnel during the year ended 30 June 2007 and has charged the executive a commercial rate of interest of 9.0%. This loan was a short-term advance for the settlement of a personal liability.

(f) Other Transactions and Balances with Key Management Personnel

	CONSOLIDATED	
	2007 \$	2006 \$
(i) Loans from directors to subsidiaries of Harvey Norman Holdings Limited:		
Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited) borrowed money from entities associated with I.J. Norman, M.J. Harvey, A.B. Brew and G. Harvey. Interest is payable at commercial rates. These loans are unsecured and repayable at call.	23,931,436	24,696,500
Net amounts (repaid to)/received from entities associated with the above mentioned directors and their related parties.	(765,848)	(3,726,748)
Interest paid/payable	1,872,399	1,811,466
(ii) Legal fees paid to a director-related entity:		
Legal fees were paid to the firm of which Mr C.H. Brown is a partner for professional services rendered to the consolidated entity in the normal course of business.	390,550	414,922
(iii) Consulting fees paid to a director-related entity:		
Consulting fees were paid to a company of which Mr. K. Gunderson-Briggs is a director for the professional services rendered to the consolidated entity in the normal course of business, in respect of a single proposed transaction which did not proceed.	514,572	-
(iv) Lease of business premises from Ruzden Pty Limited:		
The consolidated entity leases business premises at Bundall, Queensland from Ruzden Pty Limited. Mr G. Harvey, Ms K.L. Page, Mr M.J. Harvey, Mr I.J. Norman and Mr A.B. Brew have an equity interest in Ruzden Pty Limited. The lease arrangements were approved by shareholders in the General Meeting held 25 May 1993, and in the General Meeting held 31 August 1999. The lease is subject to normal commercial terms and conditions. Rent paid by the consolidated entity to Ruzden Pty Limited is as disclosed.	3,679,737	3,840,722

31. Key Management Personnel (continued)

	CONSOLIDATED	
	2007 \$	2006 \$
(f) Other Transactions and Balances with Key Management Personnel (continued)		
<i>(v) Other income derived by related entities of key management personnel:</i>		
Certain franchises are operated by entities owned or controlled by relatives of key management personnel under normal franchisee terms and conditions. Aggregated net income derived by entities owned or controlled by relatives of key management personnel is as disclosed.	1,087,706	732,228
<i>(vi) Perth City West Retail Complex</i>		
By a contract for sale dated 31 October 2000, Gerald Harvey, as to a one half share as tenant in common, and a subsidiary of Harvey Norman Holdings Limited, as to a one half share as tenant in common, purchased the Perth City West retail complex for a purchase price of \$26.6 million. In the financial report for the year ended 30 June 2007 this has been accounted for as a joint venture entity as disclosed in Note 37 to the financial statements. This transaction was executed under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transaction was at arm's length. The property was purchased subject to a lease of part of the property in favour of a subsidiary of Harvey Norman Holdings Limited (the "Lessee"). That lease had been granted by the previous owner of the property on arm's length normal terms and conditions. Gerald Harvey is entitled to one half of the rental paid by the Lessee. The amount of rental and outgoings paid by the Lessee to Gerald Harvey and the subsidiary of Harvey Norman Holdings Limited for the year ended 30 June 2007 was \$1.52 million and for the year ended 30 June 2006 was \$1.426 million.		
<i>(vii) The Byron at Byron Resort, Spa and Conference Centre</i>		
By a contract for sale dated 15 May 2002, Gerald Harvey, as to a one half share as tenant in common, and a subsidiary of Harvey Norman Holdings Limited, as to a one half share as tenant in common, purchased the Byron at Byron Resort, Spa and Conference Centre for a purchase price of \$7.1 million. In the financial report for the year ended 30 June 2007, this has been accounted for as a joint venture entity as disclosed in Note 37. This transaction was executed under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transaction was at arms' length. There were no distributions of profit made to either joint venture partners and Gerald Harvey and a subsidiary of Harvey Norman Holdings Limited were required to contribute an additional investment of \$1.28 million each.		
<i>(viii) National Rugby League Limited</i>		
Ms. K.L. Page is a director of National Rugby League Limited. During the financial year, wholly owned subsidiaries of Harvey Norman Holdings Limited paid for advertising and sponsorships totalling \$3.70 million (2006: \$2.53 million) to National Rugby League Limited. All dealings with that entity are in the ordinary course of business and on normal commercial terms and conditions.		
<i>(ix) Gazal Corporation Limited</i>		
Mr G.C. Paton is a non-executive director of Gazal Corporation Limited, a public company listed on the Australian Stock Exchange. A wholly-owned subsidiary of the consolidated entity owns 1.0 million shares in Gazal Corporation Limited with a market value of \$2.30 million as at 30 June 2007 (2006: \$2.38 million). The consolidated entity received dividends from Gazal Corporation Limited amounting to \$0.14 million for the year ended 30 June 2007 (2006: \$0.26 million).		

32. Related Party Transactions

(a) Ultimate Controlling Entity

The ultimate controlling entity of the consolidated entity is Harvey Norman Holdings Limited, a company incorporated in Australia.

	CONSOLIDATED	
	2007 \$	2006 \$
(b) Transactions with other Related Parties		
(i) <i>Advertising charges to controlled entities:</i>		
Generic Publications Pty Limited ("Generic") (a wholly owned subsidiary of Harvey Norman Holdings Limited) charged Rebel Sport Limited for advertising, production and related services. The charges incurred by Rebel Sport Limited were reduced by settlement discounts received by Generic in respect of the Rebel advertising payments, were at normal commercial terms and conditions and have been eliminated on consolidation.	10,956,629	15,222,840
(ii) <i>Other related party transactions</i>		
- Calardu Loganholme Pty Limited, as trustee for Calardu Loganholme Trust (a wholly owned subsidiary of Harvey Norman Holdings Limited) charged Rebel Sport Limited rent and outgoings for retail premises. The charges were at normal terms and conditions and have been eliminated on consolidation.	136,788	169,930
- Calardu Silverwater Pty Limited, as trustee for Calardu Silverwater Trust (a wholly owned subsidiary of Harvey Norman Holdings Limited) charged Rebel Sport Limited rent and outgoings for retail premises. The charges were at normal terms and conditions and have been eliminated on consolidation.	318,660	463,142
- Rebel Sport Limited has deposited funds with Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited). The funds were deposited at normal commercial terms and conditions and have been eliminated on consolidation. The amount of such funds deposited at balance date was:	-	23,500,000
- Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited) paid interest to Rebel Sport Limited on funds that Rebel had deposited with Derni. The interest paid was at normal commercial terms and conditions and has been eliminated on consolidation.	1,737,689	1,654,463
- Several wholly owned subsidiaries of Harvey Norman Holdings Limited operate inter-company loan accounts with controlled entities such as Harvey Norman Stores (NZ) Pty Limited, Pertama Holdings Limited, Singapore, Harvey Norman Holdings Ireland Limited and Harvey Norman Europe d.o.o. The function of these inter-company loans is to facilitate the reimbursement of expenses paid by wholly-owned subsidiaries in Australia including travel expenses, advertising, courier costs and other miscellaneous expenses. These loans are short-term in nature, repaid by controlled entities on a monthly basis and are non-interest bearing. Inter-company loans are at normal terms and conditions and have been eliminated on consolidation. The amount of such inter-company loans on balance date were:	4,168,649	5,121,638

32. Related Party Transactions (continued)

	CONSOLIDATED	
	2007 \$	2006 \$
- Network Consumer Finance Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited) acts as financier to several controlled partnerships and operates inter-company loan accounts with these controlled partnerships to facilitate the transfer and reimbursement of funds. The controlled partnerships request advances from Network Consumer Finance Pty Limited to pay for general working capital expenses including, but not limited to, wages, travel, rental and other operating costs. Inter-company loans are at normal terms and conditions and have been eliminated on consolidation.		
- The amount of inter-company loans with controlled partnerships at balance date was:	48,353,645	38,246,226
- The aggregate amount of interest charged by Network Consumer Finance Pty Limited to controlled partnerships was at normal commercial terms and conditions. The aggregate amount of interest charged was:	1,673,645	1,655,066

RELATED PARTY TRANSACTIONS WITH PARENT ENTITY

The parent entity transacts with only wholly-owned subsidiaries. These transactions include the receipt of dividends and trust profit distributions resulting in the recognition of inter-company loan balances with these wholly-owned subsidiaries. Inter-company loans are unsecured, non-interest bearing and do not carry fixed terms of repayment.

	CONSOLIDATED		PARENT	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000

33. Commitments

- (a) Capital expenditure contracted for but not provided is payable as follows:

Not later than one year	24,117	53,230	-	-
Later than one year but not later than five years	1,598	-	-	-
	25,715	53,230	-	-

The consolidated entity had contractual obligations to purchase property, plant and equipment and investment properties of \$25.72 million (2006: \$53.23 million). The contractual obligations relating to property, plant and equipment are mainly for the construction of new stores and capital expenditure in the maintenance of existing stores of overseas controlled entities. The contractual obligations relating to investment properties are mainly for the purchase of land to construct proposed franchised complexes in Australia.

- (b) Lease expenditure commitments:

- (i) Finance lease rentals are payable as follows:

Not later than one year	492	429	-	-
Later than one year but not later than five years	341	412	-	-
Minimum finance lease payments	833	841	-	-
Deduct future finance charges	(48)	(98)	-	-
Total finance lease liabilities	785	743	-	-

33. Commitments (continued)

	CONSOLIDATED		PARENT	
	2007	2006	2007	2006
	\$000	\$000	\$000	\$000
Disclosed as follows:				
Current liabilities (refer Note 18)	431	385	-	-
Non-current liabilities (refer Note 21)	354	358	-	-
	785	743	-	-

All lease payments are determined at the commencement of the lease and remain fixed for the lease term. The finance lease liabilities are secured by charges over the underlying assets financed (refer to Note 14 for net book value of capitalised lease assets).

- (ii) Operating lease expenditure contracted for is payable as follows:

Not later than one year	114,772	128,234	-	-
Later than one year but not later than five years	337,656	375,666	-	-
Later than five years	122,309	236,913	-	-
Total operating lease liabilities	574,737	740,813	-	-

Operating leases are entered into as a means of acquiring access to retail property and warehouse facilities. Rental payments are renewed annually in line with rental agreements.

- (c) Capital expenditure commitments on behalf of joint ventures are payable by the consolidated entity as follows:

Not later than one year	30,310	4,712	-	-
Later than one year but not later than five years	5,368	-	-	-
	35,678	4,712	-	-

The consolidated entity and a subsidiary of Harvey Norman Holdings Limited had contractual obligations to purchase property, plant and equipment to be owned by that subsidiary amounting to \$35.68 million at balance date (2006: \$4.71 million). These capital expenditure commitments relate to a new building development and office complex to be located in Cambridge, Tasmania and an office development in Perth City West.

34. Contingent Liabilities

Contingent liabilities at balance date, not otherwise provided for in these financial statements are categorised as follows:

Bank performance guarantees given to various councils and other third parties on behalf of the consolidated entity

26,617 12,931 - -

Other contingent liabilities relating to various line of credit facilities utilised

7,112 8,786 - -

The parent entity has guaranteed the performance of a number of controlled entities which have entered into leases with other parties

- - 455,525 407,071

Total contingent liabilities 33,729 21,717 455,525 407,071

35. Financial Instruments

(a) Objectives for Holding Derivative Financial Instruments

The consolidated entity uses derivative financial instruments to manage specifically identified interest rate and foreign currency risks. The purposes for which specific derivative instruments are used are as follows:

Forward exchange contracts are purchased to hedge the Australian dollar value of purchases of products denominated in foreign currency.

Interest rate swap agreements are used to convert floating rate exposures on certain debt to fixed rates. These swaps entitle the consolidated entity to receive, or oblige it to pay, the amounts, if any, by which actual interest payments on nominated loan amounts exceed or fall below specified interest amounts.

(b) Interest Rate Risk Exposures

The consolidated entity is exposed to interest rate risk through primary financial assets and liabilities, modified through derivative financial instruments such as interest rate swaps. The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date.

30 June 2007	Principal Subject to Floating interest rate \$000	Fixed interest rate maturing in			Non- interest bearing \$000	Total \$000	Average interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000			Floating	Fixed
Financial assets								
Cash	165,875	-	-	-	-	165,875	0%-7.5%	-
Consumer finance loans	-	489	143	-	45,288	45,920	-	9%-14.5%
Finance lease receivables	-	10,319	17,434	-	-	27,753	-	8%-12%
Trade debtors	-	-	-	-	952,131	952,131	-	-
Other financial assets	-	5,714	-	-	13,484	19,198	-	6.22%
Non-trade debtors & loans	33,303	6,295	-	-	1,401	40,999	6.69%-9.38%	5%-12%
	199,178	22,817	17,577	-	1,012,304	1,251,876		
Financial liabilities								
Bank overdraft	60,035	-	-	-	-	60,035	3.19%-11.9%	-
Trade creditors	-	-	-	-	635,227	635,227	-	-
Finance lease liabilities	-	431	354	-	-	785	-	9.88%
Commercial investors FAST	28,848	-	-	-	-	28,848	6.39%	-
Other loans	26,686	88	-	-	1,066	27,840	6.53%	5%
Bills payable (*)								
- Australia	31,250	-	100,000	-	-	131,250	6.07%	6.19%
- New Zealand	22,675	27,211	-	-	-	49,886	8.26%	6.59%
- Singapore	1,564	-	-	-	-	1,564	4.29%	-
- Slovenia	14,095	-	-	-	-	14,095	4.63%	-
CMBS (*)	-	-	253,253	-	-	253,253	-	6.51%
	185,153	27,730	353,607	-	636,293	1,202,783		

35. Financial Instruments (continued)

(b) Interest Rate Risk Exposures (continued)

(b) Interest Rate Risk Exposures (continued)								
30 June 2006	Principal Subject to Floating interest rate \$000	Fixed interest rate maturing in			Non- interest bearing \$000	Total \$000	Average interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000			Floating	Fixed
Financial assets								
Cash	122,776	-	-	-	-	122,776	0.1% - 7.25%	-
Consumer finance loans	-	806	-	-	64,804	65,610	-	9%
Finance lease receivables	-	10,202	17,838	-	-	28,040	-	8% - 12%
Trade debtors	-	-	-	-	925,750	925,750	-	-
Other financial assets	-	6,095	-	-	11,760	17,855	-	6.08%
Non-trade debtors & loans	29,146	6,826	-	-	5,069	41,041	6.43% - 8.98%	6.5% - 12%
	151,922	23,929	17,838	-	1,007,383	1,201,072		
Financial liabilities								
Bank overdraft	67,512	-	-	-	-	67,512	2.2% - 11.9%	-
Trade creditors	-	-	-	-	552,001	552,001	-	-
Finance lease liabilities	-	385	358	-	-	743	-	9.5%
Commercial investors FAST	45,281	-	-	-	-	45,281	5.84%	-
Other loans	26,641	88	-	-	2,056	28,785	6.02%	5%
Bills payable (*)								
- Australia	159,740	-	250,000	-	-	409,740	5.8%	6.19%
- New Zealand	12,336	-	24,673	-	-	37,009	7.11%	6.59%
- Singapore	3,194	-	-	-	-	3,194	3.55%	-
- Slovenia	9,681	-	-	-	-	9,681	3.65%	-
CMBS (*)	-	-	250,369	-	-	250,369	-	6.51%
	324,385	473	525,400	-	554,057	1,404,315		

* The consolidated entity is required to pay interest costs at various floating rates of interest on bank bills. In order to protect part of the loans from exposure to increasing interest rates, the consolidated entity has entered into several interest rate swap contracts under which it is obliged to receive interest at variable rates and to pay interest at fixed rates.

