



# Harvey Norman

## HOLDINGS LIMITED

ABN 54 003 237 545

### ANNUAL REPORT YEAR ENDED 30 JUNE 2008

#### Key Dates

29 August 2008	Announcement of Profit for Year-Ended 30 June 2008 Announcement of Final 2008 Dividend
7 November 2008	Record date for determining entitlement to Final 2008 Dividend
25 November 2008	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 11:00am.
8 December 2008	Payment of Final 2008 Dividend
27 February 2009	Announcement of Half-Year Profit to 31 December 2008 Announcement of Interim 2009 Dividend
17 April 2009	Record date for determining entitlement to Interim 2009 Dividend
4 May 2009	Payment of Interim 2009 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 Securities Exchange Limited ("ASX")
Bankers	Australia and New Zealand Banking Group Limited
Auditors	Ernst & Young
Solicitors	Brown Wright Stein

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	<i>FY2004</i>	<i>FY2005</i>	<i>FY2006</i>	<i>FY2007</i>	<i>FY2008</i>
no. of franchised outlets in Australia <sup>1</sup>	157	163	174	192	194
no. of company-owned stores <sup>2</sup>	34	38	41	53	66
franchisee sales revenue <sup>1</sup>	\$3.24bn	\$3.53bn	\$3.96bn	\$4.50bn	\$4.86bn
company-owned sales revenue <sup>2</sup>	\$851.39m	\$968.05m	\$1,103.90m	\$1,329.43m	\$1,428.85m
other revenues and other income items from continuing operations	\$646.56m	\$667.04m	\$788.35m	\$1,005.46m	\$1,058.16m
earnings before interest and tax (EBIT) from continuing operations	\$275.99m	\$317.06m	\$367.39m	\$522.27m	\$555.11m
profit from continuing operations after tax attributable to members	\$166.05m	\$182.65m	\$217.75m	\$324.10m	\$358.45m
profit from discontinued operations after tax attributable to members	\$10.00m	\$8.98m	\$11.81m	\$83.15m	\$0m
net profit for the year attributable to members	<b>\$176.05m</b>	<b>\$191.63m</b>	<b>\$229.56m</b>	<b>\$407.25m</b>	<b>\$358.45m</b>
<b>Underlying Business Operations</b>	<b>\$171.44m</b>	<b>\$176.04m</b>	<b>\$203.40m</b>	<b>\$260.35m</b>	<b>\$295.14m</b>
market capitalisation at 30 June	\$2.98bn	\$2.64bn	\$4.17bn	\$5.60bn	\$3.28bn
basic earnings per share <sup>3</sup>	16.65c	16.20c	20.59c	30.63c	33.76c
dividends per share (fully franked) <sup>4</sup>	7.5	6.5c	8.0c	11.0c	14.0c

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

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

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

4 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.

### Financial Highlights:

- Net profit after tax and minority interests of the "underlying business operations" was \$295.14 million for FY2008 compared to \$260.35 million for FY2007, an increase of 13.4%.
- Net profit from continuing and discontinued operations attributable to members after tax was \$358.45 million for FY2008 compared to \$407.25 million for FY2007, a decrease of 12.0%. FY2007 included \$83.15 million net profit from discontinued operations relating to the sale of shares and deconsolidation of Rebel Sport Limited ("Rebel") on 30 March 2007. Excluding the sale and deconsolidation of Rebel, net profit from continuing operations attributable to members after tax was \$358.45 million for FY2008 compared with \$324.10 million for FY2007, an increase of 10.6%.
- Our integrated retail, franchise and property system has placed us in an extremely strong financial position. We have been able to reduce our gearing and funding facilities to record low levels. We have the capacity and ability to take advantage of emerging opportunities.
- The final dividend payable for FY2008 is 7.0 cents per share fully franked (2007: 6.0 cents per share fully franked). The total dividend for the year ended 30 June 2008 will be 14.0 cents per share fully franked (2007: 11.0 cents per share fully franked). This represents an increase of 27.3%.
- The franchising operations segment result before tax for FY2008 was \$291.41 million compared to \$242.62 million for FY2007, an increase of 20.1%.
- Franchisee sales revenue for FY2008 was \$4.86 billion compared to \$4.50 billion for FY2007, an increase of 8.1%.
- The franchising operations margin for FY2008 was 6.00% compared to 5.39% for FY2007, an increase of 11.3%.



## Business Performance

During the half-year ended 31 December 2007, the retail environment was extremely buoyant enabling us to post a very strong profit result. The last six months however, have been challenging with deteriorating global factors, such as the capital market liquidity crisis, contracting monetary policy, high inflation and petrol prices negatively impacting consumer sentiment. Despite the challenging second half trading conditions, Harvey Norman franchisees and controlled entities increased market share in key product categories, consolidating our position as market leaders in these key product categories.

### ■ Net Profit from Continuing and Discontinued Operations After Tax and Minority Interests

Net profit from continuing and discontinued operations attributable to members after tax was \$358.45 million for the year ended 30 June 2008 compared with \$407.25 million for the previous year, a decrease of 12.0%. The previous year included \$83.15 million net profit from discontinued operations relating to the sale of shares and deconsolidation of Rebel Sport Limited ("Rebel") on 30 March 2007. Excluding the sale of shares and deconsolidation of Rebel, net profit from continuing operations attributable to members after tax was \$358.45 million compared to \$324.10 million for the previous year, an increase of 10.6%.

### ■ Net Profit from Underlying Business Operations

The underlying business operations of the consolidated group are exclusive of one-off transactions and the net revaluation increments recorded in the group's property portfolio.

The total property revaluation uplift recognised for investment properties in Australia and properties held in joint venture entities for the current year was \$102.28 million before tax (\$71.60 million after tax). The property revaluation increment for the Australian investment properties and properties held under joint venture agreements for the preceding year was \$65.35 million before tax (\$45.74 million after tax).

The following one-off transactions should be excluded from profit for the year ended 30 June 2008 to determine the net profit from underlying business operations:

- information technology (IT) expenses of \$3.95 million before tax (\$2.76 million after tax) relating to a new core global merchandise management system to support the Harvey Norman, Domayne, Joyce Mayne and Norman Ross brands - The costs incurred to date have been expensed in the income statement as we are currently in the "solution definition" stage of the project;
- impairment expense of \$6.41 million before tax (\$4.49 million after tax) for the write-down of assets in respect of one of our joint venture entities; and
- impairment expense of \$1.48 million before tax (\$1.04 million after tax) for the write-down of several IT assets.

In the previous year, the following one-off transactions should be excluded:

- the final commission received in relation to the FlexiGroup Limited initial public offering ("IPO") of \$40.98 million before tax (\$28.69 million after tax); and
- the gain on sale of shares held in Rebel of \$117.55 million before tax (\$72.47 million after tax).

Excluding these one-off transactions and the net property revaluation increments after income tax, the net profit after tax and minority interests of the underlying business operations would have been \$295.14 million for the year ended 30 June 2008 compared to \$260.35 million for the previous year, an increase of 13.4%.

If the results of Rebel for the nine-months to 30 March 2007 of \$10.68 million after tax from the prior year were excluded, the net profit after tax and minority interests of the underlying business operations would have been \$249.67 million for the year ended 30 June 2007 compared to \$295.14 million for the current year, an increase of 18.2%.

### ■ Franchising Operations

Effective management of the franchising system in Australia has delivered solid growth in the franchising segment evidenced by an increase in the franchising operations segment result and higher franchising operations margins. While sales growth softened in the second half of the financial year following the slowdown in the Australian economy, Harvey Norman franchisees continued to maintain or grow market share.

The franchising operations segment result before tax for the current year was \$291.41 million compared to \$242.62 million for the year ended 30 June 2007, an increase of 20.1%. The franchising segment result for the current year excludes the IT costs incurred in relation to the new merchandise management system of \$3.95 million before tax and the write-down of several IT assets totalling \$1.48 million. The franchising segment result for the previous year excluded the final commission received in relation to the FlexiGroup Limited initial public offering of \$40.98 million before tax. This increase is due to higher franchise fees and lower franchise tactical support.



## ■ Franchising Operations (continued)

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 6.00% for the year to 30 June 2008 compared to 5.39% for the previous corresponding year.

Franchising Operations Margin	FY June 2006		FY June 2007		FY June 2008	
no. of franchised outlets in Australia <sup>1</sup>	174		192		194	
franchising operations segment result before tax <sup>2</sup>	\$178.45m		\$242.62m		\$291.41m	
franchisee sales revenue <sup>1</sup>	\$3.96bn		\$4.50bn		\$4.86bn	
franchising operations margin (%)	4.51%		5.39%		6.00%	
	HY to Dec-05	HY to Jun-06	HY to Dec-06	HY to Jun-07	HY to Dec-07	HY to Jun-08
no. of franchised outlets in Australia <sup>1</sup>	174	174	174	192	193	194
franchising operations segment result before tax <sup>2</sup>	\$105.65m	\$72.80m	\$127.00m	\$115.62m	\$171.24m	\$120.17m
franchisee sales revenue <sup>1</sup>	\$2.00bn	\$1.96bn	\$2.28bn	\$2.22bn	\$2.54bn	\$2.32bn
franchising operations margin (%)	5.28%	3.72%	5.55%	5.22%	6.73%	5.18%

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

2 Excluding: FY2008 - Information technology (IT) expenses of \$3.95m for new merchandise management system and write-down of several IT assets of \$1.48m  
 FY2007 - FlexiGroup final commission of \$40.98m  
 FY2006 - Impairment of IT assets of \$9.15m

## ■ Overseas Controlled Entities:

### ■ New Zealand

The wholly-owned operations in New Zealand performed well despite a contracting economy, new "lower cost" entrants into the NZ retail market and the devaluation of the New Zealand dollar. The company-owned stores in New Zealand continued to be market leaders in most product categories. In New Zealand dollars, the retail segment result was NZ \$61.54 million for the year ended 30 June 2008 compared to NZ \$54.72 million for the previous financial year, an increase of 12.5%. When the segment result for the New Zealand operations were translated into Australian dollars for the purposes of this report, the segment result for the year ended 30 June 2008 was \$52.70 million compared with \$47.69 million for the previous year, an increase of 10.5%.

### ■ Asia

The segment result of our Asian operations for the year ended 30 June 2008 has been negatively impacted by the closure of the export and distribution businesses in Singapore and Malaysia during the second half of the current financial year. The segment result for the Asian operations was \$10.19 million for the current year relative to \$11.83 million for the previous corresponding period, a decrease of 13.9%. Excluding the results of the export and distribution business, the Asian segment result would have been \$9.23 million for the current year compared to \$9.00 million for the previous year, an increase of 2.4%.

### ■ Slovenia

The segment result for our two (2) company-owned stores in Slovenia was \$2.43 million for the year ended 30 June 2008 compared to \$0.58 million for the previous year, an increase of 323.0% assisted by a full year's trading of the second store at Koper which commenced trading in September 2006.

### ■ Ireland

There has been a deterioration in the performance of the company-owned stores in Ireland during the last six months of the financial year. The difficult UK retail market and the sharp downturn of the Irish property sector, increasing inflation and a lack of confidence in the Irish economy have resulted in a very cautious approach to spending amongst consumers. In an effort to maintain and grow market share under these difficult conditions, product margins have come under pressure. These factors have resulted in a loss recognised by the Irish operations of \$9.52 million for the year ended 30 June 2008, with the loss for the last six months of the year being \$12.77 million. There are currently thirteen (13) stores in Ireland. Trading conditions in Ireland have continued to deteriorate since 1 July 2008. The consolidated entity has no reason to believe that trading conditions in Ireland will improve in the near future.

## ■ New Store Openings and Store Closures

During the year ended 30 June 2008, five (5) new Harvey Norman, one (1) new Domayne and one (1) new Joyce Mayne franchised complex commenced trading, a total of seven (7) new franchised complexes in Australia. Five (5) small Harvey Norman franchised stores in regional locations ceased trading during the year. The total number of franchised complexes in Australia as at 30 June 2008 was 194 compared with 192 franchised complexes at the end of June 2007.

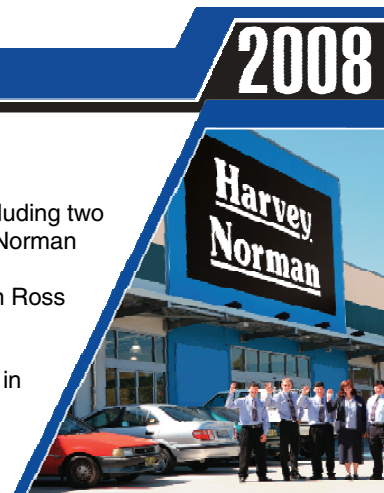




### ■ New Store Openings and Store Closures (continued)

Eight (8) new Harvey Norman company-owned stores were opened in offshore markets, including two (2) stores in New Zealand, three (3) stores in Ireland and three (3) stores in Malaysia. The Norman Ross brand was launched in the New Zealand market as a discount retailer of electrical and computer goods with two (2) Norman Ross stores opened during the year. The first Norman Ross store commenced trading in Lower Hutt, New Zealand in December 2007 and the second in Tower Junction in June 2008. The OFIS brand was launched in the Australian market as a discount retailer of stationery and home office products. Three (3) new OFIS stores located in New South Wales commenced trading during the year.

There were a total of 66 company-owned stores in Australia and offshore markets as at 30 June 2008 compared with 53 company-owned stores at the end of June 2007.



### ■ Property Portfolio

#### ■ Composition of the Property Portfolio

The Harvey Norman property portfolio consists of Harvey Norman, Domayne, Joyce Mayne and OFIS complexes in Australia, Harvey Norman and Norman Ross stores in New Zealand, the two Harvey Norman stores in Slovenia, properties held under joint venture agreements and land and buildings in Australia for development and resale at a profit.

The total value of the Harvey Norman property portfolio as at 30 June 2008 was \$1.68 billion, broken down as follows:

- investment properties in Australia of \$1.18 billion;
- owned land and buildings in New Zealand, Singapore and Slovenia of \$183.50 million;
- investment properties under construction recorded as property, plant and equipment of \$134.83 million; and
- joint venture properties accounted for using the equity method of \$187.22 million

#### ■ Benefits of Property Ownership

The property portfolio is an essential complement to the Harvey Norman brand and retail system. Ownership of the 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.

#### ■ Revaluation of the Property Portfolio

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 2008 was \$102.28 million before tax and before minority interests, \$64.71 million of which is attributable to investment properties in Australia and \$37.57 million relates to the consolidated entity's share of property held under joint venture agreements. The total revaluation increment for the half-year ended 31 December 2007 was \$80.01 million and the revaluation increment recognised for the second half of the financial year was \$22.27 million.

The net revaluation increment for the previous year was \$65.68 million, comprised of investment properties in Australia of \$64.48 million, \$0.87 million relating to the share of property held under joint venture agreements and \$0.33 million attributable to the Singaporean controlled entity.

The property portfolio in New Zealand was subject to revaluation in the current year. A revaluation increment of \$5.52 million after tax was recognised as an increase to the asset revaluation reserve for the year ended 30 June 2008.

#### ■ Composition of Owned and Leased Complexes

30 June 2008	Owned	Leased*	Total
Australia – franchised complexes	69	125	194
Australia – OFIS stores	3	0	3
New Zealand	15	13	28
Slovenia	2	0	2
Ireland	0	13	13
Asia	0	20	20
<b>TOTAL</b>	<b>89</b>	<b>171</b>	<b>260</b>

\* leased from external parties

## ■ 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. During the second half of the current year we launched the new OFIS brand. The OFIS brand name is run as a wholly-owned subsidiary of the Harvey Norman consolidated group and the sales revenue generated by the three (3) new OFIS stores form part of consolidated entity's sales revenue.

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 2008 was \$1.43 billion compared to \$1.33 billion for the year ended 30 June 2007, an increase of 7.5%. Factors contributing to the increase were:

### ■ Sales Revenue - New Zealand

Sales revenue from the New Zealand company-owned stores increased by \$104.01 million New Zealand dollars (increase of 15.5%). When sales in New Zealand were translated into Australian dollars for the purposes of this report, the increase in sales was \$78.95 million Australian dollars (increase of 13.5%).

Contributing to this increase in sales revenue is a full year's trading of the four stores opened during the previous financial year and four new stores opened at Pukekohe (September 2007), Henderson (October 2007), Norman Ross Lower Hutt (December 2007) and Norman Ross Tower Junction (June 2008).

### ■ Sales Revenue - Ireland

Sales revenue from the company-owned stores in Ireland increased by €8.95 million (increase of 7.0%). When sales in Ireland were translated into Australian dollars for the purposes of this report, the increase in sales was \$11.72 million (increase of 5.5%).

The increase is due to a full year's trading of the Naas and Drogheda stores that opened during the previous year and three new stores opened at Castlebar (November 2007), Little Island (December 2007) and Carrickmines (April 2008). The Rathfarnham store was relocated and converted from a computers and electrical store to a full-format Harvey Norman store in May 2008.

### ■ Sales Revenue - Slovenia

Sales revenue from the company-owned stores in Slovenia increased by €6.07 million (increase of 23.3%). When sales in Slovenia were translated into Australian dollars for the purposes of this report, the increase in sales was \$9.34 million (increase of 21.5%).

The increase is due in part to a full year's trading of the Koper store that opened during September 2006.

### ■ Sales Revenue - Asia

Sales revenue from the controlled entity Pertama Holdings Limited, Singapore, trading as "Harvey Norman" increased by \$16.15 million Singaporean dollars (increase of 3.8%). When sales in Singapore were translated into Australian dollars for the purposes of this report, the result was a decrease in sales by \$6.52 million Australian dollars (a decrease of 1.9%). This decrease is attributable to a decline of 5.5% in the Singaporean dollar relative to the Australian dollar used for translation purposes.

The non-core export and distribution businesses in Singapore and Malaysia were closed during the second half of the year. Excluding the sales revenue of the export and distribution businesses, there would have been an increase in consolidated sales revenue of \$48.58 million for the current year, an increase of 20.7%.

We have continued our expansion into Malaysia and have opened three retail stores at The Pavillion (September 2007), Sunway Pyramid (October 2007) and Bukit Tinggi (November 2007).



## ■ Geographic Spread

This diagram displays the geographic spread of the franchised Harvey Norman ("HN"), Domayne ("DM") and Joyce Mayne ("JM") franchised complexes and OFIS company-owned stores in the Australian market and the Harvey Norman and Norman Ross ("NR") branded company-owned stores in New Zealand, Ireland, Singapore, Malaysia and Slovenia as at 30 June 2008.



## ■ Australia

- 194 franchised complexes in total
- 3 new company-owned OFIS stores in NSW
- 5 store closures in regional locations
- 7 new franchised complexes opened during the year:
  - HN Bateman's Bay (NSW)
  - HN Lake Haven (NSW)
  - HN Mt. Barker (SA)
  - HN Rothwell (QLD)
  - HN Cambridge Park (TAS)
  - DM Castle Hill (NSW)
  - JM Nowra (NSW)
- 3 new company-owned stores opened during the year:
  - OFIS Albury (NSW)
  - OFIS Auburn (NSW)
  - OFIS Maitland (NSW)

	Location of Franchised Complexes			TOTAL
	Harvey Norman	Domayne	Joyce Mayne	
NSW	57	12	12	81
QLD	31	2	3	36
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	16	15	194

## ■ Overseas Controlled Entities

### ■ New Zealand

- 28 stores in total, 26 Harvey Norman, 2 Norman Ross
- 4 new stores opened during the year:
  - HN Pukekohe
  - HN Henderson
  - NR Lower Hutt
  - NR Tower Junction

### ■ Ireland

- 13 stores in total
- 3 new stores opened during the year:
  - Castlebar
  - Little Island
  - Carrickmines
- Relocation of the Rathfarnham store and conversion from a computers and electrical store to a full-format store

### ■ Slovenia

- 2 stores in total

### ■ Singapore

- 14 stores in total

### ■ Malaysia

- 6 stores in total
- 3 new stores opened during the year:
  - The Pavillion
  - Sunway Pyramid
  - Bukit Tinggi



## ■ Future Prospects

Despite the worldwide economic downturn, we are in a strong financial position. We have capacity and ability to take advantage of market opportunities utilising our low gearing. Our integrated retail, franchise and property system has proven to be robust and resilient, despite the current economic volatility. Our objective is sustainable long term growth across the Harvey Norman, Domayne, Joyce Mayne, Norman Ross and OFIS brands and property portfolio.

Our brands are market leaders in the core audio visual and technology segment. The Beijing Olympics has reinforced our position.

Harvey Norman and Domayne are the market leaders in bedding. There will be an increase in the offering of key brands and the expansion of the sleep number system to regional Australia and New Zealand. The quality of the results from this category demand ongoing investment.

The establishment of the Norman Ross brand in New Zealand to complement and enhance the market position of Harvey Norman has been successful. Further Norman Ross stores will open within the coming year. Harvey Norman continues to outperform competitors in the New Zealand market.

In the first half of 2009 we will open two new stores in Northern Ireland. This is an important move into a new territory. We will consolidate our position in Ireland after a period of expansion in 2008, in the face of economic downturn in Europe. Trading conditions in Ireland have continued to deteriorate since 1 July 2008. The consolidated entity has incurred a loss for the two-months ended 31 August 2008 of \$5.64 million from the Irish operations. The consolidated entity has no reason to believe that trading conditions in Ireland will improve in the near future.

Within the 2009 financial year a minimum of 15 new complexes for our brands, will open. The investment in and development of retail complexes is an essential component of our business strategy with current developments in Queensland, Victoria, South Australia, Western Australia and New Zealand.

We have commenced the development of a core global merchandise management system to support the Harvey Norman, Domayne, Joyce Mayne and Norman Ross brands. This is a business critical improvement that will integrate with and support the existing operating systems, providing one centralised overview of all merchandising related information for our enterprise and the enterprises of franchisees. The identified benefits include reduction in key costs and improved profitability.

Current economic turbulence and changes reinforce the importance of continued investment in our brands, experience of our management and sound fiscal management. Our current debt to equity ratio of 26.6% has placed us in an excellent position to continue to grow our core businesses and invest in value based opportunities, should they arise.

## ■ Equity

Consolidated equity as at 30 June 2008 was \$1.95 billion compared to \$1.74 billion at 30 June 2007 – an increase of \$205.00 million or 11.7%. Of the total equity of \$1.95 billion, an amount of \$47.25 million (2007: \$49.57 million) is attributable to minority interests in the controlled entities mainly relating to Pertama Holdings Limited, Singapore.

## ■ Dividend

The recommended final dividend is 7.0 cents per share fully franked (6.0 cents per share fully franked for the year ended 30 June 2007). This final dividend will be paid on 8 December 2008. No provision has been made in the Balance Sheet for this recommended final dividend. The total dividend for the year will be 14.0 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, 30 September 2008



Your directors submit their report for the year ended 30 June 2008.

## ■ 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 69, 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 the following listed companies:

- Rebel Sport Limited (until 30 March 2007)
- Pertama Holdings Limited, Singapore

#### ■ *Kay Lesley Page – Director and Chief Executive Officer*

Ms. Page, aged 51, 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 (until 30 March 2007)
- Pertama Holdings Limited, Singapore
- National Rugby League Limited

#### ■ *Arthur Bayly Brew - Director*

Mr. Brew, aged 58, 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 a director in September 1994.

#### ■ *John Ewyn Slack-Smith – Director and Chief Operating Officer*

Mr. Slack-Smith, aged 39, 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. During the past three years Mr Slack-Smith has served as a director of the public company, Sydney Cancer Centre Foundation.

#### ■ *David Matthew Ackery – Director*

Mr. Ackery, aged 48, was appointed a director of Harvey Norman Holdings Limited on 20 December 2005. Mr. Ackery has overall executive responsibility for the relationship between the Company and Harvey Norman electrical franchisees and strategic partners.

#### ■ *Chris Mentis – Director and Chief Financial Officer*

Mr. Mentis, aged 42, 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 21 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 69, was co-founder of Harvey Norman with Mr. G. Harvey in 1982.

■ *Michael John Harvey - Non-Executive Director*

Mr. M. Harvey, aged 43, 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 58, 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 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, until 30 March 2007, Mr. Brown has also served as a director of Rebel Sport Limited.

■ *Kenneth William Gunderson-Briggs – Non-Executive Director*

Mr. Gunderson-Briggs, aged 46, was appointed 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 63, 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 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 ASX.

### ■ 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	11
Audit	8
Remuneration	7
Nomination	1

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 meeting 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	10 [11]	n/a
K.L. Page	10 [11]	n/a
A.B. Brew	9 [11]	n/a
J.E. Slack-Smith	11 [11]	n/a
D.M. Ackery	11 [11]	n/a
M.J. Harvey	10 [11]	n/a
C.H. Brown	11 [11]	8 [8]
I.J. Norman	9 [11]	n/a
K.W. Gunderson-Briggs	11 [11]	8 [8]
G.C. Paton	10 [11]	8 [8]
C. Mentis	11 [11]	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	311,959,532	3,900,000
I.J. Norman	175,249,660	-
K.L. Page	16,995,133	4,000,000
M.J. Harvey	2,845,553	-
A.B. Brew	1,169,871	540,000
C.H. Brown	103,467	-
J.E. Slack-Smith	1,699,999	800,000
D.M. Ackery	496,667	800,000
K. W. Gunderson-Briggs	3,000	-
G.C. Paton	15,000	-
C. Mentis	-	350,000
<b>TOTAL</b>	<b>510,537,882</b>	<b>10,390,000</b>

## ■ Beneficial Interest

Included in the Directors' Interests table on page 12 are the following shareholdings indirectly held by each of the directors:

Director	Beneficial Interest in Shares
G. Harvey	has a beneficial interest in 140,629,301 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 4,136,000 shares held by K. Page Pty Limited in Pertama Holdings Limited, Singapore. She also has a beneficial interest in 8,100,858 Harvey Norman Holdings Limited shares held by K. Page Pty Limited, 150,000 Harvey Norman Holdings Limited shares held by K. Page Superannuation Fund 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 363,333 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 41,763 shares held by PWSD Pty Limited and 61,704 shares held by 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 28 and Note 30 to the financial statements and form part of this report.