(c) Foreign Exchange

The following table summarises by currency the Australian dollar value of forward foreign exchange agreements. Foreign currency amounts are translated at rates current at the reporting date. The 'buy' amounts represent the Australian dollar equivalent of commitments to purchase foreign currencies. Contracts to buy and sell foreign currency are entered into from time to time to offset purchase and sale obligations so as to maintain a properly hedged position.

Currency	Average Exchange Rate		2007		2006	
	2007	2006	Buy \$000	Sell \$000	Buy \$000	Sell \$000
Euro						
6 months or less	60.64	61.20	2,235	-	327	-
US Dollar						
6 months or less	78.19	74.51	14,821	-	19,696	-
Total			17,056	-	20,023	-

35. Financial Instruments (continued)

(d) Net fair value of financial assets and liabilities

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

Investment securities

Market values have been used to determine the fair value of listed shares held as available for trading and available for sale.

Interest rate swap

In order to protect against rising interest rates the consolidated entity has entered into interest rate swap contracts in which it has a right to receive interest at variable rates and to pay interest at fixed rates. The settlement dates coincide with the dates on which interest is payable on the underlying debt. All swaps are matched directly against the appropriate loans and, as such, are considered fully effective. They are settled on a net basis. The swaps are measured at fair value and all gains and losses are taken directly to equity.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date for consolidated entity:

Outstanding floating for fixed contracts	Average contracted fixed interest rate	Notional principal amount	Fair value
Less than 1 year	6.38%	27,210,884	105,762
2 to 5 years	6.31%	351,746,032	6,750,302

The interest rate swap contracts are assessed to be highly effective and an unrealised gain of \$4,768,393 relating to the hedging instrument is included in equity.

(e) Credit risk exposure

The consolidated entity's exposures to on balance sheet credit risk are as indicated by the carrying amounts of its financial assets. The consolidated entity does not have a significant exposure to any individual counterparty.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of debtors in various countries and industries.

The major geographic concentration of credit risk arises from the location of the counterparties to the consolidated entity's financial assets as shown in the following table:

CONSOLIDATED		
Location of credit risk	2007 \$000	2006 \$000
Australia	998,139	1,000,210
New Zealand	27,053	21,620
Asia	30,867	31,510
Slovenia	1,291	2,564
Ireland	2,669	3,653
Total	1,060,019	1,059,557

Credit risk on financial assets is spread over the financial services and retail industries.

(f) Parent Entity

The parent entity's exposure to interest rate, foreign exchange and credit risk is not significant.

36. Other Segment Information

	Equity Accounted Investments included in Segment Assets		Non-cash Expenses other than Depreciation and Amortisation		Acquisition of Property, Plant and Equipment, Investment Properties, Intangible Assets and other Non-current Assets	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000	2007 \$000	2006 \$000
FRANCHISING OPERATIONS	-	-	754	8,235	83,932	72,874
Retail – New Zealand	-	-	3,610	239	12,683	5,182
Retail – Rebel Sport	-	-	-	2,067	-	11,140
Retail – Asia	-	-	2,681	1,815	6,165	2,736
Retail – Slovenia	-	-	306	108	2,677	422
Retail – Ireland	-	-	1,335	919	9,919	12,349
Other Non-Franchised Retail	-	-	7,107	726	2,208	2,115
TOTAL RETAIL	-	-	15,039	5,874	33,652	33,944
Retail Property	68,299	72,047	(4,522)	(2,449)	24,892	104,361
Property Under Construction for Retail	36,192	20,777	(1,110)	(1,142)	73,152	1,710
Property Development for Resale	1,925	3,241	343	(978)	32	642
TOTAL PROPERTY	106,416	96,065	(5,289)	(4,569)	98,076	106,713
Financial Services	-	-	2,499	901	21,393	35,695
Share Trading	-	-	-	-	-	-
TOTAL OTHER	-	-	2,499	901	21,393	35,695
Eliminations	-	-	-	-	-	-
CONSOLIDATED	106,416	96,065	13,003	10,441	237,053	249,226

	CONSOLIDATED Investment		CONSOLIDATED Share of net profit/(loss)	
	2007 \$000	2006 \$000	2007 \$000	2006 \$000

37. Associates and Joint Venture Entities

Joint venture entities	106,416	96,065	5,289	4,569
Total accounted for using equity method	106,416	96,065	5,289	4,569

37. Details of Associates and Joint Venture Entities (continued)

Details of material interests in joint venture entities are as follows:

Name and Principal activities	Ownership Interest		Contribution to Net Profit (Loss)	
	2007 %	2006 %	2007 \$000	2006 \$000
Noarlunga				
- Shopping complex	50%	50%	133	51
Warwick				
- Shopping complex	sold	sold	-	2
Perth City West				
- Shopping complex	50%	50%	2,058	1,203
Bathurst				
- Shopping complex and warehouse	sold	50%	38	57
Kelso				
- Development of land for resale	50%	50%	78	407
Tweed Heads – Stage 1				
- Shopping complex	50%	50%	922	681
Warrawong (a)				
- Shopping complex	62.5%	62.5%	1,176	316
Tweed Heads Traders Way				
- Building development	50%	50%	(5)	2,111
Sylvania				
- Residential development	40%	40%	(419)	(802)
Byron Bay				
- Residential/convention development	50%	50%	(1,142)	(1,083)
Warrawong 151 – 155 King St (a)				
- Shopping complex	62.5%	62.5%	(80)	(5)
Warrawong Homestarters				
- Retail shop	50%	50%	148	148
Mentone				
- Shopping complex/residential development	50%	50%	1,133	1,119
Byron Bay (2)				
- Resort operations	50%	50%	682	190
Byron Bay (3)				
- (not currently trading)	50%	50%	-	-
Dubbo				
- Shopping complex / building development	50%	50%	514	138
Cubitt				
- Showroom and warehouse	50%	50%	56	36
Cambridge				
- Building and office complex/building development	50%	50%	(3)	-
			5,289	4,569

(a) These joint ventures have not been consolidated as the consolidated entity does not have control over operating and financing decisions, and all joint venture parties participate equally in decision making.

37. Details of Associates and Joint Venture Entities (continued)

Aggregate carrying amounts of joint venture entities

	CONSOLIDATED 2007			Total carrying amount
	Retained Profits \$000	Other Reserves \$000	Cost \$000	\$000
Balance at the beginning of the year	-	5,153	90,912	96,065
Movements during the year:				
Investments acquired	-	-	12,067	12,067
Revaluation increment	-	866	-	866
Distributions received	(5,289)	-	(2,582)	(7,871)
Share of net profit	5,289	-	-	5,289
Balance at the end of the year	-	6,019	100,397	106,416

	CONSOLIDATED 2006			Total carrying amount
	Retained Profits \$000	Other Reserves \$000	Cost \$000	\$000
Balance at the beginning of the year	-	4,034	84,514	88,548
Movements during the year:				
Investments acquired	-	-	13,929	13,929
Revaluation increment	-	1,119	-	1,119
Distributions received	(4,569)	-	(7,531)	(12,100)
Share of net profit	4,569	-	-	4,569
Balance at the end of the year	-	5,153	90,912	96,065

Financial summary of joint venture entities

	CONSOLIDATED	
	2007 \$000	2006 \$000
Current assets	21,445	27,445
Non-current assets	189,341	163,496
Current liabilities	(7,801)	(2,484)
Non-current liabilities	(56)	(782)
Net Assets	202,929	187,675
Revenues	26,982	37,118
Expenses	(16,683)	(28,504)
Profit from ordinary activities before income tax expense	10,299	8,614
Income tax expense relating to ordinary activities	-	-
Net profit	10,299	8,614
Share of net profit of joint venture entities	5,289	4,569

38. Controlled Entities and Unit Trusts

Shares held by Harvey Norman Holdings Limited

The following companies are 100% owned by Harvey Norman Holdings Limited and incorporated in Australia unless marked otherwise. The financial years of all controlled entities are the same as that of the parent entity.

A.C.N. 098 004 570 Pty Limited ¹	Calardu Auburn Pty Limited ¹	Calardu Gympie Pty Limited ^{1,6}
ABSC Online Pty Limited ^{1,28}	Calardu Ballarat Pty Limited ¹	Calardu Hervey Bay Pty Limited ¹
Achiever Computers Pty Ltd ¹	Calardu Ballina Pty Limited ¹	Calardu Hobart Pty Limited ¹
Aloku Pty Limited	Calardu Bathurst Pty Limited ¹	Calardu Hoppers Crossing Pty Limited ¹
Anwarah Pty Limited	Calardu Beaufort Street Pty Limited ¹	Calardu Horsham Pty Limited ¹
Arisit Pty Limited ^{1, 2,18}	Calardu Belrose DM Pty Limited ¹	Calardu Joondalup Pty Limited
Arlenu Pty Limited	Calardu Berri (SA) Pty Limited ¹	Calardu Kalgoorlie Oswald St Pty Limited ¹
Armidale Holdings Pty Limited ^{1,22}	Calardu Berrimah Pty Limited ¹	Calardu Kalgoorlie Pty Limited ¹
Arpayo Pty Limited	Calardu Broadmeadow Pty Limited ¹	Calardu Karana Downs Pty Limited ¹
Aspley Furniture Pty Limited ¹	Calardu Broadmeadows VIC Pty Limited ¹	Calardu Karratha Pty Limited ¹
Aubdirect Pty Limited ¹	Calardu Browns Plains Pty Limited ¹	Calardu Kawana Waters Pty Limited ¹
Australian Business Skills Centre Pty Limited ^{1,24}	Calardu Bunbury (WA) Pty Limited	Calardu Kemblawarra Pty Limited ¹
Balwundu Pty Limited	Calardu Bundall Pty Limited ¹	Calardu Kingaroy Pty Limited ^{1,6}
Barrayork Pty Limited ¹	Calardu Burnie Pty Limited ¹	Calardu Launceston Pty Limited ¹
Becto Pty Limited ^{1, 30}	Calardu Cambridge Pty Limited ¹	Calardu Loganholme Pty Limited ¹
Bellect Pty Limited ^{1,7}	Calardu Campbelltown Pty Limited ¹	Calardu Maitland Pty Limited ¹
Bellevue Hill Pty Limited ¹	Calardu Cannington Pty Limited	Calardu Malaga Pty Limited ¹
Bestest Pty Limited	Calardu Caringbah (Taren Point) Pty Limited ¹	Calardu Mandurah Pty Limited ¹
Bossee Pty Limited ¹	Calardu Caringbah Pty Limited ¹	Calardu Maribyrnong Pty Limited
Bradiz Pty Limited	Calardu Chatswood Pty Limited ¹	Calardu Marion Pty Limited
Braxpine Pty Limited	Calardu Crows Nest Pty Limited ¹	Calardu Maroochydore Pty Limited ¹
Byron Bay Facilities Pty Limited ^{1,25}	Calardu Cubitt Pty Limited ¹	Calardu Maryborough Pty Limited ¹
Byron Bay Management Pty Limited ^{1,26}	Calardu Darwin Pty Limited ¹	Calardu Melville Pty Limited
Caesar Mosaics Pty Limited ¹	Calardu Dubbo Pty Limited ¹	Calardu Mentone Pty Limited ¹
Calardu Albany Pty Limited ¹	Calardu Emerald Pty Limited ^{1,6}	
Calardu Albury Pty Limited ¹	Calardu Frankston Pty Limited ¹	
Calardu Alexandria DM Pty Limited	Calardu Fyshwick DM Pty Limited ¹	
Calardu Alice Springs Pty Limited	Calardu Gladstone Pty Limited ^{1,6}	
Calardu Armadale WA Pty Limited ¹	Calardu Gordon Pty Limited ¹	
Calardu Armidale Pty Limited ¹	Calardu Guildford Pty Limited ¹	

38. Controlled Entities and Unit Trusts (continued)
Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Calardu Midland Pty Limited ¹	Calardu Thebarton Pty Limited ¹	D.M. Leicht Franchisor Pty Limited ¹
Calardu Milton Pty Limited ¹	Calardu Toorak Pty Limited ¹	D.M. Liverpool Franchisor Pty Limited
Calardu Morayfield Pty Limited ¹	Calardu Townsville Pty Limited ¹	D.M. Liverpool Leasing Pty Limited ¹
Calardu Moss Vale Pty Limited ¹	Calardu Tweed Heads Pty Limited	D.M. North Ryde Franchisor Pty Limited ¹
Calardu Mount Isa Pty Limited ¹	Calardu Tweed Heads Traders Way Pty Limited ¹	D.M. North Ryde Leasing Pty Limited ¹
Calardu Mt Gambier Pty Limited ¹	Calardu Vicburn Pty Limited ¹	D.M. Penrith Franchisor Pty Limited
Calardu Mudgee Pty Limited ¹	Calardu Victoria Pty Limited	D.M. Penrith Leasing Pty Limited ¹
Calardu Munno Para Pty Limited ¹	Calardu Warrawong (Homestarters) Pty Limited ¹	D.M. QVH Franchisor Pty Limited
Calardu Noarlunga Pty Limited ¹	Calardu Warrawong Pty Limited	D.M. QVH Leasing Pty Limited ¹
Calardu Noosa Pty Limited	Calardu Warnambool Pty Limited	D.M. Warrawong Franchisor Pty Limited
Calardu North Ryde Pty Limited ¹	Calardu Warwick Pty Limited ¹	D.M. Warrawong Leasing Pty Limited ¹
Calardu Northbridge Pty Limited	Calardu West Gosford Pty Limited ¹	Daldere Pty Limited
Calardu Nowra Pty Limited ¹	Calardu Whyalla Pty Limited ¹	Dandolena Pty Limited
Calardu Penrith Pty Limited	Calardu Wivenhoe Pty Limited ¹	Derni Pty Limited
Calardu Perth City West Pty Limited ¹	Carlando Pty Limited ¹	Divonda Pty Limited
Calardu Port Macquarie Pty Limited	Charmela Pty Limited	Domain Holdings Pty Limited ¹
Calardu Preston Pty Limited	Clambruno Pty Limited	Domayne Furnishing Pty Limited ¹
Calardu Pty Limited	Cropp Pty Limited ¹	Domayne Holdings Limited ^{1,8,9}
Calardu Queensland Pty Limited	D.M. Alexandria Franchisor Pty Limited	Domayne Online.com Pty Limited ¹
Calardu Raine Square Pty Limited ¹	D.M. Alexandria Leasing Pty Limited ¹	Domayne P.E.M. Pty Limited
Calardu Richmond Pty Limited	D.M. Alexandria Licencing Pty Limited ¹	Domayne Plant & Equipment Pty Limited
Calardu Rockhampton Pty Limited ¹	D.M. Auburn Franchisor Pty Limited	Domayne Pty Limited ¹
Calardu Rockingham Pty Limited	D.M. Auburn Leasing Pty Limited ¹	Dubbo JV Pty Limited ¹
Calardu Roselands Pty Limited ¹	D.M. Bundall Franchisor Pty Limited	Durslee Pty Limited
Calardu Rutherford Pty Limited ¹	D.M. Bundall Leasing Pty Limited ¹	Edbrook Everton Park Pty Limited ¹
Calardu Sale Pty Limited ¹	D.M. Castle Hill Franchisor Pty Limited ^{1,6}	Edbrook Pty Limited ⁵
Calardu Silverwater Pty Limited ¹	D.M. Castle Hill Leasing Pty Limited ^{1,6}	Farane Pty Limited
Calardu South Australia Pty Limited	D.M. Fyshwick Franchisor Pty Limited	Flormonda Pty Limited
Calardu Springvale Pty Limited ¹	D.M. Fyshwick Leasing Pty Limited ¹	Forgetful Pty Limited ¹
Calardu Swan Hill Pty Limited ¹	D.M. Kotara Franchisor Pty Limited	Ganoru Pty Limited
Calardu Sylvania Pty Limited ¹	D.M. Kotara Leasing Pty Limited ¹	Generic Publications Pty Limited ¹