## ■ Principal Activities

The principal activities of the consolidated entity are that of an integrated retail, franchise and property enterprise 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
- Discount retailer of stationery and home office products under the OFIS brand name in Australia

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 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.

## ■ Results

The profit after tax from continuing operations attributable to members for the year ended 30 June 2008 was \$358.45 million. This represents an increase of 10.6% on the profit after tax from continuing operations attributable to members for the year ended 30 June 2007.

Profit from discontinued operations after tax and minority interests was nil for the year ended 30 June 2008, compared to \$83.15 million for the year ended 30 June 2007. The prior year result included a \$72.47 million after tax gain on the sale of shares in Rebel.



## ■ Dividends

The directors recommend a fully franked dividend of 7.0 cents per share be paid on 8 December 2008 (total dividend, fully franked - \$74,362,175). 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	\$
2007 final fully franked dividend	10 December 2007	63,739,007
2008 interim fully franked dividend	5 May 2008	74,362,175

The dividend payment in respect of the year ended 30 June 2008 represents 51.4% of net cash flows from operating activities, as set out in Note 27 of the financial statements.

## ■ Review of Group Operations

The total equity of the consolidated entity for the year ended 30 June 2008 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 and properties held under joint venture agreements; and
- Increased profit from Harvey Norman owned stores in New Zealand and Slovenia.

## ■ 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.

## ■ 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 2008 and up to the date of this report.

## ■ Company Secretary

Mr Chris Mentis, aged 42, became Company Secretary on 20 April 2006. Mr. Mentis has over 21 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 (Audited)

This Remuneration Report outlines the director and executive remuneration arrangements of the Company and the Group in accordance with the requirements of the Corporations Act 2001 and its Regulations. It also provides the remuneration disclosures required by paragraphs Aus 25.4 to Aus 25.7.2 of AASB 124 Related Party Disclosures, which have been transferred to the Remuneration Report in accordance with Corporations Regulations 2M.6.04. For the purposes of this report, Key Management Personnel (KMP) of the Group are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the Group receiving the highest remuneration.

### ■ Remuneration Philosophy

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.

### ■ 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.

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

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; and
- (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 may review recommendations of the chief executive officer, chief financial officer and the chief operating officer in relation to key senior executives of the Company. 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 normally, 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.

**Remuneration Report (Audited) (continued)**

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

- Base salary;
- Performance cash incentive;
- Other remuneration;
- Superannuation; and
- 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. The aggregate amount of PCI paid to executive directors in respect of the year ending 30 June 2008 was \$1,775,000, as set out in Table 1 of this report.

#### ■ *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. Table 1 and Table 3 of this report do not include any amount attributable to undischarged 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, PCI, other remuneration, superannuation 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.

## Remuneration Report (Audited) (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.

Authority to Issue up to 2,576,666 fully paid ordinary shares under DEIP pursuant to approval received on 25 November 2003:

	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

- Authority to Issue up to 11,840,000 options under EOP pursuant to approval received on 25 November 2003:

	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 the 2003, 2004 and 2005 DEIP Allocations:*

The performance conditions in respect of the 2003 and 2005 allocations under DEIP have been satisfied.

■ *Performance Conditions for the 2003, 2004 and 2005 EOP Allocations:*

The performance conditions in respect of the 2003, 2004 and 2005 allocations under EOP have been satisfied.

- Authority to Issue up to 12,450,000 options under EOP pursuant to approval received on 20 November 2007:

At the annual general meeting of the Company held on 20 November 2007, the Board of Directors of the Company was authorised, pursuant to the EOP, to issue up to 12,450,000 options to subscribe for up to 12,450,000 fully paid ordinary shares in the Company and to issue 12,450,000 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.

	EOP TABLE			
	2007	2008	2009	TOTAL
Gerald Harvey	900,000	900,000	900,000	2,700,000
Kay Lesley Page	1,000,000	1,000,000	1,000,000	3,000,000
John Evyn Slack-Smith	800,000	800,000	800,000	2,400,000
David Matthew Ackery	800,000	800,000	800,000	2,400,000
Chris Mentis	350,000	350,000	350,000	1,050,000
Arthur Bayly Brew	300,000	300,000	300,000	900,000
	4,150,000	4,150,000	4,150,000	12,450,000

## Remuneration Report (Audited) (continued)

■ *Performance Conditions for EOP Options approved at the annual general meeting held on 20 November 2007:*

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 those conditions are set out in the table below.

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

Year of Allocation	2007	2008	2009
<b>Option price</b>	Market price at the date of issue. Must be issued before 30/11/2007	Market price at the date of issue. Must be issued after 31/08/2008 but before 30/11/2008	Market price at the date of issue. Must be issued after 31/08/2009 but before 30/11/2009
<b>Financial years measured (Qualifying Period)</b>	Three years ending 30/06/2010	Three years ending 30/06/2011	Three years ending 30/06/2012
<b>Compound Average Growth ('CAGR') in Earnings per Share ('EPS') FYE 2007 is the base year</b>	<b>% of options that will vest on 31/08/2010, subject to satisfying Performance Condition 2</b>	<b>% of options that will vest on 31/08/2011, subject to satisfying Performance Condition 2</b>	<b>% of options that will vest on 31/08/2012, subject to satisfying Performance Condition 2</b>
10%	25%	25%	25%
12%	50%	50%	50%
15%	100%	100%	100%
<b>First Exercise Date</b>	01/09/2010	01/09/2011	01/09/2012
<b>Last Exercise Date</b>	25/11/2012	25/11/2012	25/11/2012

CAGR in EPS is basic earnings per share (after tax) before any goodwill and/or amortisation, adjusted for:

- significant items (as noted in the Company's financial statements, including material changes in the Accounting Standards), as determined by the Board;
- goodwill write-offs which represent more than 5% of the Group's pre-tax profit for the year, as determined by the Board; and
- material capital restructurings that have occurred over the relevant period, as determined by the Board.

Performance Condition 2 – HVN Accumulated Total Shareholder Return ("TSR") greater than the median of the TSR of other entities included in the ASX 200 Industrial Accumulation Index at the Vesting Date, or for a continuous period of 30 days if not met at the First Exercise Date, but met before the Last Exercise Date

Year of Allocation	2007	2008	2009
<b>Option price</b>	Market price at the date of issue. Must be issued before 30/11/2007	Market price at the date of issue. Must be issued after 31/08/2008 but before 30/11/2008	Market price at the date of issue. Must be issued after 31/08/2009 but before 30/11/2009
<b>Financial year measured (Qualifying Period)</b>	Issue date to 31/08/2010	Issue date to 31/08/2011	Issue date to 31/08/2012
<b>HVN TSR measured against equivalent TSR of other entities included ASX 200 Industrial Accumulation Index</b>	<b>% of options that will vest on 31/08/2009, subject to satisfying Performance Condition 1</b>	<b>% of options that will vest on 31/08/2010, subject to satisfying Performance Condition 1</b>	<b>% of options that will vest on 31/08/2011, subject to satisfying Performance Condition 1</b>
<b>Achieved 75<sup>th</sup> percentile</b>	100	100	100
<b>Each percentile above the median</b>	2	2	2
<b>Achieve Median</b>	50	50	50
<b>Below Median</b>	-	-	-
<b>First Exercise Date</b>	01/09/2010	01/09/2011	01/09/2012
<b>Last Exercise Date</b>	25/11/2012	25/11/2012	25/11/2012



**Remuneration Report (Audited) (continued)**

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.

Both Performance Conditions under EOP are cumulative and all options are available up to the Last Exercise Date (30 November 2012).

**■ 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.

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

**■ 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.

## Remuneration Report (Audited) (continued)

■ TABLE 1: Compensation of Key Management Personnel for the Year Ended 30 June 2008 - Directors of Harvey Norman Holdings Limited:

		Short Term Benefits				Post-Employment	Share-Based Payments				TOTAL \$	% of options
		Salary & fees \$	Performance Incentive \$	Other Short-Term \$	Non monetary benefits \$		Shares Granted (number)	Value of Shares \$	Options Granted (number)	Value of Options \$		
<b>G. Harvey</b> <i>Chairman</i>	<b>2008</b>	<b>626,471</b>	<b>350,000</b>	<b>10,400</b>	-	<b>13,129</b>	-	-	<b>900,000</b>	<b>162,067</b>	<b>1,162,067</b>	<b>13.9%</b>
	2007	476,914	75,000	10,400	-	12,686	-	96,203	-	225,676	896,879	25.2%
<b>K.L. Page</b> <i>Chief Executive Officer</i>	<b>2008</b>	<b>694,215</b>	<b>500,000</b>	-	<b>42,656</b>	<b>13,129</b>	-	-	<b>1,000,000</b>	<b>176,524</b>	<b>1,426,524</b>	<b>12.4%</b>
	2007	444,759	75,000	-	42,555	12,686	-	96,203	-	225,676	896,879	25.2%
<b>A.B. Brew</b> <i>Executive Director</i>	<b>2008</b>	<b>288,152</b>	<b>100,000</b>	-	<b>23,719</b>	<b>13,129</b>	-	-	<b>300,000</b>	<b>45,929</b>	<b>470,929</b>	<b>9.8%</b>
	2007	241,239	200,000	-	24,135	12,686	-	11,544	-	18,054	507,658	3.6%
<b>J.E. Slack-Smith</b> <i>Executive Director</i>	<b>2008</b>	<b>595,842</b>	<b>350,000</b>	-	<b>41,928</b>	<b>12,231</b>	-	-	<b>800,000</b>	<b>132,690</b>	<b>1,132,691</b>	<b>11.7%</b>
	2007	429,789	500,000	-	29,651	40,560	-	76,962	-	120,285	1,197,247	10.0%
<b>D.M. Ackery</b> <i>Executive Director</i>	<b>2008</b>	<b>623,371</b>	<b>350,000</b>	<b>13,500</b>	-	<b>13,129</b>	-	-	<b>800,000</b>	<b>127,907</b>	<b>1,127,907</b>	<b>11.3%</b>
	2007	487,314	500,000	-	-	12,686	-	51,287	-	70,940	1,122,227	6.3%
<b>C. Mentis (a)</b> <i>Executive Director</i>	<b>2008</b>	<b>353,585</b>	<b>125,000</b>	-	<b>31,412</b>	<b>13,129</b>	-	-	<b>350,000</b>	<b>50,602</b>	<b>573,728</b>	<b>8.8%</b>
	2007	-	-	-	-	-	-	-	-	-	-	-
<b>M.J. Harvey</b> <i>Non-Executive</i>	<b>2008</b>	<b>20,000</b>	-	-	-	-	-	-	-	-	<b>20,000</b>	-
	2007	1,000	-	-	-	19,000	-	-	-	-	20,000	-
<b>C.H. Brown</b> <i>Non-Executive</i>	<b>2008</b>	<b>67,956</b>	-	-	-	<b>9,908</b>	-	-	-	-	<b>77,864</b>	-
	2007	18,349	-	-	-	1,651	-	-	-	-	20,000	-
<b>I.J. Norman</b> <i>Non-Executive</i>	<b>2008</b>	<b>18,349</b>	-	-	-	<b>1,651</b>	-	-	-	-	<b>20,000</b>	-
	2007	18,349	-	-	-	1,651	-	-	-	-	20,000	-
<b>K.W. Gunderson – Briggs</b> <i>Non-Executive</i>	<b>2008</b>	<b>107,667</b>	-	-	-	<b>28,333</b>	-	-	-	-	<b>136,000</b>	-
	2007	46,460	-	-	-	40,000	-	-	-	-	86,460	-
<b>G.C. Paton</b> <i>Non-Executive</i>	<b>2008</b>	<b>80,000</b>	-	-	-	<b>40,000</b>	-	-	-	-	<b>120,000</b>	-
	2007	-	-	-	-	60,000	-	-	-	-	60,000	-
<b>TOTAL</b>	<b>2008</b>	<b>3,475,608</b>	<b>1,775,000</b>	<b>23,900</b>	<b>139,715</b>	<b>157,768</b>	-	-	<b>4,150,000</b>	<b>695,719</b>	<b>6,267,710</b>	
<b>TOTAL</b>	<b>2007</b>	<b>2,164,173</b>	<b>1,350,000</b>	<b>10,400</b>	<b>96,341</b>	<b>213,606</b>	-	<b>332,199</b>	-	<b>660,631</b>	<b>4,827,350</b>	

The listed parent entity, Harvey Norman Holdings Limited, does not have any employees.

(a) Chris Mentis was appointed a director of Harvey Norman Holdings Limited on 30 August 2007.