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Geraldton WA Pty Limited ¹	H.N. Batemans Bay Leasing Pty Limited ^{1,6}	H.N. Burleigh Heads Leasing Pty Limited ¹
Gestco Greensborough Pty Limited	H.N. Bathurst Franchisor Pty Limited	H.N. Busselton Franchisor Pty Limited
Gestco Pty Limited	H.N. Bathurst Leasing Pty Limited ¹	H.N. Busselton Leasing Pty Limited ¹
Glo Light Pty Limited ^{1,23}	H.N. Belmont Franchisor Pty Limited	H.N. Cairns Franchisor Pty Limited
H.N. Adelaide CK Franchisor Pty Limited	H.N. Belmont Leasing Pty Limited ¹	H.N. Cairns Leasing Pty Limited ¹
H.N. Adelaide CK Leasing Pty Limited ¹	H.N. Bendigo Franchisor Pty Limited	H.N. Campbelltown Franchisor Pty Limited
H.N. Albany Franchisor Pty Limited	H.N. Bendigo Leasing Pty Limited ¹	H.N. Campbelltown Leasing Pty Limited ¹
H.N. Albany Leasing Pty Limited ¹	H.N. Bernoth Franchisor Pty Limited	H.N. Cannington W.A. Franchisor Pty Limited
H.N. Albury Franchisor Pty Limited	H.N. Bernoth Leasing Pty Limited ¹	H.N. Cannington W.A. Leasing Pty Limited ¹
H.N. Albury Leasing Pty Limited ¹	H.N. Bernoth Plant & Equipment Pty Limited	H.N. Canonvale Franchisor Pty Limited ^{1,6}
H.N. Alexandria Franchisor Pty Limited ¹	H.N. Blacktown Franchisor Pty Limited	H.N. Canonvale Leasing Pty Limited ^{1,6}
H.N. Alexandria Leasing Pty Limited ¹	H.N. Blacktown Leasing Pty Limited ¹	H.N. Capalaba Franchisor Pty Limited ^{1,6}
H.N. Alice Springs Franchisor Pty Limited ^{1,6}	H.N. Bondi Junction Franchisor Pty Limited ¹	H.N. Capalaba Leasing Pty Limited ^{1,6}
H.N. Alice Springs Leasing Pty Limited ^{1,6}	H.N. Bondi Junction Leasing Pty Limited ¹	H.N. Cards Pty Limited ¹
H.N. Armadale WA Franchisor Pty Limited	H.N. Broadmeadow (VIC) Franchisor Pty Limited ¹	H.N. Carindale Franchisor Pty Limited
H.N. Armadale WA Leasing Pty Limited ¹	H.N. Broadmeadow (VIC) Leasing Pty Limited ¹	H.N. Carindale Leasing Pty Limited ¹
H.N. Armidale Franchisor Pty Limited	H.N. Broadway (Sydney) Franchisor Pty Limited	H.N. Caringbah Franchisor Pty Limited
H.N. Armidale Leasing Pty Limited ¹	H.N. Broadway (Sydney) Leasing Pty Limited ¹	H.N. Caringbah Leasing Pty Limited ¹
H.N. Aspley Franchisor Pty Limited	H.N. Broadway on the Mall Franchisor Pty Limited	H.N. Castle Hill Franchisor Pty Limited ¹
H.N. Aspley Leasing Pty Limited ¹	H.N. Broadway on the Mall Leasing Pty Limited ¹	H.N. Castle Hill Leasing Pty Limited ¹
H.N. Auburn Franchisor Pty Limited	H.N. Brooklyn Franchisor Pty Limited ¹	H.N. Chadstone Franchisor Pty Limited ¹
H.N. Auburn Leasing Pty Limited ¹	H.N. Brooklyn Leasing Pty Limited ¹	H.N. Chadstone Leasing Pty Limited ¹
H.N. Ayr Franchisor Pty Limited	H.N. Browns Plains Franchisor Pty Limited	H.N. Chatswood Franchisor Pty Limited
H.N. Ayr Leasing Pty Limited ¹	H.N. Browns Plains Leasing Pty Limited ¹	H.N. Chatswood Leasing Pty Limited ¹
H.N. Bairnsdale Franchisor Pty Limited	H.N. Bunbury Franchisor Pty Limited	H.N. Chimside Park Franchisor Pty Limited
H.N. Bairnsdale Leasing Pty Limited ¹	H.N. Bunbury Leasing Pty Limited ¹	H.N. Chimside Park Leasing Pty Limited ¹
H.N. Balgowlah Franchisor Pty Limited	H.N. Bundaberg Franchisor Pty Limited	H.N. City Cross Franchisor Pty Limited ¹
H.N. Balgowlah Leasing Pty Limited ¹	H.N. Bundaberg Leasing Pty Limited ¹	H.N. City Cross Leasing Pty Limited ¹
H.N. Ballarat Franchisor Pty Limited	H.N. Bundall Franchisor Pty Limited	H.N. City West Franchisor Pty Limited
H.N. Ballarat Leasing Pty Limited ¹	H.N. Bundall Leasing Pty Limited ¹	H.N. City West Leasing Pty Limited ¹
H.N. Batemans Bay Franchisor Pty Limited ^{1,6}	H.N. Burleigh Heads Franchisor Pty Limited	H.N. Cleveland Franchisor Pty Limited ¹

38. Controlled Entities and Unit Trusts (continued)
Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
H.N. Cleveland Leasing Pty Limited ¹	H.N. Geraldton Leasing Pty Limited ¹	H.N. Kalgoorlie Franchisor Pty Limited
H.N. Cobar Franchisor Pty Limited ^{1,6}	H.N. Geraldton WA Franchisor Pty Limited	H.N. Kalgoorlie Leasing Pty Limited ¹
H.N. Cobar Leasing Pty Limited ^{1,6}	H.N. Gladstone Franchisor Pty Limited	H.N. Karratha Franchisor Pty Limited
H.N. Coffs Harbour Franchisor Pty Limited	H.N. Gladstone Leasing Pty Limited ¹	H.N. Karratha Leasing Pty Limited ¹
H.N. Coffs Harbour Leasing Pty Limited ¹	H.N. Gordon Franchisor Pty Limited	H.N. Kawana Waters Franchisor Pty Limited
H.N. Coorparoo Franchisor Pty Limited ¹	H.N. Gordon Leasing Pty Limited ¹	H.N. Kawana Waters Leasing Pty Limited ¹
H.N. Coorparoo Leasing Pty Limited ¹	H.N. Gosford Leasing Pty Limited ¹	H.N. Knox Towerpoint Franchisor Pty Limited
H.N. Cranbourne Franchisor Pty Limited	H.N. Goulburn Franchisor Pty Limited ¹	H.N. Knox Towerpoint Leasing Pty Limited ¹
H.N. Cranbourne Leasing Pty Limited ¹	H.N. Goulburn Leasing Pty Limited ¹	H.N. Lake Haven Franchisor Pty Limited ^{1,6}
H.N. Dalby Franchisor Pty Limited	H.N. Grafton Franchisor Pty Limited	H.N. Lake Haven Leasing Pty Limited ^{1,6}
H.N. Dalby Leasing Pty Limited ¹	H.N. Grafton Leasing Pty Limited ¹	H.N. Leichhardt Franchisor Pty Limited
H.N. Dandenong Franchisor Pty Limited	H.N. Greensborough Franchisor Pty Limited	H.N. Leichhardt Leasing Pty Limited ¹
H.N. Dandenong Leasing Pty Limited ¹	H.N. Greensborough Leasing Pty Limited ²	H.N. Lismore Franchisor Pty Limited
H.N. Darwin Franchisor Pty Limited	H.N. Griffith Franchisor Pty Limited	H.N. Lismore Leasing Pty Limited ¹
H.N. Darwin Leasing Pty Limited ¹	H.N. Griffith Leasing Pty Limited ¹	H.N. Lithgow Franchisor Pty Limited ^{1,6}
H.N. Deniliquin Franchisor Pty Limited	H.N. Hamilton Franchisor Pty Limited	H.N. Lithgow Leasing Pty Limited ^{1,6}
H.N. Deniliquin Leasing Pty Limited ¹	H.N. Hamilton Leasing Pty Limited ¹	H.N. Liverpool Franchisor Pty Limited
H.N. Dubbo Franchisor Pty Limited	H.N. Hervey Bay Franchisor Pty Limited	H.N. Liverpool Leasing Pty Limited ¹
H.N. Dubbo Leasing Pty Limited ¹	H.N. Hervey Bay Leasing Pty Limited ¹	H.N. Loganholme Franchisor Pty Limited
H.N. Enfield Franchisor Pty Limited	H.N. Hoppers Crossing Franchisor Pty Limited	H.N. Loganholme Leasing Pty Limited ¹
H.N. Enfield Leasing Pty Limited ¹	H.N. Hoppers Crossing Leasing Pty Limited ¹	H.N. Loughran Contracting Pty Limited ¹
H.N. Everton Park Franchisor Pty Limited	H.N. Horsham Franchisor Pty Limited	H.N. Mackay Franchisor Pty Limited
H.N. Everton Park Leasing Pty Limited ¹	H.N. Horsham Leasing Pty Limited ¹	H.N. Mackay Leasing Pty Limited ¹
H.N. Fortitude Valley Franchisor Pty Limited	H.N. Indooroopilly Franchisor Pty Limited	H.N. Maddington Franchisor Pty Limited
H.N. Fortitude Valley Leasing Pty Limited ¹	H.N. Indooroopilly Leasing Pty Limited ¹	H.N. Maddington Leasing Pty Limited ¹
H.N. Fremantle Franchisor Pty Limited	H.N. Innisfail Franchisor Pty Limited	H.N. Maitland Franchisor Pty Limited
H.N. Fremantle Leasing Pty Limited ¹	H.N. Innisfail Leasing Pty Limited ¹	H.N. Maitland Leasing Pty Limited ¹
H.N. Fyshwick Franchisor Pty Limited	H.N. Inverell Franchisor Pty Limited	H.N. Malaga Franchisor Pty Limited ^{1,6}
H.N. Fyshwick Leasing Pty Limited ¹	H.N. Inverell Leasing Pty Limited ¹	H.N. Malaga Leasing Pty Limited ^{1,6}
H.N. Geelong Franchisor Pty Limited	H.N. Joondalup Franchisor Pty Limited	H.N. Mandurah Franchisor Pty Limited
H.N. Geelong Leasing Pty Limited ¹	H.N. Joondalup Leasing Pty Limited ¹	H.N. Mandurah Leasing Pty Limited ¹

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
H.N. Maribyrnong Franchisor Pty Limited	H.N. Mt Gravatt Leasing Pty Limited ¹	H.N. Osborne Park Franchisor Pty Limited
H.N. Maribyrnong Leasing Pty Limited ¹	H.N. Mt Isa Franchisor Pty Limited	H.N. Osborne Park Leasing Pty Limited ¹
H.N. Marion Franchisor Pty Limited	H.N. Mt Isa Leasing Pty Limited ¹	H.N. Oxley Franchisor Pty Limited
H.N. Marion Leasing Pty Limited ¹	H.N. Mudgee Franchisor Pty Limited	H.N. Oxley Leasing Pty Limited ¹
H.N. Maroochydore Franchisor Pty Limited	H.N. Mudgee Leasing Pty Limited ¹	H.N. Pacific Fair Franchisor Pty Limited ¹
H.N. Maroochydore Leasing Pty Limited ¹	H.N. Munno Para Franchisor Pty Limited	H.N. Pacific Fair Leasing Pty Limited ¹
H.N. Martin Place Sydney Franchisor Pty Limited	H.N. Munno Para Leasing Pty Limited ¹	H.N. Parkes Franchisor Pty Limited
H.N. Martin Place Sydney Leasing Pty Limited ¹	H.N. Muswellbrook Franchisor Pty Limited ^{1,6}	H.N. Parkes Leasing Pty Limited ¹
H.N. Midland Franchisor Pty Limited	H.N. Muswellbrook Leasing Pty Limited ^{1,6}	H.N. Penrith Franchisor Pty Limited
H.N. Midland Leasing Pty Limited ¹	H.N. Narre Warren Franchisor Pty Limited ¹	H.N. Penrith Leasing Pty Limited ¹
H.N. Mildura Franchisor Pty Limited	H.N. Narre Warren Leasing Pty Limited ¹	H.N. Peppermint Grove Franchisor Pty Limited
H.N. Mildura Leasing Pty Limited ¹	H.N. Newcastle Franchisor Pty Limited	H.N. Peppermint Grove Leasing Pty Limited ¹
H.N. Moe Franchisor Pty Limited	H.N. Newcastle Leasing Pty Limited ¹	H.N. Port Hedland Franchisor Pty Limited
H.N. Moe Leasing Pty Limited ¹	H.N. Newcastle West Franchisor Pty Limited ^{1,6}	H.N. Port Hedland Leasing Pty Limited ¹
H.N. Moorabbin Franchisor Pty Limited	H.N. Newcastle West Leasing Pty Limited ^{1,6}	H.N. Port Kennedy Franchisor Pty Limited
H.N. Moorabbin Leasing Pty Limited ¹	H.N. Noarlunga Franchisor Pty Limited	H.N. Port Kennedy Leasing Pty Limited ¹
H.N. Moore Park Franchisor Pty Limited	H.N. Noarlunga Leasing Pty Limited ¹	H.N. Port Macquarie Franchisor Pty Limited
H.N. Moore Park Leasing Pty Limited ¹	H.N. Noosa Franchisor Pty Limited	H.N. Port Macquarie Leasing Pty Limited ¹
H.N. Morayfield Franchisor Pty Limited	H.N. Noosa Leasing Pty Limited ¹	H.N. Preston Franchisor Pty Limited
H.N. Morayfield Leasing Pty Limited ¹	H.N. Norwest Franchisor Pty Limited ¹	H.N. Preston Leasing Pty Limited ¹
H.N. Moree Franchisor Pty Limited ^{1,6}	H.N. Norwest Leasing Pty Limited ¹	H.N. Riverwood Franchisor Pty Limited ¹
H.N. Moree Leasing Pty Limited ¹	H.N. Nowra Franchisor Pty Limited	H.N. Riverwood Leasing Pty Limited ¹
H.N. Morley Franchisor Pty Limited	H.N. Nowra Leasing Pty Limited ¹	H.N. Rockhampton Franchisor Pty Limited
H.N. Morley Leasing Pty Limited ¹	H.N. Nunawading Franchisor Pty Limited	H.N. Rockhampton Leasing Pty Limited ¹
H.N. Moss Vale Franchisor Pty Limited	H.N. Nunawading Leasing Pty Limited ¹	H.N. Salamander Bay Franchisor Pty Limited ^{1,6}
H.N. Moss Vale Leasing Pty Limited ¹	H.N. O'Connor Franchisor Pty Limited	H.N. Salamander Bay Leasing Pty Limited ^{1,6}
H.N. Mt Barker Franchisor Pty Limited ^{1,6}	H.N. O'Connor Leasing Pty Limited ¹	H.N. Sale Franchisor Pty Limited
H.N. Mt Barker Leasing Pty Limited ^{1,6}	H.N. Oakleigh CK Franchisor Pty Limited	H.N. Sale Leasing Pty Limited ¹
H.N. Mt Gambier Franchisor Pty Limited	H.N. Oakleigh CK Leasing Pty Limited ¹	H.N. Shepparton Franchisor Pty Limited
H.N. Mt Gambier Leasing Pty Limited ¹	H.N. Orange Franchisor Pty Limited	H.N. Shepparton Leasing Pty Limited ¹
H.N. Mt Gravatt Franchisor Pty Limited	H.N. Orange Leasing Pty Limited ¹	H.N. South Tweed Franchisor Pty Limited