## Remuneration Report (Audited) (continued)

### ■ Shares Issued Pursuant to DEIP

HVN Share Plan Pty Limited ACN 106 762 761 ("Plan Trustee") administers the DEIP. Refer to Note 30 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 income statements of prior years 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 were not satisfied and accordingly the value of shares, the subject of the 2004 DEIP Allocation, was not disclosed as part of remuneration for certain executive directors and was not recognised as a share-based payment expense under AASB 2 in 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. The 2005 DEIP Allocation was 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 30 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 was 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 no 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 was 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.

**Remuneration Report (Audited) (continued)**

The fair value of the 2004 EOP Allocation was not disclosed as part of remuneration for executive directors or as a share-based expense in the income statement for the year ended 30 June 2005 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 year ended 30 June 2006, 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 was 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 were 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 was 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 was 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 was 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 remaining amortisation of the 2005 EOP allocation that had vested on 31 August 2007 has been included in the remuneration table disclosed on page 20 of this report.

■ *Options Issued on 26 November 2007:*

On 26 November 2007, 4,150,000 options to subscribe for 4,150,000 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 \$6.77 per option ("2007 EOP Allocation"). The qualifying period for the 2007 EOP Allocation is the three years ending 30 June 2010.

The options, the subject of the 2007 EOP Allocation have been valued at grant date, utilising the assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation model which allows for the incorporation of the vesting conditions (namely Performance Condition 2). Under this valuation methodology, the value of each option in the 2007 EOP Allocation was \$1.69 per option or \$7,013,500 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 20 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 2008, 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 a fair value of \$1.69 per option.

■ **TABLE 2: Options Granted to Executive Directors as Part of Remuneration:**

■ **TABLE 2: Options Granted to Executive Directors as Part of Remuneration:**

G. Harvey  
K.L. Page  
J.E. Slack-Smith  
D.M. Ackery  
C. Mentis  
A.B. Brew



## Remuneration Report (Audited) (continued)

■ TABLE 3: Compensation of Key Management Personnel for the Year Ended 30 June 2008 - Executives of Harvey Norman Holdings Limited:

			Short-Term Benefits			Post-Employment	Share-Based Payments				TOTAL \$	% of options
			Salary & fees \$	Performance Incentive \$	Non monetary benefits \$		Shares Granted (number)	Value of Shares \$	Options Granted (number)	Value of Options \$		
<b>R. Orrock</b> <i>General Manager: Domayne</i>	<b>2008</b> 2007		<b>296,764</b> 250,000	<b>442,095</b> 249,550	<b>19,106</b> 24,656	<b>13,129</b> 12,686	- -	- -	- -	- -	<b>771,094</b> 536,892	- -
<b>M.L. Anderson</b> <i>General Manager: Advertising</i>	<b>2008</b> 2007		<b>295,000</b> 268,032	- -	<b>29,175</b> 21,654	<b>16,240</b> 20,469	- -	- -	- -	- -	<b>340,415</b> 310,155	- -
<b>C. Mentis</b> <i>Chief Financial Officer</i>	<b>2008</b> 2007	(a)	- 349,923	- 75,000	- 37,391	- 12,686	- -	- -	- -	- -	- 475,000	- -
<b>K. Escott</b> <i>Chief Information Officer</i>	<b>2008</b> 2007	(b)	<b>412,228</b> 390,000	<b>45,000</b> -	<b>24,226</b> 17,521	<b>12,036</b> 12,686	- -	- -	- -	- -	<b>493,490</b> 420,207	- -
<b>M. Stephen</b> <i>Chief Information Officer</i>	<b>2008</b> 2007	(c)	<b>114,231</b> -	- -	- -	<b>2,188</b> -	- -	- -	- -	- -	<b>116,419</b> -	- -
<b>T.J. Scott</b> <i>General Manager: Property</i>	<b>2008</b> 2007		<b>363,868</b> 315,847	- -	- -	<b>14,223</b> 12,686	- -	- -	- -	- -	<b>378,091</b> 328,533	- -
<b>R. F. Smith</b> <i>General Manager: Computers</i>	<b>2008</b> 2007	(d)	<b>176,325</b> 312,927	<b>3,263</b> -	- 30,566	<b>5,622</b> 12,686	- -	- -	- -	- -	<b>185,210</b> 356,179	- -
<b>S.L. Naish</b> <i>General Manager: Computers</i>	<b>2008</b> 2007	(e)	<b>284,008</b> -	- -	- -	<b>7,659</b> -	- -	- -	- -	- -	<b>291,667</b> -	- -
<b>TOTAL KEY MANAGEMENT PERSONNEL 2008</b>			<b>1,942,424</b>	<b>490,358</b>	<b>72,507</b>	<b>71,097</b>	-	-	-	-	<b>2,576,386</b>	-
<b>TOTAL KEY MANAGEMENT PERSONNEL 2007</b>			1,886,729	324,550	131,788	83,899	-	-	-	-	2,426,966	-

(a) Mr C. Mentis was appointed a director of Harvey Norman Holdings Limited on 30 August 2007. Refer to Table 1 on page 20 of this report for details of his remuneration for 2008.

(b) Mr K. Escott resigned as Chief Information Officer on 31 May 2008.

(c) Mr M. Stephen was appointed as Chief Information Officer on 31 March 2008.

(d) Mr R.F. Smith resigned as General Manager – Computers on 5 December 2007.

(e) Mr S.L. Naish was appointed as General Manager – Computers on 3 December 2007.

## Remuneration Report (Audited) (continued)

■ TABLE 4: Compensation of the Five Named Executives Who Receive the Highest Remuneration in the Consolidated Entity for the Year Ended 30 June 2008

	Short Term Benefits				Post Employ- ment Super \$	Share-Based Payments				TOTAL \$
	Salary & fees \$	Perform- ance Cash Incentive \$	Other Short- Term \$	Non monetary benefits \$		Shares Granted number	Value of Shares \$	Options Granted number	Value of Options \$	
<b>B. Callard</b> <i>Managing Director: HN Europe d.o.o</i>	595,830	-	-	16,249	-	-	-	-	-	612,079
<b>J. Weiden</b> <i>Managing Director: HN Europe d.o.o</i>	594,950	-	-	-	-	-	-	-	-	594,950
<b>A.A. Augustus (a)</b> <i>Managing Director: Pertamina Holdings Limited, Singapore</i>	431,968	-	40,352	-	420	-	-	-	81,693	554,433
<b>G. Scott (b)</b> <i>General Manager - Ireland Electrical</i>	423,954	-	-	-	-	-	-	-	-	423,954
<b>L.R. Greeff (c)</b> <i>Project Director</i>	269,486	-	113,000	-	5,386	-	-	-	-	387,872
<b>TOTAL</b>	<b>2,316,188</b>	<b>-</b>	<b>153,352</b>	<b>16,249</b>	<b>5,806</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>81,693</b>	<b>2,573,288</b>

- (a) Mr A. A. Augustus was issued 4,000,000 options on 25 October 2005 to subscribe for 4,000,000 ordinary shares in Pertamina 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 2008, 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.
- (b) G. Scott was appointed as General Manager – Electrical of the Irish operations on 15 October 2007.
- (c) L.R. Greeff was appointed as Project Director on 4 February 2008 to lead the team to develop the global merchandise management system.

## Remuneration Report (Audited) (continued)

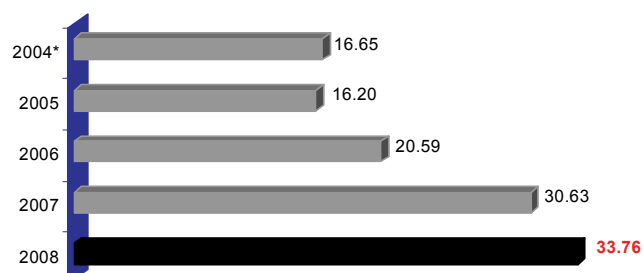
## ■ Relationship between Remuneration and the Performance of the Company

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.

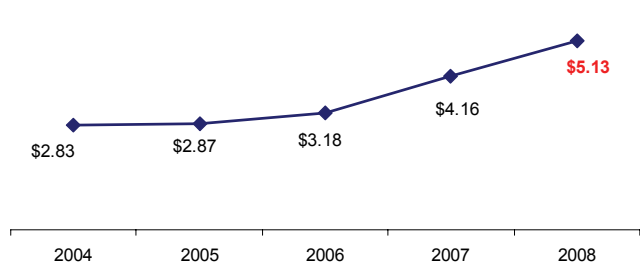
**EARNINGS BEFORE INTEREST & TAX (\$ million)**

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

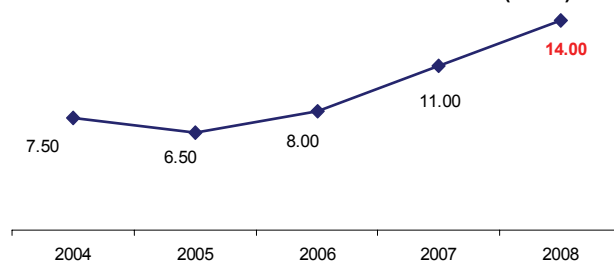
**EARNINGS PER SHARE (cents)**

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

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

**HVN AVERAGE SHARE PRICE (\$)**

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

**DIVIDENDS PER SHARE FULLY FRANKED (cents)**

*Dividends Per Share (cents) for the  
past five years*

### ■ 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 \$20,000,000.

Harvey Norman Holdings Limited paid an insurance premium of \$45,525 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 2008 are as follows:

- Tax compliance services \$161,976 (2007: \$168,041);
- Other services \$87,912 (2007: \$13,904)

#### ■ 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  
[www.ey.com/au](http://www.ey.com/au)

### Auditor's Independence Declaration to the Directors of Harvey Norman Holdings Limited

In relation to our audit of the financial report of Harvey Norman Holdings Limited for the financial year ended 30 June 2008, 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.

Ernst & Young

A handwritten signature in black ink, appearing to read 'El + Yag'.

Ernst & Young

A handwritten signature in black ink, appearing to be a stylized 'C' followed by a flourish.

Christopher George  
Partner  
Sydney  
30 September 2008

Liability limited by a scheme approved under  
Professional Standards Legislation

Signed in accordance with a resolution of directors.

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

**G. HARVEY**  
Chairman  
Sydney  
30 September 2008

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

**K.L. PAGE**  
Director / Chief Executive Officer  
Sydney  
30 September 2008



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 21 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) 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 makes recommendation to the Board in relation to the remuneration of 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, PCI, other remuneration, superannuation 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.



		CONSOLIDATED		PARENT	
	NOTE	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Current Assets</b>					
Cash and cash equivalents	27(a)	64,660	165,875	-	-
Trade and other receivables	6	1,001,426	1,028,180	-	-
Other financial assets	7	29,936	3,144	-	-
Inventories	8	226,005	222,471	-	-
Other assets	9	18,508	25,710	-	-
Intangible assets	10	861	1,736	-	-
Total current assets		1,341,396	1,447,116	-	-
<b>Non-Current Assets</b>					
Trade and other receivables	11	19,879	24,982	1,239,850	1,024,271
Investments accounted for using equity method	37	187,222	106,416	-	-
Other financial assets	12	6,903	16,075	63,395	63,394
Property, plant and equipment	13	587,149	533,225	-	-
Investment properties	14	1,178,784	1,020,906	-	-
Intangible assets	15	22,098	20,997	-	-
Deferred income tax assets	4(d)	21,599	22,979	6,277	4,836
Total non-current assets		2,023,634	1,745,580	1,309,522	1,092,501
Total Assets		3,365,030	3,192,696	1,309,522	1,092,501
<b>Current Liabilities</b>					
Trade and other payables	16	601,439	635,227	457	298
Interest-bearing loans and borrowings	17	416,580	110,526	-	-
Income tax payable		43,542	83,025	26,965	71,881
Other liabilities	18	4,022	7,206	-	-
Provisions	19	13,684	12,351	-	-
Total current liabilities		1,079,267	848,335	27,422	72,179
<b>Non-Current Liabilities</b>					
Interest-bearing loans and borrowings	20	150,363	457,030	-	-
Provisions	19	9,880	8,471	-	-
Deferred income tax liabilities	4(d)	161,372	125,941	12,884	6,802
Other liabilities	21	16,996	10,767	-	-
Total non-current liabilities		338,611	602,209	12,884	6,802
Total Liabilities		1,417,878	1,450,544	40,306	78,981
<b>NET ASSETS</b>		<b>1,947,152</b>	<b>1,742,152</b>	<b>1,269,216</b>	<b>1,013,520</b>
<b>Equity</b>					
Contributed equity	22	259,610	248,991	259,610	248,991
Other reserves	23	33,274	56,925	-	-
Retained profits	24	1,607,015	1,386,668	1,009,606	764,529
Parent entity interest		1,899,899	1,692,584	1,269,216	1,013,520
Minority interest	25	47,253	49,568	-	-
<b>TOTAL EQUITY</b>		<b>1,947,152</b>	<b>1,742,152</b>	<b>1,269,216</b>	<b>1,013,520</b>

		CONSOLIDATED		PARENT	
	NOTE	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Continuing Operations</b>					
Sales revenue	2	1,428,848	1,329,431	-	-
Cost of sales		(1,046,745)	(984,916)	-	-
<b>Gross profit</b>		<b>382,103</b>	<b>344,515</b>	<b>-</b>	<b>-</b>
Revenues and other income items	2	1,058,160	1,005,459	420,719	244,353
Distribution expenses		(8,071)	(5,712)	-	-
Marketing expenses		(307,869)	(281,467)	-	-
Occupancy expenses		(167,937)	(143,266)	-	-
Administrative expenses		(367,918)	(323,057)	-	-
Other expenses from ordinary activities		(74,608)	(80,358)	(382)	(342)
Finance costs	3	(33,105)	(48,799)	-	-
Share of equity accounted entities:					
- Share of net profit of joint venture entities	37	3,673	5,289	-	-
- Share of joint venture property revaluation	37	37,572	866	-	-
<b>Profit from continuing operations before income tax</b>		<b>522,000</b>	<b>473,470</b>	<b>420,337</b>	<b>244,011</b>
Income tax expense	4(a)	(158,541)	(142,779)	(37,159)	(33,844)
<b>Profit from continuing operations after tax</b>		<b>363,459</b>	<b>330,691</b>	<b>383,178</b>	<b>210,167</b>
Profit from continuing operations attributable to minority interests		(5,011)	(6,596)	-	-
<b>Profit from continuing operations attributable to members of the parent</b>		<b>358,448</b>	<b>324,095</b>	<b>383,178</b>	<b>210,167</b>
<b>Discontinued Operations</b>					
Profit for the year from discontinued operations after income tax and minority interests	5(a)	-	83,152	-	-
<b>Net profit for the year attributable to members of the parent</b>	24	<b>358,448</b>	<b>407,247</b>	<b>383,178</b>	<b>210,167</b>
<b>Earnings Per Share</b>					
<b>From continuing and discontinued operations:</b>					
Basic earnings per share (cents per share)	26	33.76	38.49	-	-
Diluted earnings per share (cents per share)	26	33.67	38.36	-	-
<b>From continuing operations:</b>					
Basic earnings per share (cents per share)	26	33.76	30.63	-	-
Diluted earnings per share (cents per share)	26	33.67	30.53	-	-
<b>Dividends per share (cents per share)</b>		<b>14.0 cents</b>	<b>11.0 cents</b>	<b>-</b>	<b>-</b>

	Attributable to Equity Holders of the Parent				TOTAL EQUITY
	Contributed Equity	Retained Profits	Reserves	Minority Interest	
	\$000	\$000	\$000	\$000	
<b>AT 1 JULY 2006</b>	246,591	1,074,661	31,815	89,858	<b>1,442,925</b>
Revaluation of land and buildings	-	-	135	-	<b>135</b>
Reversal of deferred tax liability previously raised on New Zealand property portfolio	-	-	12,706	-	<b>12,706</b>
Currency translation differences	-	-	10,252	(4,012)	<b>6,240</b>
Fair value of interest rate swaps	-	-	507	-	<b>507</b>
Fair value of forward foreign exchange contracts	-	-	(928)	-	<b>(928)</b>
Fair value of available for sale financial assets	-	-	1,500	-	<b>1,500</b>
<b>Net income recognised directly in equity</b>	-	-	24,172	(4,012)	<b>20,160</b>
Profit attributable to members	-	407,247	-	6,596	<b>413,843</b>
<b>Total recognised income and expense for the period</b>	-	<b>407,247</b>	<b>24,172</b>	<b>2,584</b>	<b>434,003</b>
Shares issued	2,400	-	-	-	<b>2,400</b>
Change in control of controlled entity	-	-	-	530	<b>530</b>
Deconsolidation of controlled entity	-	-	(394)	(41,574)	<b>(41,968)</b>
Cost of share based payments	-	-	1,332	-	<b>1,332</b>
Dividends paid	-	(95,240)	-	(1,830)	<b>(97,070)</b>
<b>AT 30 JUNE 2007</b>	<b>248,991</b>	<b>1,386,668</b>	<b>56,925</b>	<b>49,568</b>	<b>1,742,152</b>
<b>AT 1 JULY 2007</b>	248,991	1,386,668	56,925	49,568	<b>1,742,152</b>
Revaluation of land and buildings	-	-	5,519	-	<b>5,519</b>
Currency translation differences	-	-	(26,528)	(2,463)	<b>(28,991)</b>
Fair value of interest rate swaps	-	-	(1,234)	-	<b>(1,234)</b>
Fair value of forward foreign exchange contracts	-	-	932	-	<b>932</b>
Fair value of available for sale financial assets	-	-	(3,122)	-	<b>(3,122)</b>
<b>Net income recognised directly in equity</b>	-	-	(24,433)	(2,463)	<b>(26,896)</b>
Profit attributable to members	-	358,448	-	5,011	<b>363,459</b>
<b>Total recognised income and expense for the period</b>	-	<b>358,448</b>	<b>(24,433)</b>	<b>2,548</b>	<b>336,563</b>
Shares issued	10,619	-	-	-	<b>10,619</b>
Change in control of controlled entity	-	-	-	(2,494)	<b>(2,494)</b>
Cost of share based payments	-	-	782	-	<b>782</b>
Dividends paid	-	(138,101)	-	(2,369)	<b>(140,470)</b>
<b>AT 30 JUNE 2008</b>	<b>259,610</b>	<b>1,607,015</b>	<b>33,274</b>	<b>47,253</b>	<b>1,947,152</b>

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

<b>AT 1 JULY 2006</b>	246,591	649,602	<b>896,193</b>
Net income/(expense) recognised directly in equity	-	-	-
Profit attributable to members	-	210,167	<b>210,167</b>
Total recognised income and expense for the period	-	210,167	<b>210,167</b>
Shares issued	2,400	-	<b>2,400</b>
Dividends paid	-	(95,240)	<b>(95,240)</b>
<b>AT 30 JUNE 2007</b>	248,991	764,529	<b>1,013,520</b>
<b>AT 1 JULY 2007</b>	248,991	764,529	<b>1,013,520</b>
Net income recognised directly in equity	-	-	-
Profit attributable to members	-	383,178	<b>383,178</b>
Total recognised income and expense for the period	-	383,178	<b>383,178</b>
Shares issued	10,619	-	<b>10,619</b>
Dividends paid	-	(138,101)	<b>(138,101)</b>
<b>AT 30 JUNE 2008</b>	259,610	1,009,606	<b>1,269,216</b>

	NOTE	CONSOLIDATED		PARENT	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Cash Flows from Operating Activities</b>			Inflows/(Outflows)		
Net receipts from franchisees	A	903,954	840,759	-	-
Receipts from customers	B	1,451,631	1,680,894	-	-
Final commission received in relation to the FlexiGroup Limited IPO		-	40,980	-	-
Payments to suppliers and employees	C	(1,876,689)	(1,970,683)	(224)	(316)
Distributions received from joint ventures		7,091	8,056	-	-
GST paid		(36,819)	(37,168)	-	-
Interest received		8,481	10,751	-	-
Interest and other costs of finance paid	D	(31,465)	(48,875)	-	-
Income taxes paid	E	(160,318)	(105,764)	(145,630)	(80,525)
Dividends received		1,415	533	-	-
Trust distributions received		-	-	122,230	112,445
		267,281	419,483	(23,624)	31,604
Consumer finance related cash flows:					
Consumer finance loans granted by consolidated entity	F	(3,483)	(7,054)	-	-
Proceeds of sale of FAST No. 1 Trust consumer finance loans	F	2,422	5,483	-	-
Accommodation fees paid	F	(1,568)	(2,644)	-	-
Repayments received from consumers on FAST No. 1 Trust consumer finance loans granted by consolidated entity and not sold to commercial investors	F	24,800	29,164	-	-
		22,171	24,949	-	-
<b>Net Cash Flows from Operating Activities</b>	27(b)	289,452	444,432	(23,624)	31,604

#### ■ Explanation of Reduction in Net Cash Flows from Operating Activities

Net cash flows from operating activities decreased from \$444.43 million in the preceding year to \$289.45 million for the year ended 30 June 2008, a reduction of \$154.98 million attributable to the following factors:

- The balances for the previous year included the cash flow statement of Rebel for the nine-months ended 30 March 2007 which was a net cash inflow of \$23.28 million resulting from cash receipts from Rebel customers of \$310.30 million, interest received of \$2.01 million less payments to suppliers and employees of Rebel of \$278.36 million and income tax payments of \$10.67 million. The cash flow statement for the current period excluded the cash flows of Rebel as the entity was sold on 30 March 2007.
- In the previous year, the consolidated entity received a cash inflow of \$40.98 million for the final commission received in relation to the FlexiGroup Limited IPO that took place during the previous half-year period.
- A large cash outflow was paid in December 2007 of \$45.68 million attributable to the income tax payable on the capital gain of \$152.28 million on the sale of shares held in Rebel on 30 March 2007.
- If the above items were to be excluded, net cash flows from operating activities would have been \$399.39 million for the year ended 30 June 2008 compared to \$444.43 million for the year ended 30 June 2007, a decrease of \$45.04 million.

	NOTE	CONSOLIDATED		PARENT	
		2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Cash Flows from Investing Activities</b>			Inflows/(Outflows)		
Payment for purchases of property, plant and equipment and intangible assets	G	(109,679)	(137,655)	-	-
Payment for the purchase of Investment properties	G	(126,087)	(52,281)	-	-
Proceeds from sale of property, plant and equipment		5,478	10,874	-	-
Scheme consideration received from sale of shares held in Rebel Sport Limited	H	-	194,992	-	-
Cash disposed as a result of deconsolidation of a subsidiary, Rebel Sport Limited		-	(44,796)	-	-
Payment for purchase of units in unit trusts		-	(7)	-	-
Proceeds from sale of units in unit trusts		5,911	-	-	-
Payments for purchase of equity investments	I	(39,065)	(11,949)	-	(262)
Proceeds from sale of listed securities		500	-	-	-
Payments for purchase of listed securities		(24,903)	(860)	-	-
Loans repaid from other entities		8,251	558	151,106	61,498
<b>Net Cash Flows Used In Investing Activities</b>		<b>(279,594)</b>	<b>(41,124)</b>	<b>151,106</b>	<b>61,236</b>
<b>Cash Flows from Financing Activities</b>					
Proceeds from short-term borrowings	J	63,558	-	-	-
Proceeds from the issue of shares	K	10,619	2,400	10,619	2,400
Dividends paid		(138,101)	(95,240)	(138,101)	(95,240)
Proceeds of loans from directors and other persons		7,762	-	-	-
Repayment of loans to directors and other persons		-	(460)	-	-
Retirement of interest rate swaps		100	3,353	-	-
Repayment of borrowings	L	(80,974)	(262,785)	-	-
<b>Net Cash Flows Used In Financing Activities</b>		<b>(137,036)</b>	<b>(352,732)</b>	<b>(127,482)</b>	<b>(92,840)</b>
Net increase/(decrease) in cash and cash equivalents		(127,178)	50,576	-	-
Cash and Cash Equivalents at Beginning of Year		105,840	55,264	-	-
<b>Cash and Cash Equivalents at End of Year</b>	27(a)	<b>(21,338)</b>	105,840	-	-



# ■ 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 a full year's trading of the twenty-three (23) franchised complexes opened during the year ended 30 June 2007 and the opening of five (5) new Harvey Norman complexes, one (1) new Domayne complex and one (1) new Joyce Mayne complex during the current year.
- <B> The reduction in receipts from customers is attributed to the sale and deconsolidation of Rebel Sport Limited ("Rebel") on 30 March 2007. The balance for the previous year period included receipts from customers attributable to Rebel of \$310.30 million. Excluding Rebel, receipts from customers would have increased by \$81.04 million due to an increase in sales revenue from company owned stores in New Zealand, Ireland, Singapore and Slovenia. The rise has been achieved through new store openings and stronger sales performance of existing stores.
- <C> The reduction in payments to suppliers and employees is because the prior year balance included cash outflows relating to Rebel of \$278.36 million compared to nil in the current year. Excluding Rebel, payments to suppliers and employees would have increased by \$184.08 million 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> For the previous year ended 30 June 2007, interest and other costs of finance paid were higher due to the level of secured bank bills utilised to fund the consolidated entity's working capital requirements. In prior periods, floating bank bills were also aligned with fixed interest swap maturity dates which meant that a certain level of debt was maintained to match the underlying notional principal of the interest rate swaps.  
  