38. Controlled Entities and Unit Trusts (continued)
Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
H.N. South Tweed Leasing Pty Limited ¹	H.N. Warwick (WA) Leasing Pty Limited ¹	Harvey Norman CEI d.o.o. ^{1,6,11}
H.N. Southland Franchisor Pty Limited	H.N. Warwick Franchisor Pty Limited	Harvey Norman Commercial Your Solution Provider Pty Limited ¹
H.N. Southland Leasing Pty Limited ¹	H.N. Warwick Leasing Pty Limited ¹	Harvey Norman Computer Club Pty Limited ¹
H.N. Sunshine Franchisor Pty Limited ^{1,6}	H.N. Watergardens Franchisor Pty Limited	Harvey Norman Computer Training Pty Limited ¹
H.N. Sunshine Leasing Pty Limited ^{1,6}	H.N. Watergardens Leasing Pty Limited ¹	Harvey Norman Contracting Pty Limited ¹
H.N. Swan Hill Franchisor Pty Limited	H.N. Waurm Ponds Franchisor Pty Limited	Harvey Norman Corporate Air Pty Limited ¹
H.N. Swan Hill Leasing Pty Limited ¹	H.N. Waurm Ponds Leasing Pty Limited ¹	Harvey Norman Devonport Franchisor Pty Limited
H.N. Tamworth Franchisor Pty Limited	H.N. West Gosford Franchisor Pty Limited	Harvey Norman Devonport Leasing Pty Limited ¹
H.N. Tamworth Leasing Pty Limited ¹	H.N. Whyalla Franchisor Pty Limited	Harvey Norman Energy Pty Limited
H.N. Taree Leasing Pty Limited ¹	H.N. Whyalla Leasing Pty Limited ¹	Harvey Norman Europe d.o.o. ^{1,11}
H.N. Thomastown Franchisor Pty Limited ^{1,6}	H.N. Wiley Park Franchisor Pty Limited	Harvey Norman Export Pty Limited
H.N. Thomastown Leasing Pty Limited ^{1,6}	H.N. Wiley Park Leasing Pty Limited ¹	Harvey Norman Fitouts Pty Limited ¹
H.N. Toowoomba Franchisor Pty Limited	H.N. Windsor Franchisor Pty Limited	Harvey Norman Furnishing Pty Limited ^{1,6}
H.N. Toowoomba Leasing Pty Limited ¹	H.N. Windsor Leasing Pty Limited ¹	Harvey Norman Gamezone Pty Limited ¹
H.N. Townsville Franchisor Pty Limited	H.N. Woden Franchisor Pty Limited	Harvey Norman Glenorchy Franchisor Pty Limited
H.N. Townsville Leasing Pty Limited ¹	H.N. Woden Leasing Pty Limited ¹	Harvey Norman Glenorchy Leasing Pty Limited ¹
H.N. Traralgon Franchisor Pty Limited	H.N. Wonthaggi Franchisor Pty Limited	Harvey Norman Hobart Franchisor Pty Limited
H.N. Traralgon Leasing Pty Limited ¹	H.N. Wonthaggi Leasing Pty Limited ¹	Harvey Norman Hobart Leasing Pty Limited ¹
H.N. Vic/Tas Commercial Project Franchisor Pty Limited ^{1,6}	H.N. Young Franchisor Pty Limited	Harvey Norman Holdings (Ireland) Limited ^{1,20,29}
H.N. Vic/Tas Commercial Project Leasing Pty Limited ^{1,6}	H.N. Young Leasing Pty Limited ¹	Harvey Norman Home Cellars Pty Limited ¹
H.N. Wagga Franchisor Pty Limited	Hardly Normal Discounts Pty Limited	Harvey Norman Home Loans Pty Limited ¹
H.N. Wagga Leasing Pty Limited ¹	Hardly Normal Limited ^{1,8,9}	Harvey Norman Home Starters Pty Limited ¹
H.N. Wangaratta Franchisor Pty Limited	Hardly Normal Pty Limited	Harvey Norman Homemaker Centre Pty Limited ^{1,6}
H.N. Wangaratta Leasing Pty Limited ¹	Harvey Cellars Pty Limited ¹	Harvey Norman Launceston Franchisor Pty Limited
H.N. Warragul Franchisor Pty Limited	Harvey Liquor Pty Limited ¹	Harvey Norman Launceston Leasing Pty Limited ¹
H.N. Warragul Leasing Pty Limited ¹	Harvey Norman (ACT) Pty Limited	Harvey Norman Leasing (Blanchardstown) Limited ^{1,19,20}
H.N. Warrawong Franchisor Pty Limited	Harvey Norman (N.S.W.) Pty Limited ¹	Harvey Norman Leasing (Cork) Limited ^{1,19,20}
H.N. Warrawong Leasing Pty Limited ¹	Harvey Norman (QLD) Pty Limited ⁵	Harvey Norman Leasing (Drogheda) Limited ^{1,19,20}
H.N. Warrnambool Franchisor Pty Limited	Harvey Norman 2007 Management Pty Limited ^{1,6}	Harvey Norman Leasing (Dublin) Limited ^{1,19,20}
H.N. Warrnambool Leasing Pty Limited ¹	Harvey Norman Burnie Franchisor Pty Limited	Harvey Norman Leasing (Dundalk) Limited ^{1,19,20}
H.N. Warwick (WA) Franchisor Pty Limited	Harvey Norman Burnie Leasing Pty Limited ¹	Harvey Norman Leasing (Limerick) Limited ^{1,19,20}

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Harvey Norman Leasing (Mullingar) Limited ^{1,19,20}	Harvey Norman The Electrical Specialists Pty Limited ¹	J.M. Chancellor Park Leasing Pty Limited ¹
Harvey Norman Leasing (N.Z.) Limited ^{1,8,9}	Harvey Norman The Furniture Specialists Pty Limited ¹	J.M. Contracting Services Pty Limited
Harvey Norman Leasing (Naas) Limited ^{1,19,20}	Harvey Norman Trading (Ireland) Limited ^{1,19,20}	J.M. Dubbo Franchisor Pty Limited ^{1,6}
Harvey Norman Leasing (Rathfarnham) Limited ^{1,19,20}	Harvey Norman Trading d.o.o. ^{1,11}	J.M. Dubbo Leasing Pty Limited ^{1,6}
Harvey Norman Leasing (Tralee) Limited ^{1,19,20}	Harvey Norman Ulverstone Franchisor Pty Limited	J.M. Leasing Pty Limited ¹
Harvey Norman Leasing Pty Limited ¹	Harvey Norman Ulverstone Leasing Pty Limited ¹	J.M. Maitland Franchisor Pty Limited ^{1,6}
Harvey Norman Limited ^{1,9}	Harvey Norman Victoria Pty Limited	J.M. Maitland Leasing Pty Limited ^{1,6}
Harvey Norman Loughran Plant & Equipment Pty Limited ¹	Harvey Norman Zagreb d.o.o. ^{1,14}	J.M. Marrickville Franchisor Pty Limited
Harvey Norman Mortgage Service Pty Limited ¹	Havrex Pty Limited ⁵	J.M. Marrickville Leasing Pty Limited ¹
Harvey Norman Music Pty Limited ¹	HN Abuzz Holdings Pty Limited ^{1,6}	J.M. McGraths Hill Franchisor Pty Limited ¹
Harvey Norman Net. Works Pty Limited	HN Byron No. 2 Pty Limited ¹	J.M. McGraths Hill Leasing Pty Limited ¹
Harvey Norman Online.com Pty Limited ¹	HN Byron No. 3 Pty Limited ¹	J.M. Mudgee Franchisor Pty Limited ^{1,6}
Harvey Norman Ossia (Asia) Pte Limited ^{1,10,16,17}	HN Zagreb Investment Pty Limited ¹	J.M. Mudgee Leasing Pty Limited ^{1,6}
Harvey Norman P.E.M. Pty Limited ¹	HNL Pty Limited ¹	J.M. Muswellbrook Franchisor Pty Limited ^{1,6}
Harvey Norman Plant and Equipment Pty Limited ¹	Hodberg Pty Limited ⁴	J.M. Muswellbrook Leasing Pty Limited ^{1,6}
Harvey Norman Properties (N.Z.) Limited ^{1,8,9}	Hodvale Pty Limited ⁴	J.M. Newcastle Franchisor Pty Limited
Harvey Norman Rental Pty Limited ¹	Home Mart Furniture Pty Limited ¹	J.M. Plant & Equipment Hire Pty Limited ¹
Harvey Norman Retailing Pty Limited	Home Mart Pty Limited ¹	J.M. Rockhampton Franchisor Pty Limited ¹
Harvey Norman Rosney Franchisor Pty Limited	Hoxco Pty Limited ⁵	J.M. Rockhampton Leasing Pty Limited ¹
Harvey Norman Rosney Leasing Pty Limited ¹	J.M. Albury Franchisor Pty Limited ^{1,6}	J.M. Share Investment Pty Limited ¹
Harvey Norman Security Pty Limited ¹	J.M. Albury Leasing Pty Limited ^{1,6}	J.M. Toukley Franchisor Pty Limited ^{1,6}
Harvey Norman Shopfitting Pty Limited	J.M. Alexandria Franchisor Pty Limited ¹	J.M. Toukley Leasing Pty Limited ^{1,6}
Harvey Norman Singapore Pte Limited ^{1,10,15,16}	J.M. Alexandria Leasing Pty Limited ¹	J.M. Townsville Franchisor Pty Limited ¹
Harvey Norman Stores (N.Z.) Pty Limited	J.M. Auburn Franchisor Pty Limited	J.M. Townsville Leasing Pty Limited ¹
Harvey Norman Stores (W.A.) Pty Limited ¹	J.M. Bennetts Green Franchisor Pty Limited ^{1,6}	J.M. Warners Bay Franchisor Pty Limited ^{1,6}
Harvey Norman Stores Pty Limited	J.M. Bennetts Green Leasing Pty Limited ^{1,6}	J.M. Warners Bay Leasing Pty Limited ^{1,6}
Harvey Norman Superlink Pty Limited ¹	J.M. Campbelltown Franchisor Pty Limited	J.M. West Gosford Franchisor Pty Limited
Harvey Norman Tasmania Pty Limited ¹	J.M. Campbelltown Leasing Pty Limited ¹	J.M. West Gosford Leasing Pty Limited ¹
Harvey Norman Technology Pty Limited	J.M. Caringbah Franchisor Pty Limited	J.M. Young Franchisor Pty Limited ^{1,6}
Harvey Norman The Bedding Specialists Pty Limited ¹	J.M. Caringbah Leasing Pty Limited ¹	J.M. Young Leasing Pty Limited ^{1,6}
Harvey Norman The Computer Specialists Pty Limited ¹	J.M. Chancellor Park Franchisor Pty Limited ¹	Jartoso Pty Limited

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Jondarlo Pty Limited	Lesandu Blacktown Pty Limited ¹	Lesandu Erina Flooring Pty Limited ¹
Joyce Mayne Furnishing Pty Limited ¹	Lesandu Bondi Junction Pty Limited ¹	Lesandu Forster Pty Limited ¹
Joyce Mayne Home Cellars Pty Limited ¹	Lesandu Brisbane City Pty Limited ¹	Lesandu Fremantle No 2 Pty Limited ¹
Joyce Mayne Kotara Leasing Pty Limited ¹	Lesandu Broadbeach Pty Limited ¹	Lesandu Fremantle Pty Limited ¹
Joyce Mayne Liverpool Leasing Pty Limited ¹	Lesandu Broadway Pty Limited ¹	Lesandu Fyshwick Pty Limited ¹
Joyce Mayne Penrith Pty Limited ¹	Lesandu Brooklyn Pty Limited ¹	Lesandu Gaven Pty Limited ¹
Joyce Mayne Shopping Complex Pty Limited ¹	Lesandu Browns Plains Pty Limited ¹	Lesandu Gladstone Pty Limited ^{1,6}
Kalinya Development Pty Limited ¹	Lesandu Burleigh Heads Flooring Pty Limited ¹	Lesandu Gordon Pty Limited ¹
Kambaldu Pty Limited	Lesandu Busselton Pty Limited ¹	Lesandu Goulburn Pty Limited ¹
Kita Pty Limited	Lesandu Cambridge Pty Limited ^{1,6}	Lesandu Grafton Pty Limited ¹
Koodero Pty Limited	Lesandu Cannington Pty Limited ¹	Lesandu Greensborough Pty Limited ¹
Korinti Pty Limited	Lesandu Cannonvale Pty Limited ^{1,6}	Lesandu Griffith Pty Limited ¹
Lamino Pty Limited	Lesandu Carindale Pty Limited ¹	Lesandu Hamilton (VIC) Pty Limited ¹
Lesandu Adelaide City Pty Limited ¹	Lesandu Castle Hill DM Pty Limited ¹	Lesandu Hamilton Pty Limited ¹
Lesandu Adelaide CK Pty Limited ¹	Lesandu Castle Hill Pty Limited ¹	Lesandu Hervey Bay Pty Limited ¹
Lesandu Albany Pty Limited ¹	Lesandu Cessnock (JM) Pty Limited ¹	Lesandu HN Pty Limited ¹
Lesandu Albury Pty Limited ¹	Lesandu Chadstone Pty Limited ¹	Lesandu Horsham Pty Limited ¹
Lesandu Alexandria (JM) Pty Limited ¹	Lesandu Charmhaven Pty Limited ¹	Lesandu Indooroopilly Pty Limited
Lesandu Alexandria DM Pty Limited ¹	Lesandu Chatswood Express Pty Limited ¹	Lesandu Innisfail Pty Limited ¹
Lesandu Alexandria Pty Limited ¹	Lesandu Chatswood Pty Limited ¹	Lesandu Inverell Pty Limited ¹
Lesandu Auburn Stone Pty Limited ¹	Lesandu Cheltenham Pty Limited ¹	Lesandu Joondalup Pty Limited ¹
Lesandu Ayr Pty Limited ¹	Lesandu Chirnside Park Pty Limited ¹	Lesandu Kalgoorlie Pty Limited ¹
Lesandu Bairnsdale Pty Limited ¹	Lesandu Cleveland Pty Limited ¹	Lesandu Karratha Pty Limited ^{1,6}
Lesandu Balgowlah Pty Limited ¹	Lesandu Cobar Pty Limited ^{1,6}	Lesandu Knox Towerpoint Pty Limited ¹
Lesandu Batemans Bay Pty Limited ^{1,6}	Lesandu Coorparoo Pty Limited ¹	Lesandu Leichhardt M Pty Limited ¹
Lesandu Bathurst Pty Limited ¹	Lesandu Cranbourne Pty Limited ¹	Lesandu Light Street DM Pty Limited ¹
Lesandu Bella Vista Pty Limited ¹	Lesandu Dalby Pty Limited ¹	Lesandu Lismore Pty Limited ¹
Lesandu Belmont Pty Limited ¹	Lesandu Deniliquin Pty Limited ¹	Lesandu Lithgow Pty Limited ^{1,6}
Lesandu Belrose DM Pty Limited ¹	Lesandu Dubbo JM Pty Limited ^{1,6}	Lesandu Loganholme Pty Limited ¹
Lesandu Bennetts Green JM Pty Limited ^{1,6}	Lesandu Dubbo Pty Limited ^{1,6}	Lesandu Maddington Pty Limited ¹
Lesandu Bentleigh Pty Limited ^{1,6}	Lesandu Engadine Pty Limited ¹	Lesandu Maitland JM Pty Limited ^{1,6}