Since prior year end, the consolidated entity's strong financial position enabled a reduction in the secured bank bill facility by \$53.76 million. During the current year, the consolidated entity ceased to align floating bank bills with fixed interest swap maturing dates resulting in an increased flexibility to manage the group's available cash reserves and lower interest and other costs of finance paid.
- <E> The large increase in income taxes paid is due to the payment in December 2007 of \$45.68 million attributable to the capital gain of \$152.28 million on the sale of shares held in Rebel on 30 March 2007.
- <F> 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 lower interest-free promotions generated by NCF resulting from an increased emphasis by franchisees on promotions by external financiers. The 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.
- <G> The lower payments made for purchases of plant and equipment are due to the reduced number of store openings in the current year relative to the previous corresponding year. Purchases of property, plant and equipment made by the New Zealand subsidiary have been negatively impacted by a devaluation in the New Zealand dollar throughout the year.
- <H> The amount recognised in the year ended 30 June 2007 relates to the Scheme consideration received on 30 March 2007 in relation to the sales of shares held in Rebel Sport Limited at a price of \$4.60 per share.
- <I> During the year ended 30 June 2008, the consolidated entity made increased capital contributions to joint venture entities including the jointly owned building development and office complex in Cambridge, Tasmania of \$28.49 million and increased capital contributions to the Perth City West complex of \$8.17 million.
- <J> The proceeds from short-term borrowings relate to a new multi-option facility in New Zealand which commenced in November 2007 and the new short-term commercial bill facility in New Zealand which commenced in February 2008.
- <K> The proceeds from issue of new shares received during the year ended 30 June 2008 relate to the exercise options granted under the Harvey Norman Executive Option Plan.
- <L> The consolidated entity has retired \$53.76 million bank bills held with financial institutions since 30 June 2007. The consolidated entity's available cash reserves improved due to increased customer receipts, higher franchise fees and a reduction in the rate increased of franchise working capital loans. The increased cash inflows resulted in a reduced reliance on external debt financing as the consolidated entity utilised existing cash reserves to fund its working capital requirements. The consolidated entity has also repaid \$27.21 million of the CMBS facility in New Zealand.

## ■ PRIMARY SEGMENT – Business Segments – 30 June 2008

SEGMENT REVENUE				
Sales to Customers Outside the Consolidated Entity	Other Revenues from Outside the Consolidated Entity	Share of Joint Venture Revaluation	Share of Net Profit/(Loss) of Equity Accounted Investments	Segment Revenue
2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000

**Continuing Operations**

FRANCHISING OPERATIONS	-	865,836	-	-	865,836
Retail – New Zealand	664,019	3,517	-	-	667,536
Retail – Asia	342,073	3,549	-	-	345,622
Retail – Slovenia	52,738	198	-	-	52,936
Retail – Ireland	223,623	875	-	-	224,498
Other Non-Franchised Retail	146,395	15,983	-	-	162,378
<b>TOTAL RETAIL</b>	<b>1,428,848</b>	<b>24,122</b>	<b>-</b>	<b>-</b>	<b>1,452,970</b>
Retail Property	-	185,477	37,572	(2,071)	220,978
Property Under Construction for Retail	-	101	-	406	507
Property Development for Resale	-	1	-	5,338	5,339
<b>TOTAL PROPERTY</b>	<b>-</b>	<b>185,579</b>	<b>37,572</b>	<b>3,673</b>	<b>226,824</b>
Financial Services	-	10,373	-	-	10,373
Share Trading	-	1,415	-	-	1,415
<b>TOTAL OTHER</b>	<b>-</b>	<b>11,788</b>	<b>-</b>	<b>-</b>	<b>11,788</b>
Eliminations	-	(29,165)	-	-	(29,165)
<b>Total from continuing operations</b>	<b>1,428,848</b>	<b>1,058,160</b>	<b>37,572</b>	<b>3,673</b>	<b>2,528,253</b>

## ■ Business Segments – 30 June 2008 (continued)

Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	SEGMENT RESULT			
	Interest Expense	Depreciation Expense	Amortisation & Impairment Expense	Segment Result Before Tax
	2008 \$000	2008 \$000	2008 \$000	2008 \$000

**Continuing Operations**

FRANCHISING OPERATIONS (a)	354,454	(11,704)	(50,427)	(6,345)	285,978
Retail – New Zealand	62,840	(2,855)	(7,288)	(1)	52,696
Retail – Asia	14,678	(87)	(4,405)	-	10,186
Retail – Slovenia	4,027	(835)	(656)	(104)	2,432
Retail – Ireland (b)	(976)	(2,246)	(6,296)	-	(9,518)
Other Non-Franchised Retail	9,310	(2,771)	(2,174)	(385)	3,980
<b>TOTAL RETAIL</b>	<b>89,879</b>	<b>(8,794)</b>	<b>(20,819)</b>	<b>(490)</b>	<b>59,776</b>
Retail Property	194,550	(12,117)	(7,601)	-	174,832
Property Under Construction for Retail	(934)	(1,378)	-	-	(2,312)
Property Development for Resale	5,338	(120)	-	-	5,218
<b>TOTAL PROPERTY (c)</b>	<b>198,954</b>	<b>(13,615)</b>	<b>(7,601)</b>	<b>-</b>	<b>177,738</b>
Financial Services	4,242	(2,290)	(196)	-	1,756
Share Trading	(2,988)	(260)	-	-	(3,248)
<b>TOTAL OTHER</b>	<b>1,254</b>	<b>(2,550)</b>	<b>(196)</b>	<b>-</b>	<b>(1,492)</b>
Eliminations	(3,558)	3,558	-	-	-
<b>Total from continuing operations</b>	<b>640,983</b>	<b>(33,105)</b>	<b>(79,043)</b>	<b>(6,835)</b>	<b>522,000</b>
Income tax expense					(158,541)
Profit from continuing operations attributable to minority interests					(5,011)
<b>Net profit for the year attributable to members of the parent</b>					<b>358,448</b>

- (a) Included in the Franchising Operations segment for the year ended 30 June 2008 is the information technology (IT) expenses relating to a new merchandise management system of \$3.95 million and the write-down of several IT assets of \$1.48 million.
- (b) The retail trade of the type operated in Ireland is predominantly weighted towards the first half of the financial year.
- (c) Included in the Total Property segments for the current year is the revaluation increment of \$102.28 million relating to investment properties, joint ventures and land and buildings held for resale.

## ■ Business Segments – 30 June 2008 (continued)

	SEGMENT ASSETS			SEGMENT LIABILITIES		
	Segment Assets	Eliminations	Segment Assets After Eliminations	Segment Liabilities	Eliminations	Segment Liabilities After Eliminations
	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000	2008 \$000
FRANCHISING OPERATIONS	3,685,948	(2,613,099)	1,072,849	2,122,976	(1,526,464)	596,512
Retail – New Zealand	152,696	-	152,696	69,636	-	69,636
Retail – Asia	123,546	-	123,546	46,731	-	46,731
Retail – Slovenia	17,379	-	17,379	25,374	-	25,374
Retail – Ireland	91,227	-	91,227	115,181	-	115,181
Other Non-Franchised Retail	73,746	(1,854)	71,892	105,023	(1,854)	103,169
<b>TOTAL RETAIL</b>	<b>458,594</b>	<b>(1,854)</b>	<b>456,740</b>	<b>361,945</b>	<b>(1,854)</b>	<b>360,091</b>
Retail Property	1,502,500	(26,468)	1,476,032	1,105,316	(892,978)	212,338
Property Under Construction for Retail	191,796	(142)	191,654	199,381	(174,095)	25,286
Property Development for Resale	27,254	(10,605)	16,649	13,351	(11,154)	2,197
<b>TOTAL PROPERTY</b>	<b>1,721,550</b>	<b>(37,215)</b>	<b>1,684,335</b>	<b>1,318,048</b>	<b>(1,078,227)</b>	<b>239,821</b>
Financial Services	152,621	(52,286)	100,335	114,449	(97,909)	16,540
Share Trading	29,172	-	29,172	-	-	-
<b>TOTAL OTHER</b>	<b>181,793</b>	<b>(52,286)</b>	<b>129,507</b>	<b>114,449</b>	<b>(97,909)</b>	<b>16,540</b>
<b>CONSOLIDATED</b>	<b>6,047,885</b>	<b>(2,704,454)</b>	<b>3,343,431</b>	<b>3,917,418</b>	<b>(2,704,454)</b>	<b>1,212,964</b>
Unallocated			21,599			204,914
<b>TOTAL</b>			<b>3,365,030</b>			<b>1,417,878</b>

- **Business Segments Comparative – 30 June 2007**
- *PRIMARY SEGMENT – Comparative 30 June 2007*

SEGMENT REVENUE				
Sales to Customers Outside the Consolidated Entity	Other Revenues from Outside the Consolidated Entity	Other 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
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(a)	-	148,166
<b>TOTAL RETAIL</b>	<b>1,329,431</b>	<b>13,878</b>	<b>1,320</b>	<b>-</b>	<b>1,344,629</b>
Retail Property	-	179,513	866(b)	4,522	184,901
Property Under Construction for Retail	-	8	-	1,110	1,118
Property Development for Resale	-	(5,046)	-	(343)	(5,389)
<b>TOTAL PROPERTY</b>	<b>-</b>	<b>174,475</b>	<b>866</b>	<b>5,289</b>	<b>180,630</b>
Financial Services	-	10,626	-	-	10,626
Share Trading	-	532	-	-	532
<b>TOTAL OTHER</b>	<b>-</b>	<b>11,158</b>	<b>-</b>	<b>-</b>	<b>11,158</b>
Eliminations	-	(22,728)	(1,320)(a)	-	(24,048)
<b>Total from continuing operations</b>	<b>1,329,431</b>	<b>1,005,459</b>	<b>866</b>	<b>5,289</b>	<b>2,341,045</b>
<b>Discontinued Operations</b>					
Retail – Rebel Sport	311,085	120,081	-	-	431,166
<b>Total from discontinued operations</b>	<b>311,085</b>	<b>120,081</b>	<b>-</b>	<b>-</b>	<b>431,166</b>

(a) This amount relates to inter-segment revenue which should be eliminated on consolidation.

(b) This amount relates to the consolidated entity's share of the revaluation increment of properties held under joint venture agreements.

## ■ Business Segments Comparative – 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
<b>Continuing Operations</b>					
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)
<b>TOTAL RETAIL</b>	<b>84,599</b>	<b>(7,826)</b>	<b>(15,966)</b>	<b>(389)</b>	<b>60,418</b>
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)
<b>TOTAL PROPERTY (b)</b>	<b>153,852</b>	<b>(18,653)</b>	<b>(6,538)</b>	<b>-</b>	<b>128,661</b>
Financial Services	5,243	(4,545)	(230)	-	468
Share Trading	532	(207)	-	-	325
<b>TOTAL OTHER</b>	<b>5,775</b>	<b>(4,752)</b>	<b>(230)</b>	<b>-</b>	<b>793</b>
Eliminations	(2,755)	2,755	-	-	-
<b>Total from continuing operations</b>	<b>597,506</b>	<b>(48,799)</b>	<b>(68,427)</b>	<b>(6,810)</b>	<b>473,470</b>
Income tax expense					(142,779)
Profit from continuing operations attributable to minority interests					(6,596)
<b>Discontinued Operations</b>					
Retail – Rebel Sport					83,152
<b>Net profit for the year attributable to members of the parent</b>					<b>407,247</b>

(a) Included in the Franchising Operations segment for the year ended 30 June 2007 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 year ended 30 June 2007 is the revaluation increment of \$65.68 million relating to investment properties, joint ventures and the reversal of a previous property revaluation decrement.



## ■ Business Segments Comparative – 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
<b>TOTAL RETAIL</b>	<b>478,341</b>	<b>(1,854)</b>	<b>476,487</b>	<b>362,562</b>	<b>(1,854)</b>	<b>360,708</b>
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
<b>TOTAL PROPERTY</b>	<b>1,459,746</b>	<b>(45,714)</b>	<b>1,414,032</b>	<b>1,165,998</b>	<b>(950,490)</b>	<b>215,508</b>
Financial Services	200,056	(56,274)	143,782	158,379	(124,067)	34,312
Share Trading	13,280	-	13,280	-	-	-
<b>TOTAL OTHER</b>	<b>213,336</b>	<b>(56,274)</b>	<b>157,062</b>	<b>158,379</b>	<b>(124,067)</b>	<b>34,312</b>
<b>CONSOLIDATED</b>	<b>4,860,786</b>	<b>(1,691,069)</b>	<b>3,169,717</b>	<b>2,932,647</b>	<b>(1,691,069)</b>	<b>1,241,578</b>
Unallocated			22,979			208,966
<b>TOTAL</b>			<b>3,192,696</b>			<b>1,450,544</b>

The consolidated entity operates predominantly in twelve (12) primary segments:

Segment	Description of Segment
<b>Continuing Operations:</b>	
<b>Franchising Operations</b>	Consists of the franchising operations of the consolidated entity (other than retailing, property and financial services).
<b>Retail – New Zealand</b>	Consists of the wholly-owned operations of the consolidated entity in New Zealand.
<b>Retail – Asia</b>	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.
<b>Retail – Slovenia</b>	Consists of the controlling interest of the consolidated entity in the retail trading operations in Slovenia under the Harvey Norman brand name.
<b>Retail – Ireland</b>	Consists of the wholly-owned operations of the consolidated entity in Ireland.
<b>Non-Franchised Retail</b>	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.
<b>Retail Property</b>	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.
<b>Property Under Construction for Retail</b>	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.
<b>Property Developments for Resale</b>	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.
<b>Financial Services</b>	This segment primarily refers to credit facilities provided to third parties.
<b>Share Trading</b>	This segment refers to the trading of listed securities.
<b>Discontinued Operations:</b>	
<b>Retail – Rebel Sport</b>	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 an analysis of the three different property segments. This analysis calculates two ratios which are integral in assessing the performance of the property segments.

	RETAIL PROPERTY		PROPERTY UNDER CONSTRUCTION FOR RETAIL		PROPERTY DEVELOPMENT FOR RESALE	
	2008	2007	2008	2007	2008	2007
% of Consolidated Revenue	8.7%	7.9%	0.02%	0.1%	0.2%	(0.2%)
% of Consolidated Result	33.5%	28.7%	(0.4%)	(0.2%)	1.0%	(1.3%)
<b>Yield %</b> [Revenue/Segment Assets After Eliminations]	15.0%	14.3%	0.3%	1.3%	32.1%	(17.6%)
<b>Return on Assets %</b> [Result/Segment Assets After Eliminations]	11.8%	10.5%	(1.2%)	(1.1%)	31.3%	(20.3%)

## ■ SECONDARY SEGMENT – Geographic Segments

Segment Revenue		Segment Assets		Acquisition of Property, Plant and Equipment, Intangible Assets and other Non-current Assets	
2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000

**Continuing Operations**

Australia	1,230,606	1,138,667	2,736,017	2,572,841	241,748	187,489
New Zealand	674,261	596,004	290,060	331,786	11,727	28,618
Asia	345,844	351,616	155,064	132,450	33,090	6,538
Slovenia	53,044	43,561	62,149	59,541	3,179	4,489
Ireland	224,498	212,517	91,227	63,253	24,328	9,919
	<b>2,528,253</b>	2,342,365	<b>3,334,517</b>	3,159,871	<b>314,072</b>	237,053
Eliminations	-	(1,320)	8,914	9,846	-	-
<b>Total</b>	<b>2,528,253</b>	2,341,045	<b>3,343,431</b>	3,169,717	<b>314,072</b>	237,053
Unallocated	-	-	21,599	22,979	-	-
<b>Total from continuing operations</b>	<b>2,528,253</b>	2,341,045	<b>3,365,030</b>	3,192,696	<b>314,072</b>	237,053
<b>Discontinued Operations</b>						
Australia – Rebel Sport	-	431,166	-	-	-	-
<b>Total from discontinued operations</b>	-	431,166	-	-	-	-

## ■ 1. Statement of Significant Accounting Policies

### (a) Corporate Information

Harvey Norman Holdings Limited (the "Company") is a company limited by shares incorporated in Australia and operating in Australia, New Zealand, Ireland, Singapore, Malaysia and Slovenia whose shares are publicly traded on the Australian stock exchange (trading under the symbol HVN).

### (b) Basis of Preparation

The financial report 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.

The financial report of the consolidated entity for the year ended 30 June 2008 was authorised for issue in accordance with a resolution of the directors on 29 September 2008.

### (c) Statement of Compliance

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and interpretation, and complies with other requirements of the law. The financial report includes the separate financial statements of the company and the consolidated financial statements of the group. The financial report complies with Australian Accounting Standards, as issued by the Australian Accounting Standards Board, and International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board.

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 2008. 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. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period. 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 14 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.

**(i) Significant accounting judgements, estimates and assumptions (continued)***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. Refer to Note 14 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 19.

*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 3.

**(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

**(iii) Investments accounted for using equity method (continued)**

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 called the foreign currency translation reserve ("FCTR"). 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



**(v) Property, plant and equipment (continued)*****Revaluations (continued)***

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, which is property held to earn rentals and / or for capital appreciation 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

**(viii) Discontinued operation (continued)**

dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a review 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 recognised at the date of acquisition.

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 seven and a half (7.5) 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.

**(xii) Other financial assets (continued)**

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. Held-to-maturity investments are recorded at amortised cost using the effective interest method less impairment with revenue recognised on an effective yield basis.

- 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. Interest income is recognised by applying the effective interest rate.

- 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 with the exception of impairment losses, forex gains / losses recognised directly in the income statement 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. Dividends on available-for-sale equity instruments are recognised in the income statement when the consolidated entities right to receive the dividends is established.

**(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.

**(xx) Share-based payment transactions (continued)**

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 the median of the TSR of other entities included in the ASX 200 Industrial Accumulation Index at the Vesting Date, or for a continuous period of 30 days if not met at the First Exercise Date, but met before the Last Exercise Date.

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.

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



**(xxiii) Income tax (continued)**

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.

**(xxix) Investment in controlled entities**

Investments in controlled entities are carried at cost.

**(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 2008. 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 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	Operating Segments	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)	Borrowing Costs	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
AASB 2007-6	Amendments to Australian Accounting Standards arising from AASB 101	Amending standard issued as a consequence of revisions to AASB 101 <i>Presentation of Financial Statements</i> .	1 January 2009	The amendments to AASB 101 require that 1) all non-owner changes in equity are presented either in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income); 2) disclose income tax relating to each component of other comprehensive income; and 3) disclose reclassification adjustments relating to components of other comprehensive income. The	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
				amendments will have an impact on the group's Income Statement disclosures.	
AASB 101	Presentation of Financial Statements	Refer to AASB 2007-6 above.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009
AASB 2008-1	Amendments to Australian Accounting Standards – Share-based Payments: Vesting Conditions and Cancellations	Amending standard issued to clarify and restrict vesting conditions and amend performance conditions	1 January 2009	The consolidated entity is in the process of assessing the impact on the group's financial statements and disclosures.	1 July 2009
AASB 2008-2	Amendments to Australian Accounting Standards Puttable Financial Instruments and Obligations Arising on Liquidation	Amending standard issued as a consequence of revisions to AASB 101 <i>Presentation of Financial Statements</i> and AASB 132 <i>Financial Instruments: Presentation</i>	1 January 2009	The amendments require that puttable financial instruments and financial instruments that impose on the issuer an obligation to deliver a pro-rata share of net assets of the entity are classified as equity. The Group has no puttable financial instruments and financial instruments that impose on the issuer an obligation to deliver a pro-rata share of net assets of the entity as such the amendments are not expected to have any impact on the Group's financial report.	1 July 2009
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 7, 101, 102, 107, 108, 110, 116, 118, 119, 120, 123, 127, 128, 129, 131, 132, 134, 136, 138, 139, 140, 141, 1023 & 1038]	Amending standards issued as a consequence of the Annual Improvements Project	1 January 2009	The consolidated entity is in the process of assessing the impact on the group's financial statements and disclosures.  Investment properties under construction will be accounted for at fair value in accordance with AASB 140 rather than at cost. This would result in potential revaluation movements recognised in the income statement prior to the construction being completed.	1 July 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1 & AASB 5]	Amending standards issued as a consequence of the Annual Improvements Project	1 January 2009	The consolidated entity is in the process of assessing the impact on the group's financial statements and disclosures.	1 July 2009
AASB 2008-7	Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate [AASB 1, AASB 118, AASB 121, AASB 127 & AASB 136]	Amending standards issued as a consequence of the Annual Improvements Project	1 January 2009	The consolidated entity is in the process of assessing the impact on the group's financial statements and disclosures.	1 July 2009

\*designates the beginning of the applicable annual reporting period

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>2 ■ Revenues from Continuing Operations</b>				
<b>Revenues from continuing operations:</b>				
Revenue from the sale of products	1,428,848	1,329,431	-	-
Gross revenue from franchisees:				
- Franchise fees	718,411	658,171	-	-
- Rent	174,356	160,378	-	-
- Interest	35,377	29,506	-	-
Total revenue received from franchisees	928,144	848,055	-	-
Rent received from other third parties	27,390	20,456	-	-
Interest received from other unrelated parties	8,481	10,751	-	-
Dividends from:				
- Other unrelated parties	1,415	533	-	-
- Related parties (wholly owned group)	-	-	298,489	131,908
Total other revenues from continuing operations	37,286	31,740	298,489	131,908
Share of net profit of joint venture entities	37	5,289	-	-
Share of joint venture property revaluation	37	866	-	-
Total revenues from continuing operations	2,435,523	2,215,381	298,489	131,908
<b>Other Income Items:</b>				
Increase in fair value of investment properties	64,709	64,483	-	-
Reversal of previous property revaluation decrement	-	334	-	-
Trust distribution received from other unrelated parties	198	517	-	-
Trust distribution received from controlled entities	-	-	122,230	112,445
Net foreign exchange gains	1,511	-	-	-
Net profit from the disposal of listed securities	-	255	-	-
Final commission received in relation to FlexiGroup Limited initial public offering	-	40,980	-	-
Realised gain on crystallisation of cash flow hedge	100	3,353	-	-
Unrealised gain on interest rate swaps	2,507	-	-	-
Other revenue	23,705	15,742	-	-
Total other income items	92,730	125,664	122,230	112,445
<b>Total revenues and other income items from continuing operations</b>	<b>2,528,253</b>	<b>2,341,045</b>	<b>420,719</b>	<b>244,353</b>
Total revenues from continuing operations is disclosed on the Income Statement as follows:				
Sales revenue	1,428,848	1,329,431	-	-
Other revenues from continuing operations	965,430	879,795	298,489	131,908
Other income items	92,730	125,664	122,230	112,445
Total other revenues and income items	1,058,160	1,005,459	420,719	244,353
Share of net profit of joint venture entities	3,673	5,289	-	-
Share of joint venture property revaluation	37,572	866	-	-
<b>Total revenues and other income items from continuing operations</b>	<b>2,528,253</b>	<b>2,341,045</b>	<b>420,719</b>	<b>244,353</b>

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>3 ■ Expenses and Losses from Continuing Operations</b>				
In arriving at profit from continuing operations before Income tax, the following items were taken into account:				
<b>Depreciation, amortisation and impairment:</b>				
Depreciation of:				
- Buildings	2,657	2,113	-	-
- Plant and equipment	76,386	66,314	-	-
Amortisation of:				
- Leased plant and equipment	262	-	-	-
- Computer software	5,088	6,453	-	-
Impairment of (included in administrative expenses line on Income Statement):				
- Capitalised IT projects	1,485	357	-	-
Total depreciation and amortisation	85,878	75,237	-	-
<b>Finance costs:</b>				
Interest paid or payable:				
- Loans from directors and director-related entities	1,904	2,052	-	-
- Bank interest paid to financial institutions	13,161	25,458	-	-
- Interest paid on non-trade amounts owing to Commercial Mortgage Backed Securities	16,157	15,920	-	-
- Other	1,883	5,369	-	-
Total finance costs	33,105	48,799	-	-
<b>Employee benefits expense:</b>				
- Wages and salaries	167,623	139,821	-	-
- Workers' compensation costs	966	1,020	-	-
- Superannuation contributions expense	8,073	6,409	-	-
- Payroll tax expense	7,296	5,752	-	-
- Share-based payment expense	782	1,356	-	-
- Other employee benefit expense	6,379	4,790	-	-
Total employee benefits expense	191,119	159,148	-	-
<b>Other expense items:</b>				
- Net loss on the revaluation of equity investments to fair value	4,403	-	-	-
- Net bad debts – provided for or written off	6,569	10,912	-	-
- Net charge to allowance for doubtful debts	(2,926)	6,662	-	-
- Net loss on disposal of plant and equipment	823	1,151	-	-
- Minimum lease payments	129,070	109,689	-	-
- Provision for obsolescence of inventories	65	(1,628)	-	-
- Provision for employee benefits	2,199	(1,334)	-	-
- Included in cost of sales is the cost of inventories recognised as an expense	1,193,652	1,108,949	-	-



	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>4 ■ Income Tax</b>				
<b>(a) ■ Income tax recognised in the Income Statement</b>				
The major components of income tax expense are:				
Current income tax:				
Current income tax charge	124,467	175,817	32,383	29,863
Adjustments in respect of current income tax of previous years	755	(112)	135	(140)
Deferred income tax:				
Relating to the origination and reversal of temporary differences	33,319	21,491	4,641	4,121
Write-downs (reversals of previous write-downs) of deferred tax assets	-	(111)	-	-
Total income tax expense from continuing and discontinued operations reported in the income statement	158,541	197,085	37,159	33,844

Total income tax expense is disclosed on Income Statement and in Note 5. Discontinued Operations as follows:

Income tax expense from continuing operations	158,541	142,779	37,159	33,844
Income tax expense from discontinued operations:				
- income tax expense recognised by Rebel Sport Limited	5	9,221	-	-
- income tax expense attributable to the gain on sale of discontinued operation	5	45,085	-	-
Total income tax expense from discontinued Operations	-	54,306	-	-
Total income tax expense from continuing and discontinued operations	158,541	197,085	37,159	33,844