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Lesandu Maitland Pty Limited ^{1,6}	Lesandu Oxley Pty Limited ¹	Lesandu Tweed Heads Pty Limited
Lesandu Malaga Pty Limited ¹	Lesandu Penrith DM Pty Limited ¹	Lesandu Underwood Pty Limited ¹
Lesandu Mandurah Pty Limited ¹	Lesandu Peppermint Grove Pty Limited ¹	Lesandu W.A. Furniture Pty Limited ¹
Lesandu Marion Pty Limited ¹	Lesandu Perth City West Pty Limited ¹	Lesandu W.A. Pty Limited
Lesandu Maroochydore Flooring Pty Limited ¹	Lesandu Pty Limited	Lesandu Wagga Wagga JM Pty Limited ^{1,6}
Lesandu McGraths Hill (JM) Pty Limited ¹	Lesandu Raymond Terrace Pty Limited ^{1,6}	Lesandu Wagga Wagga Pty Limited ¹
Lesandu Melbourne City DM Pty Limited ¹	Lesandu Richlands Pty Limited ^{1,6}	Lesandu Wallsend Pty Limited ^{1,6}
Lesandu Mentone Pty Limited ¹	Lesandu Richmond (VIC) Pty Limited ¹	Lesandu Wangaratta Pty Limited ¹
Lesandu Midland Pty Limited ¹	Lesandu Riverwood Pty Limited ¹	Lesandu Warana JM Pty Limited ^{1,6}
Lesandu Mile End Pty Limited ¹	Lesandu Rockhampton Pty Limited ^{1,6}	Lesandu Warana Pty Limited ¹
Lesandu Moe Pty Limited ¹	Lesandu Rothwell Pty Limited ^{1,6}	Lesandu Warners Bay Pty Limited ^{1,6}
Lesandu Moree Pty Limited ¹	Lesandu S.A. Pty Limited ¹	Lesandu Warragul Pty Limited ¹
Lesandu Morley Pty Limited ¹	Lesandu Salamander Bay Pty Limited ^{1,6}	Lesandu Warrawong Pty Limited ¹
Lesandu Mornington Pty Limited ¹	Lesandu Sale Pty Limited ¹	Lesandu Warwick (WA) Pty Limited ¹
Lesandu Moss Vale Pty Limited ¹	Lesandu Silverwater Pty Limited ¹	Lesandu Warwick Pty Limited ¹
Lesandu Mt Barker Pty Limited ¹	Lesandu Sippy Downs JM Pty Limited ¹	Lesandu Waurn Ponds Pty Limited ¹
Lesandu Mt Gravatt Pty Limited ¹	Lesandu Southport Pty Limited ¹	Lesandu West Gosford DM Pty Limited ¹
Lesandu Mt Isa Pty Limited ¹	Lesandu Stanmore Pty Limited ¹	Lesandu West Wyalong Pty Limited ^{1,6}
Lesandu Munno Para Pty Limited ¹	Lesandu Sunshine Pty Limited ¹	Lesandu Wiley Park Pty Limited ^{1,6}
Lesandu Muswellbrook JM Pty Limited ^{1,6}	Lesandu Swan Hill Pty Limited ¹	Lesandu Windsor Pty Limited ^{1,6}
Lesandu Muswellbrook Pty Limited ¹	Lesandu Sydenham Pty Limited ¹	Lesandu Wonthaggi Pty Limited ¹
Lesandu Narre Warren Pty Limited ¹	Lesandu Sydney City SS Pty Limited ¹	Lesandu Young JM Pty Limited ^{1,6}
Lesandu Newcastle West Pty Limited ^{1,6}	Lesandu Tamworth Pty Limited ¹	Lexeri Pty Limited
Lesandu Noarlunga Pty Limited ¹	Lesandu Taree Home Mart Pty Limited ¹	Lightcorp Pty Limited ¹
Lesandu Noosa Pty Limited ¹	Lesandu Taree Pty Limited ¹	Lighting Venture Pty Limited
Lesandu North Ryde DM Pty Limited ¹	Lesandu Tasmania Pty Limited ¹	Lodare Pty Limited
Lesandu Notting Hill Pty Limited ^{1,6}	Lesandu Temora Pty Limited ^{1,6}	Loreste Pty Limited
Lesandu Nowra Pty Limited ¹	Lesandu Thomastown Pty Limited ¹	Malvis Pty Limited
Lesandu Oakleigh CK Pty Limited ¹	Lesandu Toukley Pty Limited ^{1,6}	Manutu Pty Limited
Lesandu Orange Pty Limited ¹	Lesandu Townsville Pty Limited ¹	Maradoni Pty Limited
Lesandu Osborne Park Pty Limited ¹	Lesandu Tweed Heads Flooring Pty Limited ¹	Maribed Pty Limited ¹

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Marinski Pty Limited	PEM Corporate Pty Limited ¹	Superguard Pty Limited ¹
Mega Flooring Depot Pty Limited ¹	Pertama Holdings Limited ^{1,10,16,17}	Swaneto Pty Limited
Misstar Pty Limited ¹	Plezero Pty Limited	Swanpark Pty Limited ⁵
Murry Street Development Pty Limited ¹	Poliform Pty Limited ^{1,27}	Tatroko Pty Limited
Mymasterpiece Pty Limited ^{1,6}	R.Reynolds Nominees Pty Limited ¹	Tessera Stones & Tiles Pty Australia Limited ^{1,6}
Nedcroft Pty Limited	Recline A Way Franchisor Pty Limited ¹	Tessera Stones & Tiles Pty Limited ¹³
Network Consumer Finance (Ireland) Limited ^{1,19,20}	Rosieway Pty Limited	The Byron At Byron Pty Limited
Network Consumer Finance (N.Z.) Limited ^{1,8,9}	Sarsha Pty Limited	Tisira Pty Limited ¹⁸
Network Consumer Finance Pty Limited	Setto Pty Limited	Ventama Pty Limited ³
Nomadale Pty Limited ⁵	Shakespir Pty Limited ¹	Wadins Pty Limited
Norman Ross Limited ^{1,6,8,9}	Signature Computers Pty Limited ¹	Waggafurn Pty Limited ¹
Norman Ross Pty Limited	Solaro Pty Limited	Wanalti Pty Limited
Oldmist Pty Limited	Space Furniture Limited ⁷	Warungi Pty Limited
Oselek Developments Pty Limited ¹	Space Furniture Pte Limited ^{1,10,16}	Waytango Pty Limited
Osraidi Pty Limited	Space Furniture Pty Limited ^{1,2}	Webzone Pty Limited ¹
P & E Crows Nest Pty Limited ¹	Spacepol Pty Limited ^{1,6}	Wytharra Pty Limited
P & E Dili Pty Limited ¹	Stonetess Pty Limited	Yoogalu Pty Limited
P & E Homewest Pty Limited ¹	Stores (NZ) Limited ^{1,6,8,9}	Zabella Pty Limited
P & E Leichhardt Pty Limited ¹	Stores Securitisation (NZ) Limited	Zavarte Pty Limited
P & E Maddington Pty Limited ¹	Stores Securitisation Pty Limited	Zirdano Pty Limited ^{1,6}
P & E Port Hedland Pty Limited ¹	Strathloro Pty Limited	Zirdanu Pty Limited ^{1,6}
P & E Shopfitters Pty Limited ¹	Stupendous Pty Limited ²¹	



38. Controlled Entities and Unit Trusts (continued) Shares held by Harvey Norman Holdings Limited (continued)

Notes

Shareholdings in companies listed in Note 38 are consistent with prior year unless otherwise stated below.

1. Company is not part of the class order described in Note 39.
2. Kita Pty Limited owns 99% of the shares in Space Furniture Pty Limited.
3. Shares held by Sarsha Pty Limited.
4. Shares held by Harvey Norman Retailing Pty Limited.
5. Shares held by Harvey Norman Stores Pty Limited.
6. These companies were acquired during the year.
7. These companies were disposed of during the year.
8. Shares held by Harvey Norman Limited.
9. These companies are incorporated in New Zealand.
10. This company is incorporated in Singapore.
11. This company is incorporated in Slovenia.
12. This company is incorporated in the UK.
13. Shares held by Stonetess Pty Limited.
14. This company is incorporated in Croatia.
15. Shares held by Setto Pty Limited.
16. Harvey Norman Singapore Pte Limited owns 60% of the shares in Harvey Norman Ossia (Asia) Pte Limited, 75% of the shares in Space Furniture Pte Limited, and 10.15% (2006: 9.67%) of the shares in Pertama Holdings Limited.
17. Harvey Norman Ossia (Asia) Pte Limited holds 50.21% of the shares in Pertama Holdings Limited
18. Harvey Norman Holdings owns 100% of Arisit Pty Limited effective 31 January 2007
Tisira Pty Limited had a 51% interest in Arisit Pty Limited up to 31 January 2007
19. Shares held by Harvey Norman Holdings (Ireland) Limited.
20. These companies are incorporated in Ireland.
21. Shares held by Calardu Pty Limited.
22. Shares held by Calardu Armidale Pty Limited.
23. Lighting Venture Pty Limited owns 50.1% of shares in Glo Light Pty Limited.
24. Yoogalu Pty Ltd holds 50.5% of the shares in Australian Business Skills Centre Pty Limited.
25. HN Byron No 3 Pty Limited holds 50% of the shares in Byron Bay Facilities Pty Limited.
26. Yoogalu Pty Ltd holds 50% of the shares in Byron Bay Management Pty Limited.
27. Kita Pty Ltd holds 99% of the shares in Poliform Pty Ltd.
28. Yoogalu Pty Limited owns 51% of the shares in this entity.
29. Shares held by Yoogalu Pty Limited.
30. On 30 March 2007 Becto Pty Limited sold its 52.82% controlling interest in Rebel Sport Limited and deconsolidated Rebel on that day. As at 30 June 2006, Becto Pty Limited held 52.87% of the shares in Rebel Sport Limited.

38. Controlled Entities and Unit Trusts (continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited (continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited

Name	Name	Name
098 004 570 No. 2 Trust	Cairnlect No. 2 Trust **	Calardu Darwin Trust
Abari No. 3 Trust	Cairnsel No. 2 Trust	Calardu Dubbo Trust
ABSC Online Trust ***	Calardu ACT Trust	Calardu Emerald Trust**
Albanlect No. 2 Trust **	Calardu Adderley Street Trust	Calardu Frankston Trust
Albany Stores No. 2 Trust	Calardu Albany Trust	Calardu Fyshwick DM Trust
Anwarah No. 2 Trust	Calardu Albury Trust	Calardu Gladstone Trust**
Appcann No. 2 Trust	Calardu Alexandria DM Trust	Calardu Gordon Trust
Armabed WA No. 2 Trust **	Calardu Alice Springs Trust	Calardu Guildford Trust
Armafurn WA No. 2 Trust	Calardu Armadale WA Trust	Calardu Gympie Trust**
Armcomp NSW No. 2 Trust **	Calardu Armidale Trust	Calardu Hervey Bay Trust
Aspley Electrics No. 2 Trust	Calardu Aspley Trust	Calardu Hobart Trust
Aubapp No. 2 Trust **	Calardu Auburn No. 1 Trust	Calardu Hoppers Crossing Trust
Aubdirect No. 2 Trust	Calardu Auburn No. 2 Trust	Calardu Horsham Trust
Auburnapp No. 2 Trust	Calardu Auburn No. 3 Trust	Calardu Joondalup Trust
Auburncom No. 2 Trust	Calardu Auburn No. 4 Trust	Calardu Kalgoorlie Oswald St Trust
Australian Business Skills Centre Trust***	Calardu Auburn No. 5 Trust	Calardu Kalgoorlie Trust
Ayrcorn No. 2 Trust	Calardu Auburn No. 6 Trust	Calardu Karana Downs Trust
Ayrel No. 2 Trust	Calardu Auburn No. 7 Trust	Calardu Karratha Trust
Bathard No. 2 Trust	Calardu Auburn No. 8 Trust	Calardu Kawana Waters Trust
Baylect No. 2 Trust **	Calardu Auburn No. 9 Trust	Calardu Kemblawarra Trust
Becto Trust	Calardu Ballarat Trust	Calardu Kingaroy Trust**
Bedcity No. 2 Trust	Calardu Ballina Trust	Calardu Launceston Trust
Beddington No. 2 Trust	Calardu Bathurst Trust	Calardu Loganholme Trust
Bedwick No. 2 Trust	Calardu Beaufort Street Trust	Calardu Mackay Trust
Belcomp WA No. 2 Trust	Calardu Bellevue Hill Trust	Calardu Maitland Trust
Bellbed No. 2 Trust	Calardu Belrose DM Trust	Calardu Malaga Trust
Bellect No. 2 Trust	Calardu Bennetts Green Trust	Calardu Mandurah Trust
Belmcom No. 2 Trust	Calardu Bennetts Green Warehouse Trust	Calardu Maribymong 1995 Trust
Belmont Superstore No. 2 Trust **	Calardu Berri Trust	Calardu Maribymong Trust
Belmstore No. 2 Trust **	Calardu Berrimah Trust	Calardu Marion Trust
Belmtel No. 2 Trust	Calardu Brickworks (S.A.) Trust	Calardu Maroochydore Trust
Bena No. 2 Trust	Calardu Broadmeadow No. 1 Trust	Calardu Maryborough Trust
Benlect No. 2 Trust **	Calardu Broadmeadow No. 2 Trust	Calardu Melville Trust
Berncal No. 2 Trust	Calardu Broadmeadows VIC Trust	Calardu Mentone Trust
BH Flooring No. 2 Trust **	Calardu Brookvale Trust	Calardu Midland Trust
Big Apple Trust	Calardu Browns Plains Trust	Calardu Milton Trust
Blackbed No. 2 Trust	Calardu Bunbury Trust	Calardu Morayfield Trust
Bornapp No. 2 Trust **	Calardu Bundaberg Trust	Calardu Moss Vale Trust
Borncom No. 2 Trust **	Calardu Bundall Trust	Calardu Mt Isa Trust
Bornlec No. 2 Trust **	Calardu Burnie Trust	Calardu Mt. Gambier Trust
Bradiz No. 2 Trust	Calardu Cambridge Trust	Calardu Mudgee Trust
Bronel No. 2 Trust **	Calardu Campbelltown Trust	Calardu Munno Para Trust
Brownsell No. 2 Trust	Calardu Cannington Trust	Calardu No. 1 Trust
Bunburybed No. 2 Trust	Calardu Caringbah (Taren Point) Trust	Calardu No. 2 Trust
Bunburycom No. 2 Trust	Calardu Caringbah Trust	Calardu No. 3 Trust
Bunburyfurn No. 2 Trust	Calardu Crows Nest No. 2 Trust	Calardu Noarlunga Trust
Bundallfurn No. 2 Trust	Calardu Crows Nest Trust	Calardu Noosa Trust
Bundalltec No. 2 Trust **	Calardu Cubitt Trust	Calardu North Ryde 2 Trust
Bundell No. 2 Trust		Calardu North Ryde Trust
Burleigh Flooring No. 2 Trust		Calardu Northbridge Trust
Busselcom No. 2 Trust **		

38. Controlled Entities and Unit Trusts (continued)
Units in Unit Trusts held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Calardu Nowra Trust	Chatapp No. 2 Trust **	Everton Park Bedding No. 2 Trust
Calardu Oxley Trust	Chatex No. 2 Trust **	Everton Park Furniture No.2 Trust **
Calardu Penrith Trust	City Cross Computer No. 2 Trust	Evlect No. 2 Trust **
Calardu Perth City West Trust	City Cross Electrics No. 2 Trust	Ewencom No. 2 Trust
Calardu Port Macquarie Trust	City West Appliances No. 2 Trust	Fedrics No. 2 Trust
Calardu Preston Trust	City West Furniture No. 2 Trust **	Fieldbed No.2 Trust **
Calardu Raine Square Trust	Cleval No. 2 Trust	Fieldlect No. 2 Trust
Calardu Richmond Trust	Comarm WA No. 2 Trust **	Fieldstore No. 2 Trust **
Calardu Rockhampton 2 Trust	Comaub No. 2 Trust	Finreg No. 2 Trust
Calardu Rockhampton Trust	Comben Nominees No. 2 Trust	Floor Rug No. 2 Trust **
Calardu Rockingham Trust	Comborne No. 2 Trust	Floorcom No. 2 Trust **
Calardu Rosebery Trust	Comcam No. 2 Trust **	Floortim No. 2 Trust **
Calardu Roselands Trust	Comgamb No. 2 Trust **	Fortitude Valley Electrics No. 2 Trust **
Calardu Rutherford Trust	Comgel No. 2 Trust **	Fortley No. 2 Trust **
Calardu Sale Trust	Comhill No. 2 Trust **	Frelcom No. 2 Trust **
Calardu Silverwater Trust	Commara No. 2 Trust	Fremtel No. 2 Trust
Calardu Springvale Trust	Compall No. 2 Trust **	Furnall No. 2 Trust
Calardu Swan Hill Trust	Compdall No. 2 Trust **	Furnbund No. 2 Trust
Calardu Sylvania Trust	Compgrav No. 2 Trust **	Furnbury No. 2 Trust
Calardu Taree Trust	Compliance No. 2 Trust	Furncann No. 2 Trust **
Calardu Thebarton Trust	Computen No. 2 Trust **	Furncity No. 2 Trust
Calardu Thomastown Trust	Comstore No. 2 Trust	Furnen No. 2 Trust
Calardu Toorak Trust	Comunno No. 2 Trust **	Furngamb No. 2 Trust
Calardu Toowoomba Trust	Conbed No. 2 Trust	Furngrav No. 2 Trust
Calardu Townsville Trust	Conocom No. 2 Trust	Furnmay No. 2 Trust
Calardu Tweed Heads Traders Way Trust	Coorar No. 2 Trust **	Furnor No. 2 Trust
Calardu Tweed Heads Trust	Cosgrove Shopfitting Services No. 2 Trust	Furnsal No. 2 Trust
Calardu Vicburn Trust	Dallac No. 2 Trust **	Furntoo No. 2 Trust **
Calardu Warrawong (Homestarters) Trust	Dallect No. 2 Trust	Furnwick No. 2 Trust **
Calardu Warrawong No. 1 Trust	Daltel No. 2 Trust	Fyshcom No. 2 Trust
Calardu Warrawong Trust	Dalupbed No. 2 Trust	Gablect No. 2 Trust
Calardu Warrnambool Trust	Danapp No. 2 Trust	Gambiel No. 2 Trust
Calardu Warwick Trust	Darwel No. 2 Trust	Gardcom No. 2 Trust **
Calardu West Gosford Trust	Dawlec No. 2 Trust	Garden City Superstore No. 2 Trust **
Calardu Whyalla Trust	Dawncom No. 2 Trust	Gelfurn No. 2 Trust **
Calardu Wivenhoe Trust	Dawnel No. 2 Trust **	Geraldcom No. 2 Trust
Calect No. 2 Trust	Dawnfurn No. 2 Trust **	Geradel No. 2 Trust **
Calfurn No. 2 Trust	Dubora No. 2 Trust	Geraldurn No. 2 Trust
Cannbed No. 2 Trust	Electall No. 2 Trust	Gladstores No. 2 Trust
Cannbed WA No. 2 Trust **	Electen No. 2 Trust	Gladstores Qld No. 2 Trust
Cannington Appliances No. 2 Trust **	Electoo No. 2 Trust	Goscane No. 2 Trust
Cannters No. 2 Trust	Electwind No. 2 Trust	Gosfordcom No. 2 Trust **
Cantrics No. 2 Trust	Elekaw No. 2 Trust	Gravlec No. 2 Trust
Carcom No. 2 Trust	Enbed No. 2 Trust	H.N. Cards Trust
Cardlect No. 2 Trust **	Enfiel No. 2 Trust	Haproc No. 2 Trust
Carindale Computers No. 2 Trust	Enfield Computers No. 2 Trust **	Harvey Norman Burnie Franchisor Unit Trust
Carinel No. 2 Trust	Evcomputers No. 2 Trust	Harvey Norman Burnie Franchisor Unit Trust
CBG Trust	Everbed No. 2 Trust	
Charmela No. 2 Trust		

38. Controlled Entities and Unit Trusts (continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Harvey Norman Devonport Franchisor Unit Trust	Lamino Investments No. 1 Trust	Morfurn No. 2 Trust **
Harvey Norman Devonport Franchisor Unit Trust	Lamino Investments No. 2 Trust	Morcom No. 2 Trust
Harvey Norman Discounts No. 1 Trust	Lamino Investments No. 3 Trust	Morlect No. 2 Trust **
Harvey Norman Discounts No. 1 Trust	Lamino Investments No. 4 Trust	Morleyel No. 2 Trust
Harvey Norman Glenorchy Franchisor Unit Trust	Lamino Investments No. 5 Trust	Mountel No. 2 Trust
Harvey Norman Glenorchy Franchisor Unit Trust	Lamino Investments No. 6 Trust	Moyfurn No. 2 Trust
Harvey Norman Hobart Franchisor Unit Trust	Lectapp No. 2 Trust	Mt Isa Computers No. 2 Trust **
Harvey Norman Hobart Franchisor Unit Trust	Lectayr No. 2 Trust **	Murray Street Development Trust
Harvey Norman Launceston Franchisor Unit Trust	Lectoo Air No. 2 Trust	Noarlect No. 2 Trust
Harvey Norman Launceston Franchisor Unit Trust	Lectoo No. 2 Trust	Noarlunga Furniture No. 2 Trust **
Harvey Norman Lighting Asset Trust	Lesandu Albury Trust	Nolcom No. 2 Trust **
Harvey Norman Lighting No. 1 Trust	Lesandu Campbelltown Trust	Noosel No. 2 Trust
Harvey Norman Liquor Unit Trust	Lesandu Fairfield Trust	Nordley No. 2 Trust **
Harvey Norman No. 1 Trust	Lesandu Gordon Trust	Noxcom No. 2 Trust **
Harvey Norman Rosney Franchisor Unit Trust	Lesandu Gosford Trust	O'Connor Appliances No. 2 Trust
Harvey Norman Shopfitting Trust	Lesandu Miranda Trust	Oconnel No. 2 Trust
Harvey Norman Tasmania Agent Unit Trust	Lesandu Newcastle Trust	Osbcmm No. 2 Trust
Harvey Norman Ulverstone Franchisor Unit Trust	Lesandu No. 1 Trust	Osbornel No. 2 Trust
Havnet No. 2 Trust	Lesandu Penrith Trust	Oslect No. 2 Trust
Herveyel No. 2 Trust	Lesandu Tamworth Trust	Oslek Developments Trust
Hillect No. 2 Trust **	Lesandu Warrawong Trust	Oxfurn No. 2 Trust
Incomputers No. 2 Trust	Lesandu Warringah Mall Trust	Parkborne No. 2 Trust
Indolect No. 2 Trust	Lexancom No. 2 Trust **	Parkel No. 2 Trust
Inniscom No. 2 Trust	Leyel No. 2 Trust **	Penricom No. 2 Trust
Inrolect No. 2 Trust **	Loganap No. 2 Trust	Pepcom No. 2 Trust
Jonbed No. 2 Trust	Logancom No. 2 Trust	Peppel No. 2 Trust
Joonapp No. 2 Trust	Maddlect No. 2 Trust **	Peppercom No. 2 Trust
Joondalup Administrative Services Trust	Madoncom No. 2 Trust	Pepstore No. 2 Trust **
Joondalup Warehousing Services Trust	Mainbed No. 2 Trust **	Portfurn No. 2 Trust **
Kaboola No. 2 Trust	Mall Computers No. 2 Trust	Portkenn No. 2 Trust
Kalgcom No. 2 Trust **	Mallcom No. 2 Trust	Portlect No. 2 Trust
Kalinya Unit Trust	Mallic No. 2 Trust **	Prestbed No. 2 Trust
Kallet No. 2 Trust	Mandurtec No. 2 Trust **	Prestoncom No. 2 Trust
Karrif No. 2 Trust **	Mantoncom No. 2 Trust	Recway No. 2 Trust
Kawana Computers No. 2 Trust **	Maribed No. 2 Trust	Rugles No. 2 Trust **
Kawana Electrics No. 2 Trust	Marioncom No. 2 Trust	Rugware No. 2 Trust **
Kawfurn No. 2 Trust	Marionfurn No. 2 Trust	Savel No. 2 Trust
Kawlect No. 2 Trust	Marncom No. 2 Trust	Sotel No. 2 Trust
KW Electrics No. 2 Trust **	Marnfurn No. 2 Trust	Spirarzo No. 2 Trust
Kyabzah No. 2 Trust **	Maylect No. 2 Trust	Storland No. 2 Trust **
	MFD Bundall No. 2 Trust	Sydney No. 1 Trust
	MFD Burleigh Heads No. 2 Trust	The Calardu Trust
	MFD Maroochydhore No. 2 Trust **	Throntar No. 2 Trust
	Micomp No. 2 Trust	Toowel No. 2 Trust
	Midcom No. 2 Trust	Town Electrics No. Trust
	Moecom No. 2 Trust **	Townfurn No. 2 Trust
	Morafel No. 2 Trust **	Tracurn No. 2 Trust **
		Tralgfurn No. 2 Trust
		Valhome No. 2 Trust
		Vallbed No. 2 Trust

38. Controlled Entities and Unit Trusts (continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Vallcom No. 2 Trust **	Warwickfurn No. 2 Trust	Yoogalu Warrawong Trust
Vallect No. 2 Trust	Wayel No. 2 Trust	Yoogalu Warringah Mall Trust
Vallal No. 2 Trust	Westerncom No. 2 Trust	
Valleybed No. 2 Trust	Westfurn No. 2 Trust	
Valleyfurn No. 2 Trust	Wickson No. 2 Trust	
Vallfurn No. 2 Trust	Wicomp No. 2 Trust	
Wacom No. 2 Trust	Wonbed No. 2 Trust	
Wallel No. 2 Trust	Yoogalu Albury Trust	
Wallfurn No. 2 Trust	Yoogalu Campbelltown Trust	
Warfurn No. 2 Trust	Yoogalu Fairfield Trust	
Warian No. 2 Trust	Yoogalu Gordon Trust	
Warracom No. 2 Trust	Yoogalu Gosford Trust*	
Warrafloor No. 2 Trust	Yoogalu Lismore Trust*	
Warrapp No. 2 Trust **	Yoogalu Miranda Trust	
Warstore No. 2 Trust **	Yoogalu Newcastle Trust	

Notes

* All the units in the Unit Trusts are held by Harvey Norman Holdings Limited.

** These trusts were acquired during the year.

*** Some of the units in this trust are held by Yoogalu Pty Limited, a wholly owned subsidiary of Harvey Norman Holdings Limited.

39. Deed of Cross Guarantee

Certain controlled entities (refer Note 38) have entered into a deed of cross guarantee dated 1 June 2004 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. As a result of the Class Order issued by the Australian Securities and Investments Commission these companies are relieved from the requirements to prepare financial statements.

Controlled Entities (Refer Note 38) marked ¹ are not party to the Class Order.

The consolidated balance sheet and income statement of the entities that are members of the "Closed Group" are as follows:

Consolidated Balance Sheet

	CONSOLIDATED	
	2007	2006
	\$000	\$000
Current Assets		
Cash and cash equivalents	110,969	31,340
Trade and other receivables	964,985	935,241
Other financial assets	3,125	1,337
Inventories	10,944	9,847
Intangible assets	1,736	2,302
Other assets	18,920	8,407
Total current assets	1,110,679	988,474
Non-Current Assets		
Trade and other receivables	23,862	47,783
Investments accounted for using equity method	106,416	96,065
Other financial assets	98,976	122,227
Inventories	-	32,093
Property, plant and equipment	273,066	225,328
Investment properties	1,020,906	891,901
Intangible assets	19,839	22,947
Deferred income tax assets	15,090	13,479
Total non-current assets	1,558,155	1,451,823
Total Assets	2,668,834	2,440,297
Current Liabilities		
Trade and other payables	493,698	369,366
Interest-bearing loans and borrowings	2,521	19,971
Income tax payable	71,409	6,879
Provisions	3,932	5,345
Other liabilities	4,801	4,415
Total current liabilities	576,361	405,976
Non-Current Liabilities		
Interest-bearing loans and borrowings	413,616	691,360
Provisions	7,510	5,835
Deferred income tax liabilities	123,215	97,485
Other liabilities	7,248	11,210
Total non-current liabilities	551,589	805,890
Total Liabilities	1,127,950	1,211,866
NET ASSETS	1,540,884	1,228,431
Equity		
Contributed equity	248,991	246,591
Reserves	13,982	13,435
Retained profits	1,277,911	968,405
TOTAL EQUITY	1,540,884	1,228,431

39. Deed of Cross Guarantee (continued)

Consolidated Income Statement

	CONSOLIDATED	
	2007 \$000	2006 \$000
Profit from continuing operations before income tax expense	420,771	269,969
AIFRS adjustments	-	(5,557)
Adjustments from discontinued operations	108,375	-
Income tax expense	(124,400)	(79,140)
Profit after tax from continuing operations	404,746	185,272
Profit for the year	404,746	185,272
Retained earnings at the beginning of the year	968,405	857,168
Dividends provided for or paid	(95,240)	(74,035)
Retained earnings at the end of the year	1,277,911	968,405

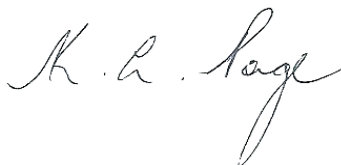
In accordance with a resolution of the directors of Harvey Norman Holdings Limited, we state that:

1. In the opinion of the directors:
 - (a) the financial statements, notes and the additional disclosures included in the Directors' Report designated as audited, of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - a. giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2007 and of their performance for the year ended on that date; and
 - b. complying with Accounting Standards and Corporations Regulations 2001; and
 - (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ending 30 June 2007.
3. In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 38 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board.



G. HARVEY
Chairman
Sydney
28 September 2007



K.L. PAGE
Director / Chief Executive Officer
Sydney
28 September 2007

Independent auditor's report to the members of Harvey Norman Holdings Limited

We have audited the accompanying financial report of Harvey Norman Holdings Limited which comprises the balance sheet as at 30 June 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

The company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), as required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in the directors' report, as permitted by Corporations Regulation 2M.6.04. These remuneration disclosures are identified in the directors' report as being subject to audit.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the 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. In Note 1(c), the directors also state that the financial report complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standard AASB 124 *Related Party Disclosures*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

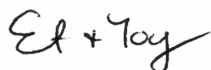
Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

1. the financial report of Harvey Norman Holdings Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the financial position of Harvey Norman Holding Limited and the consolidated entity at 30 June 2007 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1(c)
3. the remuneration disclosures that are contained on 14 to 25 of the directors' report comply with Accounting Standard AASB 124 *Related Party Disclosures*.



Ernst & Young



Christopher D. George
Partner

Sydney
28 September 2007

Distribution of Shareholdings as at 25 September 2007

Size of Holding	Ordinary Shareholders
1 – 1,000	5,449
1,001 – 5,000	6,799
5,001 – 10,000	1,392
10,001 – 100,000	1,257
100,001 and over	176
	15,073
Number of Shareholders With less than a marketable parcel	176

Voting Rights

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

Twenty Largest Shareholders as at 25 September 2007

Number of Ordinary Shares	Shareholder	Percentage of Ordinary Shares
311,519,532	Mr Gerald Harvey & G Harvey Nominees Pty Limited	29.33%
175,249,660	Dimbulu Pty Limited	16.50%
90,098,072	JP Morgan Nominees Australia Limited	8.48%
75,925,249	National Nominees Limited	7.15%
71,011,959	Citicorp Nominees Pty Limited	6.69%
55,471,375	HSBC Custody Nominees (Australia) Limited	5.22%
49,990,575	Ms Margaret Lynette Harvey	4.71%
26,000,038	ANZ Nominees Limited	2.45%
20,076,740	Cogent Nominees Pty Ltd	1.89%
18,345,133	Ms Kay Lesley Page	1.73%
17,788,263	UBS Nominees Pty Ltd	1.67%
17,118,200	Enbee Pty Limited	1.61%
16,244,891	AMP Life Limited	1.53%
4,778,042	Queensland Investment Corporation	0.45%
3,950,000	Argo Investments Limited	0.37%
3,342,907	Mr Michael Harvey	0.32%
2,739,176	USB Wealth Management Australia Nominees Pty Limited	0.26%
1,900,000	Neweconomy Com Au Nominees Pty Limited	0.18%
1,805,078	Peapes Pty Limited	0.17%
1,699,999	Mr John Slack-Smith	0.16%
965,054,889		91.46%

Total held by twenty largest shareholders as a percentage of total ordinary shares is 90.84% as at 25 September 2007.

AUSTRALIAN CAPITAL TERRITORY

FYSHWICK
Cnr Barrier & Ipswich Streets
Fyshwick 2609
Phone (02) 6280 4140

WODEN
Shop 5
Mezzanine Level
Woden Plaza
Woden 2606
Phone (02) 6282 2511

NEW SOUTH WALES (SYDNEY SUBURBAN)

ALEXANDRIA 494-504 Gardeners Road Alexandria 2015 Phone (02) 9693 0666	AUBURN 250 Parramatta Road Auburn 2144 Phone (02) 9202 4888	AUBURN (Renovations & Seconds) 233-239 Parramatta Road Auburn 2144 Phone (02) 9202 4888	BALGOWLAH 176-190 Condamine Street Balgowlah 2093 Phone (02) 9948 4511
BALGOWLAH (HOMESTARTERS) 176-190 Condamine Street Balgowlah 2093 Phone (02) 9948 4511	BLACKTOWN Unit C5 Cnr Blacktown & Bungaribee Roads Blacktown 2148 Phone (02) 9831 2155	BONDI Shop 5016, Westfield Shopping Centre 500 Oxford Street Bondi Junction 2022 Phone (02) 8305 8800	BROADWAY Shop 119 Broadway Bay Street Broadway 2007 Phone (02) 9211 3933
CAMPBELLTOWN 22A Blaxland Road Campbelltown 2560 Phone (02) 4621 5200	CARINGBAH 41 – 49 Willarong Road Caringbah 2229 Phone (02) 9542 7088	CASTLE HILL 18 Victoria Avenue Castle Hill 2154 Phone (02) 9840 8800	CHATSWOOD (Electrical & Computers only) Level 2 Chatswood Chase Cnr Archer & Victoria Ave Chatswood 2067 Phone (02) 9419 1100
GORDON 1st Floor 802-808 Pacific Highway Gordon 2072 Phone (02) 9498 1499	LIVERPOOL Liverpool Mega Centre 2/18 Orangegrove Road Liverpool 2170 Phone (02) 9600 3333	MARTIN PLACE 19-29 Martin Place MLC Centre Sydney CBD 2000 Phone (02) 8236 6600	McGRATHS HILL Unit 6A 264-272 Windsor Road 2756 Phone (02) 4577 9577
MOORE PARK Level 2, North SupaCenta Cnr South Dowling Street & Dacey Avenue Moore Park 2021 Phone (02) 9662 9888	NORWEST Unit 20 Homemaker Collection 4 - 6 Celebration Drive Bella Vista 2153 Phone (02) 8884 8800	PENRITH Cnr Mulgoa Rd & Wolseley St Penrith 2750 Phone (02) 4737 5111	WILEY PARK 1018 Canterbury Road Wiley Park 2195 Phone (02) 9740 6055
WILEY PARK (Hardware) 1155 Canterbury Road Punchbowl 2196 Phone (02) 9740 1153	WINDSOR 242 George Street Windsor 2195 Phone: (02) 4577 2544		

NEW SOUTH WALES COUNTRY

ALBURY 430 Wilson Street Albury 2640 Phone (02) 6041 1944	ARMIDALE Shop 8, Girraween Shopping Centre Queen Elizabeth Drive Armidale 2350 Phone: (02) 6771 3788	BATHURST Sydney Road Kelso 2795 Phone (02) 6332 3399	BROADMEADOW (HOMESTARTERS) 35-43 Lambton Road Broadmeadow 2292 Phone (02) 4962 1770
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NEW SOUTH WALES COUNTRY (CONTINUED)

COBAR
27 Marshall Street
Cobar 2835
Phone: (02) 6836 3222

COFFS HARBOUR
252 Coffs Harbour Highway
Coffs Harbour 2450
Phone (02) 6651 9011

DENILIKUIN
Cnr. Hardinge &
Harfleur Streets
Deniliquin 2710
Phone (03) 5881 5499

FORSTER
29 Breese Parade
Forster 2428
Phone (02) 6554 5700

**FRISCO HOME
FURNISHERS
(NEWCASTLE)**
391 Hillsborough Road
Warners Bay NSW 2282
Phone (02) 4954 3344

GOSFORD (ERINA)
Harvey Norman Shopping
Complex
Karatla Lane
Erina 2250
Phone (02) 4365 9500

GOULBURN
180-186 Auburn Street
Goulburn 2580
Phone (02) 4824 3000

GRAFTON
125 Prince Street
Grafton 2460
Phone (02) 6643 3266

GRIFFITH
Cnr Jondaryn &
Willandra Avenues
Griffith 2680
Phone (02) 6961 0300

INVERELL
50 Evans Streets
Inverell 2360
Phone (02) 6721 0811

LISMORE
17 Zadoc Street
Lismore 2480
Phone (02) 6621 8888

LITHGOW
175 Mian Street
Lithgow 2790
Phone: (02) 6351 2321

MACLEAN
211 River Street
Maclean 2463
Phone (02) 6645 2611

MAITLAND
557 High Street
Maitland 2320
Phone (02) 4934 2423

MOREE
103 Balo Street
Moree 2400
Phone (02) 6752 7531

MOSS VALE
137-157 Lackey Road
Moss Vale 2577
Phone: (02) 4868 1039

MUDGE
33 Castlereagh Highway
Mudgee 2850
Phone (02) 6372 6514

MUSWELLBROOK
19 Rutherford Road
Muswellbrook 2333
Phone: (02) 6541 6800

**NEWCASTLE
(BENNETTS GREEN)**
7 Abdon Close
Bennetts Green 2290
Phone (02) 4948 4555

NEWCASTLE WEST
627-633 Hunter Street
Newcastle West 2300
Phone (02) 4929 4691

NOWRA
Cnr Central Avenue
& Princess Highway
Nowra 2541
Phone (02) 4421 1300

ORANGE
Cnr Lone Pine Ave &
Mitchell Highway
Orange 2800
Phone (02) 6393 2222

PARKES
Shop 1, Saleyards Road
Parkes 2870
Phone (02) 6862 2800

PORT MACQUARIE
140 Lake Road
Port Macquarie 2444
Phone (02) 6581 0088

RAYMOND TERRACE
4/2364 Pacific Highway
Heatherbrae 2324
Phone: (02) 4987 3066

TAMWORTH
43 The Ringers Road
Tamworth 2340
Phone (02) 6765 1100

TAREE
9 Mill Close
Taree 2430
Phone (02) 6551 3699

TEMORA
102 Hoskins Street
Temora 2666
Phone: (02) 6977 1777

WAGGA
Homebase Centre
7-23 Hammond Avenue
Wagga 2650
Phone (02) 6933 7000

WARRAWONG
Cnr King Street &
Shellharbour Road
Warrawong 2502
Phone (02) 4275 2722

**WARRAWONG
(HOMESTARTERS)**
113 King Street
Warrawong 2502
Phone (02) 4276 5000

WEST WYALONG
114 Main Street
West Wyalong 2671
Phone: (02) 6972 2077

YOUNG
326 Boorowa Street
Young 2594
Phone (02) 6382 5744

NORTHERN TERRITORY

ALICE SPRINGS
1 Colson Street
Alice Springs 0870
Phone: (08) 8950 4000

DARWIN
644 Stuart Highway
Berrimah 0828
Phone: (08) 8922 4111

QUEENSLAND (BRISBANE SUBURBAN)

ASPLEY 1411-1419 Gympie Road Aspley 4034 Phone (07) 3834 1100	BERNOTHS TOOWOOMBA 675 Ruthven Street Toowoomba 4350 Phone (07) 4632 9444	BRISBANE – BROADWAY ON THE MALL Shop SF01 170 Queen Street Brisbane 4000 Phone: (07) 3013 2800	BROWNS PLAINS Unit 3 28 – 48 Browns Plains Road Browns Plains 4118 Phone: (07) 3380 0600
CARINDALE Homemaker Centre Cnr Carindale Street and Old Cleveland Road Carindale 4152 Phone (07) 3398 0600	EVERTON PARK 429 Southpine Road Everton Park 4053 Tel. (07) 3550 4444	FORTITUDE VALLEY Brisbane City Gate Shop 1, 1058 Ann Street Fortitude Valley 4006 Tel. (07) 3620 6600	INDOOROOPIILLY Shop 2044 Westfield Shoppingtown 318 Moggill Road Indooroopilly 4068 Phone: (07) 3327 1300
LOGANHOLME 3890 - 3892 Pacific Highway Loganholme 4129 Phone: (07) 3440 9200	MAROOCHYDORE (Mega Flooring) Unit 6 Sunshine Homemaker Centre Maroochydore 4558 Phone: (07) 5479 3711	MORAYFIELD Lot 8 Cnr Morayfield & Station Roads Morayfield 4506 Phone: (07) 5428 8000	MT GRAVATT 2049 Logan Road Upper Mt Gravatt 4122 Phone: (07) 3347 7000
OXLEY 2098 Ipswich Road Oxley 4075 Phone: (07) 3332 1100	BUNDABERG 125 Takalvan Street Bundaberg 4670 Phone (07) 4151 1570	BUNDALL (GOLD COAST) 29-45 Ashmore Road Bundall 4217 Phone (07) 5584 3111	CANNONVALE Shop B2 Centro Whitsunday Ctr 8 Galbraith Drive Cannonvale 4802 Phone: (07) 4969 8800
CAIRNS 101 Spence Street Portsmith 4870 Phone (07) 4051 8499	CLEVELAND Shop 1A, 42 Shore Street West Cleveland 4163 Phone (07) 3488 8900	DALBY 58 Patrick Street Dalby 4405 Phone: (07) 4672 4444	HERVEY BAY 134 - 136 Boat Harbour Drive Hervey Bay 4655 Phone: (07) 4124 3870
INNISFAIL 52/57 Ernest Street Innisfail 4860 Phone: (07) 4061 1433	KAWANA WATERS (SUNSHINE COAST) Lot 28 Nicklin Way Minyama Gardens Kawana Waters 4575 Phone (07) 5457 6800	MACKAY Cnr Bruce Highway & Heath's Road Glenella 4740 Phone (07) 4942 2688	AYR 101 Queen Street Ayr 4807 Phone: (07) 4783 3188
MT ISA 33 – 35 Miles Street Mt Isa 4825 Phone (07) 4743 5220	ROCKHAMPTON 407 Yaamba Road North Rockhampton 4701 Phone (07) 4926 2755	TWEED HEADS 29-41 Greenway Drive South Tweed Heads 2486 Phone (07) 5524 0111	TOOWOOMBA 910-932 Ruthven Street Toowoomba 4350 Phone: (07) 4636 7300
TOOWOOMBA (HOMESTARTERS) 910-932 Ruthven Street Toowoomba 4350 Phone: (07) 4636 7300	TOWNSVILLE 103-142 Duckworth Street Garbutt 4814 Phone: (07) 4725 5561	WARWICK Cnr Victoria St & Palmerin Sts Warwick 4370 Phone: (07) 4666 9000	

TASMANIA

BURNIE 64 Mount Street Burnie 7320 Phone: (03) 6431 2134	DEVONPORT Cnr Best Street & Fenton Way Devonport 7310 Phone: (03) 6424 5155	GLENORCHY 313 Main Road Glenorchy 7010 Phone: (03) 6277 7700	HOBART CITY 171 Murray Street Hobart 7000 Phone: (03) 6230 1100
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TASMANIA (CONTINUED)

LAUNCESTON Cnr William and Charles Streets Launceston 7250 Phone: (03) 6337 9411	ROSNY 33 Bligh Street Rosny 7018 Phone: (03) 6210 4400	ULVERSTONE 5-7 Reibey Street Ulverstone 7315 Phone: (03) 6425 1944
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VICTORIA (MELBOURNE SUBURBAN)

BROADMEADOWS 1185-1197 Pascoe Vale Rd Broadmeadows 3047 Phone (03) 9621 2800	CHADSTONE 699 Warrigal Road Chadstone 3148 Phone (03) 9567 6666	CHIRNSIDE PARK 286 Maroondah Highway Mooroolbark 3138 Phone (03) 9722 4400	CRANBOURNE Cnr South Gippsland Highway & Thompson Road Cranbourne 3977 Phone (03) 5991 0000
DANDENONG 141-165 Frankston-Dandenong Road Dandenong 3175 Phone: (03) 9706 9992	FOUNTAIN GATE Fountain Gate Shopping Centre, Overland Drive Narre Warren 3805 Phone: (03) 8796 6777	GREENSBOROUGH (Electrical & Computers only) Shop 227, 25 Main Street Greensborough 3088 Phone: (03) 9433 5555	HOPPERS CROSSING Unit 1, 201-219 Old Geelong Road Hoppers Crossing 3029 Phone: (03) 8734 0000
KNOX Shop 3105, Knox Shopping Centre 425 Burwood Highway Wantirna South 3152 Phone: (03) 9881 3700	MARIBYRNONG (Highpoint) 169 Rosamond Road Maribyrnong 3032 Phone: (03) 9318 2700	MELBOURNE QV Cnr Swanston & Lonsdale Streets Level 4 9 - 13 Upper Terrace QV Melbourne 3000 Phone: (03) 8664 4300	MOORABBIN 420 South Road Moorabbin 3189 Phone: (03) 9555 1222
NUNAWADING 400 Whitehorse Road Nunawading 3131 Phone: (03) 9872 6366	PRESTON 121 Bell Street Preston 3072 Phone (03) 9269 3300	SOUTHLAND (Cheltenham) Shop M2 Westfield Southlands Cnr Nepean & Bay Road Cheltenham 3192 Phone: (03) 9585 6500	SUNSHINE 484 Ballarat Road Sunshine 3020 Phone (03) 9334 6000
THOMASTOWN 308-320 Settlement Road Thomastown 3074 Phone (03) 9463 4777	VICTORIA RENOVATIONS 1430 Dandenong Road OAKLEIGH 3166 Phone: (03) 9540 5555	WATERGARDENS 450 Melton Highway Taylors Lakes 3038 Phone: (03) 9449 6300	

VICTORIAN COUNTRY

BAIRNSDALE 294 Main Road Bairnsdale 3875 Phone: (03) 5153 9700	BALLARAT Cnr Howitt and Gillies Street Wendouree 3355 Phone: (03) 5332 5100	BENDIGO Cnr High & Ferness Streets Kangaroo Flat 3555 Phone: (03) 5447 2333	GEELONG 420 Princes Highway Corio 3214 Phone: (03) 5274 1077
HAMILTON Shop 10 Hamilton Central Plaza 148 Gray Street Hamilton 3300 Phone: (03) 5551 3500	HORSHAM 148 Firebrace Street Horsham 3400 Phone: (03) 5381 5000	MILDURA Cnr Fifteenth Street & Etiwanda Ave Mildura 3500 Phone: (03) 5051 2200	MOE 19 Moore Street Moe 3825 Phone: (03) 5127 9500
SALE 363-373 Raymond Street Sale 3850 Phone: (03) 5144 3677	SHEPPARTON 7950 Goulburn Valley Highway Shepparton 3630 Phone (03) 5823 2530	SWAN HILL 68 Nyah Road Swan Hill 3585 Phone: (03) 5032 2901	TRARALGON Cnr Princes Highway & Liddiard Road Traralgon 3844 Phone (03) 5174 8177
WANGARATTA 8-12 Murphy Street Wangaratta 3677 Phone: (03) 5721 6377	WARRAGUL 33 Victoria Street Warragul 3820 Phone: (03) 5623 9000	WARRNAMBOOL 84 Raglan Parade Warrnambool 3280 Phone (03) 5564 7700	WAURN PONDS 33 Princes Highway Waurn Ponds 3216 Phone (03) 5240 6200

VICTORIAN COUNTRY (CONTINUED)

WONTHAGGI
37 McKenzie Street
Wonthaggi 3995
Phone: (03) 5672 1490

SOUTH AUSTRALIA (ADELAIDE SUBURBAN)

ADELAIDE RENOVATIONS
144 Magill Road
Norwood 5067
Phone: (08) 8132 8000

CITY CROSS
Shop L1 31-33 Rundle Mall
Adelaide 5000
Phone: (08) 8168 8800

ENFIELD
449 Main North Road
Enfield 5085
Phone: (08) 8342 8888

MARION
822-826 Marion Road
Marion 5043
Phone (08) 8375 7777

MUNNO PARRA
Lot 2005, Main North Road
Smithfield 5114
Phone (08) 8254 0700

NOARLUNGA
Seaman Drive
Noarlunga 5168
Phone (08) 8329 5400

SOUTH AUSTRALIA COUNTRY

MT GAMBIER
Jubilee Highway East
Mt Gambier 5290
Phone (08) 8724 6800

WHYALLA
Cnr Jamieson and
Kelly Streets
Whyalla 5600
Phone (08) 8645 6100

WESTERN AUSTRALIA (PERTH SUBURBAN)

ARMADALE
10 Prospect Road
Armadale 6112
Phone (08) 9498 4400

BELMONT
Shop 80 Belmont Forum
Abernethy Road
Belmont 6104
Phone: (08) 9479 4377

CANNINGTON
1363 Albany Highway
Cannington 6107
Phone: (08) 9311 1100

CITY WEST
25 Sutherland Street
West Perth 6005
Phone: (08) 9215 8600

JOONDALUP
36 Clarke Crescent
Joondalup 6027
Phone: (08) 9301 3311

MALAGA
27 Kent Way
Malaga 6090
Phone: (08) 9270 6300

MANDURAH
9 Gordon Road
Cnr Mandurah Terrace
Mandurah 6210
Phone: (08) 9582 5800

MIDLAND
Cnr Clayton and Lloyd
Streets
Midland 6056
Phone: (08) 9374 8600

MORLEY
40 Rudloc Road
Morley 6062
Phone: (08) 9375 0200

O'CONNOR
133 Garling Street (Cnr
Stock Road)
O'Connor 6163
Phone: (08) 9337 0888

OSBORNE PARK
469-475 Scarborough
Beach Road
Osborne Park 6017
Phone: (08) 9441 1100

PEPPERMINT GROVE
Shop 1A
The Grove Shopping Centre
460 Stirling Highway
Peppermint Grove 6011
Phone: (08) 9285 5700

PORT KENNEDY
400-402 Saltaire Way
Port Kennedy 6168
Phone: (08) 9524 0111

WARWICK
Shop 4, Warwick Grove
S/Centre
Beach Road
Warwick 6024
Phone: (08) 9243 2300

WESTERN AUSTRALIA COUNTRY

ALBANY
136 Lockyer Avenue
Albany 6330
Phone (08) 9841 1628

BUNBURY
Cnr Sandridge and
Denning Road
East Bunbury 6230
Phone (08) 9721 4811

BUSSELTON
24-26 Bussell Highway
Busselton 6280
Phone (08) 9781 0700

GERALDTON (Furniture & Bedding)
38 Chapman Road
Geraldton 6530
Phone (08) 9964 0111

WESTERN AUSTRALIA COUNTRY (CONTINUED)

GERALDTON (Computers) 16 Anzac Terrace Geraldton 6530 Phone (08) 9964 0111	KALGOORLIE Southland Shopping Centre Oswald Street Kalgoorlie 6430 Phone (08) 9021 1400	KARRATHA Unit 5 Lot 3818 Balmoral Road Karratha 6174 Phone (08) 9144 1589	PORT HEDLAND Boulevard Shopping Centre Anderson Street Port Hedland 6721 Phone (08) 9173 8000
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NEW ZEALAND

ASHBURTON Cnr West & Moore Streets Ashburton Phone: 0011 643 307 5000	BLENHEIM 19-21 Maxwell Road Blenheim Phone: 0011 643 520 9700	BOTANY 500 Ti Rakau Drive Botany Downs Phone: 0011 649 272 5700	CHRISTCHURCH Cnr Moorhouse Ave & Colombo Street Christchurch Phone: 0011 643 353 2440
CITY STYLE (WELLINGTON) Capital Gateway, 34 Thorndon Quay Wellington CBD Phone: 0011 644 499 4751	DUNEDIN Cnr MacLaggan & Rattay Streets Dunedin Phone: 0011 643 471 6510	HAMILTON 10-16 The Boulevard Te Rapa Hamilton Phone: 0011 647 850 7300	HASTINGS 303 St Aubyns Street East Hastings Phone: 0011 646 873 7150
INVERCARGILL 245 Tay Invercargill Phone: 0011 643 219 9100	LOWER HUTT 28 Rutherford Street Lower Hutt Phone: 0011 644 894 8200	MANUKAU Manukau SupaCenta Ronwood Avenue Manukau City Auckland Phone: 0011 649 262 7050	MT MAUNGANUI 2-10 Owens Place Mt Maunganui Phone: 0011 647 572 7200
MT WELLINGTON 20-54 Mt Wellington Highway Mt Wellington Auckland Phone: 0011 649 570 3440	NEW PLYMOUTH Cnr Smart & Devon Roads New Plymouth Phone: 0011 646 759 2900	NORTHWOOD Unit 1 Radcliffe Road Northwood Christchurch Phone: 0011 646 375 9800	PALMERSTON NORTH 361-371 Main Steet West Palmerston North Phone: 0011 646 350 0400
PARAPARAUMU Coastlands S/Centre State Highway 1 Paraparaumu Phone: 0011 644 296 3100	PORIRUA 19 Parumoana Street Porirua Wellington Phone: 0011 644 237 2600	ROTORUA 35 Victoria Street Rotorua Phone: 0011 647 343 9800	TIMARU 226 Evans Street Timaru Phone: 0011 643 687 7000
WAIRAU PARK 10 Croftfield Lane Wairau Park North Glenfield Phone: 0011 649 441 9750	WANGANUI 287 Victoria Street Wanganui Phone: 0011 646 349 6000	WELLINGTON 77-87 Tory Street Wellington Phone: 0011 644 381 4250	WHAKATANE The Hub State Highway 30 Whakatane Phone: 0011 649 306 0600
WHANGAREI 5 Gumdigger Place Whangarei Phone: 0011 649 470 0300			

DOMAYNE

ALEXANDRIA
84 O'Riordan Street
Alexandria 2015
Phone: (02) 8339 7000

AUBURN
103-123 Parramatta Road
Auburn 2144
Phone: (02) 9648 5411

BUNDALL
29-45 Ashmore Road
Bundall 4217
Phone: (07) 5553 2100

CAMPBELLTOWN
4 Blaxland Road
Campbelltown 2560
Phone: (02) 4621 8500

CARINGBAH
212 Taren Point Road
Caringbah 2229
Phone: (02) 8536 5200

FORTITUDE VALLEY
Brisbane City Gate
Shop 1, 1058 Ann Street
Fortitude Valley 4006
Phone: (07) 3620 6600

FYSHWICK
80 Collie Street
Fyshwick 2604
Phone: (02) 6126 2500

GOSFORD
400 Manns Road
West Gosford 2250
Phone: (02) 4322 5555

KOTARA
18 Bradford Place
Kotara 2289
Phone: (02) 4941 3900

LIVERPOOL
Liverpool Mega Centre
2/18 Orangegrove Road
Liverpool 2170
Phone: (02) 8778 2222

MELBOURNE QV
Cnr Swanston & Lonsdale
Streets
Level 4
9 - 13 Upper Terrace QV
Melbourne 3000
Phone: (03) 8664 4300

NORTH RYDE
31-35 Epping Road
North Ryde 2113
Phone: (02) 9888 8888

PENRITH
1st Floor
Cnr Wolseley Street and
Mulgoa Road
Penrith 2750
Phone: (02) 4737 5000

WARRAWONG
119 - 121 King Street
Warrawong 2502
Phone: (02) 4255 1800

BELROSE
GO1
4-6 Niangala Close
Belrose
Phone: (02) 9479 8800

JOYCE MAYNE

ALBURY
Unit 6
94 Borella Road
Albury 2640
Phone: (02) 6043 0800

ALEXANDRIA
Homestyle Centre
49-59 O'Riordan Street
Alexandria 2015
Phone: (02) 8339 8000

BENNETTS GREEN
Unit 1
7 Groves Road
Bennetts Green 2290
Phone: (02) 4014 1800

CHANCELLOR PARK
Showroom 2
Chancellor Park Blvd
Sippy Downs 4556
Phone: (07) 5477 2200

DUBBO
5 Hawthorn Street
Dubbo 2830
Phone: (02) 4932 2300

MAITLAND
Unit 6
366 New England Highway
Rutherford 2320
Phone: (02) 4932 2300

MUSWELLBROOK
55-57 Bridge Street
Muswellbrook 2333
Phone: (02) 6543 2200

TOUKLEY
223 Main Road
Toukley 2263
Phone: (02) 4396 4133

TOWNSVILLE
238-262 Woolcock St
Garbuck 4814
Phone: (07) 4729 5400

ROCKHAMPTON
407 Yaamba Road
North Rockhampton 4701
Phone: (07) 4926 2241

WAGGA WAGGA
7 Riverina Plaza
15-27 Berry Street
Wagga Wagga 2650
Phone: (02) 6921 4994

WALLSEND
74-78 Nelson Street
Wallsend 2287
Phone: (02) 4955 9173

WARNERS BAY
Unit 4B
311 Hillsborough Road
Warners Bay 2282
Phone: (02) 4954 6022

YOUNG
130 Lovell Street
Young 2594
Phone: (02) 6382 2142

IRELAND

BLANCHARDSTOWN
Unit 421 Blanchardstown
Retail Park
Blanchardstown
Dublin 15
Phone: 0011 353 1 824
7400

CORK
Kinsale Road
Ballycurreeh
Cork, Dublin
Phone: 0011 353 21 425
0900

DUNDALK
Units 2-7 Dundalk Retail
Park
Inner Relief Road
Dundalk, Co Louth
Phone: 0011 353 42 939
6600

DROGHEDA
Units 8-11
Drogheda Retail Park
Donore Road
Drogheda
Phone: 0011 353 41 987
8200

IRELAND (CONTINUED)

LIMERICK Units 5, 6 & 7 City East Retail Park Ballysimon Road Limerick Dublin Phone: 0011 353 61 422 800	MULLINGAR Unit O Lakepoint Retail Park Mullingar Co Westmeath Phone: 0011 353 44 934 6800	NAAS Unit GHIJK New Holl Retail Park Naas Ireland Phone: 0011 353 04 590 7700	RATHFARNHAM Nutgrove Retail Park Nutgrove Avenue Rathfarnham Dublin 18 Phone: 0011 353 1 291 0100
SWORDS Units 5, 6 & 7 Airside Retail Park Swords Road Swords, Co Dublin Phone: 0011 353 1 890 9900	TRALEE Unit 8A Manor West Retail Park Tralee, Co Kerry Phone: 0011 353 66 716 4900		

SLOVENIA

LJUBLJANA Letalska 3d 1000 Ljubljana Co Westmeath Phone: 0011 386 1585 5000	KOPER Ankaranska VPAD NICA Koper Phone: 0011 386 5610 0102
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SINGAPORE

HARVEY NORMAN CENTREPOINT 176 Orchard Road #03-08 Centrepoint Singapore 238843 Phone: 0011 65 6732 8686	HARVEY NORMAN FUNAN CENTRE 109 North Bridge Road #02-02/08 Funan Centre Singapore 170097 Phone: 0011 65 6334 5432	HARVEY NORMAN HOUGANG MALL 90 Hougang Avenue 10 #02-13 NTUC Hougang Mall Singapore 538766 Phone: 0011 65 6488 2305	HARVEY NORMAN IKEA DIGITAL HUB 317 Alexandra Road #01-00 (Part) Lobby, Ikea Building Singapore 159965 Phone: 0011 65 6472 0177
HARVEY NORMAN JURONG POINT 1 Jurong West Central 2 #03-37 Jurong Point Shopping Centre Singapore 648886 Phone: 0011 65 6795 2135	HARVEY NORMAN NORTHPOINT 930 Yishun Avenue 2 #B02-05/09 Northpoint Shopping Centre Singapore 769098 Phone: 0011 65 6757 7695	HARVEY NORMAN PARKWAY 80 Marine Parade Road #02-34/36 Parkway Parade Singapore 449269 Phone: 0011 65 6346 4705	HARVEY NORMAN RAFFLES CITY 252 North Bridge Road #03-22 Raffles City Shopping Centre Singapore 179103 Phone: 0011 65 6339 6777
HARVEY NORMAN SUNTEC CITY 3 Temasek Boulevard #02-001 Suntec City Mall Singapore 038983 Phone: 0011 65 6332 3463	HARVEY NORMAN TAMPINES MART No. 9 Tampines Mart #02-01 Tampines Street 32 Singapore 529286 Phone: 0011 65 6789 3818	HARVEY NORMAN WESTMALL No. 1 Bt Batok Central Link #03-06/09 West Mall Singapore 658713 Phone: 0011 65 6794 2812	HARVEY NORMAN MILLENIA WALK No. 9 Raffles Boulevard #02-27 Millenia Walk Singapore 039596 Phone: 0011 65 6311 9988
HARVEY NORMAN BUKIT PANJANG 1 Jelebu Road Singapore Phone: 0011 65 6767 1500	HARVEY NORMAN THE CENTRAL 6 Eu Tong Sen Street Singapore Phone: 0011 65 6327 5581	HARVEY NORMAN SQUARE TWO Square 2, B1 – 06t o 75 10 Sinaran Drive Singapore Phone: 0011 65 6397 6190	

MALAYSIA

HARVEY NORMAN IKANO POWER CENTRE Unit F3 1 st Floor Ikano Ctr No 2 Jalan PJU 7/2 Mutiar Damansara 47800 Petaling Jaya Salangor Darul Ehsan Kuala Lumpur Phone: 0011 963 7718 5200	HARVEY NORMAN MID VALLEY Lot AT-1 Lower Ground Floor Mid Valley Megamall Mid Valley City Lingkaran Syed Putra 59100 Kuala Lumpur Phone: 0011 963 2282 2860	HARVEY NORMAN QUEENSBAY Lot 2F-86 South Zone Queensbay Mall No 100 Persiaran Bayan Indah 11900 Bayan Lepas Penang Malaysia Phone: 0011 964 630 8210
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