**(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	176	1,257	-	-
Net gain on revaluation of land and buildings	581	-	-	-
Reversal of deferred tax liability in respect of New Zealand property portfolio	-	(12,706)	-	-
Net gain on revaluation of forward foreign exchange contracts	1	-	-	-
Reversal of deferred tax liability in respect of New Zealand shares	-	(712)	-	-
Total income tax expense reported in equity	758	(12,161)	-	-

**4 ■ Income Tax (continued)**

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>(c) ■ Reconciliation between income tax expense and prima facie income tax:</b>				
<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	522,000	473,470	420,336	244,011
Accounting profit before tax from discontinued operations	-	147,105	-	-
Total accounting profit before income tax	522,000	620,575	420,336	244,011
At the consolidated entity's statutory income tax rate of 30% (2007: 30%)	156,600	186,173	126,101	73,203
<i>Adjustments to arrive at total income tax expense recognised for the year:</i>				
Adjustments in respect of current income tax of previous years	755	(112)	135	(140)
Share-based payment expenses	216	387	-	-
Expenditure not allowable for income tax purposes	139	411	27	16
Income not assessable for income tax purposes	(87)	-	-	70
Unrecognised tax losses	2,674	(143)	-	-
Previously unrecognised and unused tax losses now recognised as deferred tax assets	(1,439)	-	-	-
Reversal of deferred tax balances raised in previous periods	-	34	-	-
Tax concession for research and development expenses	-	(70)	-	-
Non-allowable building and motor vehicle depreciation	79	84	78	82
Receipt of fully franked dividends	(435)	(171)	435	(70)
Sundry items	(353)	355	(70)	(34)
Effect of different rates of tax on overseas income and exchange rate differences	392	30	-	-
Differences between accounting profits and capital gains on sale of assets	-	10,107	-	289
Dividends received	-	-	(89,547)	(39,572)
	1,941	10,912	(88,942)	(39,359)
Total income tax expense reported in the income statement	158,541	197,085	37,159	33,844

## 4 ■ Income Tax (continued)

	BALANCE SHEET		INCOME STATEMENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>(d) ■ Deferred income tax assets and liabilities:</b>				
Deferred income tax at 30 June relates to the following:				
<b>CONSOLIDATED</b>				
<b>Deferred tax liabilities:</b>				
Accelerated depreciation for tax purposes	-	-	-	(7)
Revaluations of investment properties to fair value	(140,455)	(109,771)	30,684	21,260
Revaluations of owner-occupied land and buildings to fair value	(3,990)	(3,604)	-	-
Reversal of building depreciation expense for investment properties	(9,887)	(6,297)	3,590	3,312
Differences between accounting carrying amount and tax cost base of investment properties	-	-	-	(1,655)
Differences between accounting carrying amount and tax cost base of computer software assets	(1,047)	-	56	-
Unrealised profits on investments	41	(79)	(120)	2
Adjustments in respect of deferred tax liabilities of previous years	1,049	(360)	(1,409)	-
Reversal of deferred tax balances raised in previous periods due to the sale of assets	-	-	-	(370)
Accretion of FAST receivables	(3,045)	(2,431)	614	991
Unrealised foreign exchange gains	(269)	-	684	-
Cash flow hedge reserves	(2,143)	(2,060)	696	-
Other items	(1,626)	(1,339)	104	778
	<b>(161,372)</b>	<b>(125,941)</b>		
<b>CONSOLIDATED</b>				
<b>Deferred tax assets:</b>				
Employee provisions	3,825	3,121	(719)	(586)
Unused tax losses and tax credits	1,445	-	(1,445)	-
Other provisions	4,126	3,384	(527)	(2,690)
Provision for lease makegood	380	344	85	-
Provision for deferred lease expenses	1,211	1,029	(183)	(144)
Inventory valuation adjustments	2,020	4,349	2,137	-
Unearned income for accounting purposes	2,730	4,148	1,418	764
Differences between accounting carrying amount and tax cost base of investment properties	1,475	1,475	-	-
Differences between book to tax depreciation rates	-	2	-	-
Unrealised profits on investments	1,185	106	(1,079)	-
Unrealised losses on foreign exchange transactions	(153)	605	-	(123)
Finance leases	(1,133)	(29)	1,104	-
Discount interest-free receivables	3,422	3,279	(143)	(242)
Adjustments in respect of deferred tax assets of previous years	416	422	-	259
Other items	650	744	(2,228)	(169)
	<b>21,599</b>	<b>22,979</b>		
			<b>33,319</b>	<b>21,380</b>

**4 ■ Income Tax (continued)**

The consolidated entity has not recognised deferred tax assets relating to tax losses of \$24.37 million (2007: \$18.32 million) and that are available for offset against taxable profits of the companies in which the losses arose.

At 30 June 2008, there is no recognised or unrecognised deferred income tax liability (2007: \$nil) for taxes that would be payable on the unremitted earnings of certain 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.

	<b>BALANCE SHEET</b>		<b>INCOME STATEMENT</b>	
	<b>2008</b>	2007	<b>2008</b>	2007
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
<b>PARENT</b>				
<b>Deferred tax liabilities:</b>				
Building depreciation allowable for tax purposes	(9,898)	(6,295)	3,603	3,312
Unrealised profits on investment	(80)	(80)	-	3
Other items	(2,906)	(427)	2,479	278
	<b>(12,884)</b>	<b>(6,802)</b>		
<b>Deferred tax assets:</b>				
Unearned income for accounting purposes	2,224	2,224	-	764
Employee provisions	1,875	1,573	(302)	(174)
Other provisions	500	470	(30)	132
Unrealised profit on investments	1,425	106	(1,319)	-
Other items	253	463	210	(194)
	<b>6,277</b>	<b>4,836</b>		
			<b>4,641</b>	<b>4,121</b>

**5 ■ Discontinued Operations**

Rebel Sport Limited ("Rebel") was sold on 30 March 2007 and Rebel was deconsolidated on that day.

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.

	<b>CONSOLIDATED</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
<b>(a) ■ Profit from discontinued operation – Rebel</b>		
Sales revenue	-	311,085
Cost of sales	-	(176,248)
<b>Gross profit</b>	-	<b>134,837</b>
Revenues and other income items	-	2,528
Marketing expenses	-	(13,162)
Occupancy expenses	-	(22,768)
Administrative expenses	-	(69,818)
Other expenses from ordinary activities	-	(2,053)
Finance costs	-	(12)
<b>Profit from discontinued operations before income tax</b>	-	<b>29,552</b>
Income tax expense	-	(9,221)
<b>Profit from discontinued operations after income tax</b>	-	<b>20,331</b>
Profit attributable to minority interests	-	(9,647)
Profit from discontinued operations attributable to members of the parent	-	<b>10,684</b>
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	-	<b>72,468</b>
<b>Total profit for the year from discontinued operations</b>	-	<b>83,152</b>

**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.

	<b>CONSOLIDATED 2007 \$000</b>
<b>Assets</b>	
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
<b>Total investment in Rebel by Becto</b>	<b>42,710</b>
<b>Net Cash Inflows on the Sale of Shares Held in Rebel</b>	
<b>Consideration received:</b>	
Cash and cash equivalents	194,992
<b>Total sale consideration</b>	<b>194,992</b>
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
<b>Gain on sale of discontinued operations before income tax</b>	<b>117,553</b>
Income tax expense attributable to gain on sale of discontinued operations	(45,085)
<b>Net gain on sale of discontinued operations – Rebel Sport Limited</b>	<b>72,468</b>

	<b>CONSOLIDATED</b>	
<b>Cash Flow Information</b>	<b>30 June 2008</b>	<b>30 March 2007</b>
	<b>\$000</b>	<b>\$000</b>
The net cash inflows of Rebel Sport Limited are as follows:		
Net cash flows from operating activities	-	23,281
Net cash flows from investing activities	-	(6,726)
Net cash flows from financing activities	-	(5,799)
<b>Net cash flows</b>	<b>-</b>	<b>10,756</b>



**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%.

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.

	CONSOLIDATED	
	June 2008 \$000	March 2007 \$000
<b>Current Assets</b>		
Cash and cash equivalents	-	44,796
Trade and other receivables	-	3,374
Inventories	-	87,286
Prepayments	-	1,164
Total current assets	-	136,620
<b>Non-Current Assets</b>		
Intangible assets	-	771
Property, plant and equipment	-	29,194
Deferred tax assets	-	7,323
Total non-current assets	-	37,288
Total Assets	-	173,908
<b>Current Liabilities</b>		
Trade and other payables	-	42,803
Income tax payable	-	5,111
Provisions and other current liabilities	-	4,916
Total current liabilities	-	52,830
<b>Non-Current Liabilities</b>		
Deferred tax liabilities	-	1,602
Provisions and other non-current liabilities	-	5,164
Total non-current liabilities	-	6,766
Total Liabilities	-	59,596
Net Assets	-	114,312

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>6 ■ Trade and Other Receivables (Current)</b>				
Trade debtors (a)	952,217	952,131	-	-
Provision for doubtful debts (a)	(4,701)	(10,754)	-	-
Trade debtors, net	947,516	941,377	-	-
Consumer finance loans (b)	17,814	38,260	-	-
Amounts receivable in respect of finance leases (c)	9,101	10,319	-	-
Non-trade debts receivable from: (d)				
- Related parties	2,141	2,589	-	-
- Other unrelated persons	30,805	38,410	-	-
- Provision for doubtful debts (d)	(5,951)	(2,775)	-	-
Non-trade debts receivable, net	26,995	38,224	-	-
Total trade and other receivables (current)	1,001,426	1,028,180	-	-

**(a) ■ Trade receivables and allowance for doubtful debts**

Trade receivables are non-interest bearing and are generally on 30 day terms. An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past sale of goods and rendering of services when there is objective evidence that an individual trade receivable is impaired. An impairment loss of \$3,129,000 (2007: \$8,226,000) has been recognised by the consolidated entity in the current year for the current trade debtors. These amounts have been included in the other expenses line item in the Income Statement.

Included in the consolidated entity's trade receivable balance are debtors with a carrying amount of \$14,960,000 (2007: \$22,774,000) which are past due at the reporting date for which the consolidated entity has not provided for as there has not been a significant change in credit quality and the consolidated entity believes that the amounts are still considered recoverable. The consolidated entity does not hold any collateral over these balances.

Other balances within trade receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

At 30 June, the ageing analysis of trade debtors is as follows:

		Past due but not impaired			Past due and impaired			
	Neither past due nor impaired	31-60 Days	61-90 Days	+90 Days	31-60 Days	61-90 Days	+90 Days	Total
2008	932,557	7,377	2,521	5,062	16	7	4,677	952,217
2007	918,603	11,468	3,271	8,035	4	-	10,750	952,131

Movements in the allowance for doubtful debts for current trade debtors were as follows:

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
At 1 July	10,754	4,954	-	-
Charge for the year	3,129	8,226	-	-
Foreign exchange translation	16	(354)	-	-
Amounts written off	(9,198)	(2,072)	-	-
At 30 June	4,701	10,754	-	-

**6 ■ Trade and Other Receivables (Current) (continued)****(b) ■ Consumer finance loans**

For terms and conditions, allowance for doubtful debts and collateral held for consumer finance loans refer to note 11.

**(c) ■ Finance lease receivables**

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
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	10,705	12,406	-	-
Later than one year but not later than five years	14,941	18,662	-	-
	25,646	31,068	-	-
Future finance revenue:				
Not later than one year	(1,604)	(2,087)	-	-
Later than one year but not later than five years	(1,027)	(1,228)	-	-
Net finance lease receivables	23,015	27,753	-	-
Reconciled to:				
Trade and other receivables (Current)	9,101	10,319	-	-
Trade and other receivables (Non-current – Note 11)	13,914	17,434	-	-
	23,015	27,753	-	-

The consolidated entity offers finance lease arrangements as part of the 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.

Included in the consolidated entity's current and non-current finance lease receivables, there are no lease receivables that are past due at the reporting date. Any defaults in repayments by customers are secured by the leased assets. The collateral that is held by the consolidated entity relates to the underlying leased assets. As at balance date, there are no events that require the consolidated entity to sell or repledge the leased assets.

Finance receivables are reconciled to amounts receivable in respect of finance leases.

**(d) ■ Non trade debts receivable and allowance for doubtful debts**

Non trade receivables are generally interest bearing and are normally payable at call. An allowance has been made for estimated irrecoverable non trade receivable amounts. An impairment loss of \$3,376,291 (2007:\$2,574,797) has been recognised by the consolidated entity in the current year for the non trade debtors. These amounts have been included in the other expenses line item in the Income Statement.

Included in the consolidated entity's non trade receivable balance are debtors with a carrying amount of \$5,572,000 (2007: \$10,752,000) which are past due at the reporting date for which the consolidated entity has not provided for the consolidated entity believes that the amounts are still considered recoverable.

The fair value of the collateral held over the past due not impaired non trade receivables is \$2,200,000 (2007: \$2,200,000).

**6 ■ Trade and Other Receivables (Current) (continued)****(d) ■ Non trade debts receivable and allowance for doubtful debts (continued)**

Other balances within non trade receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

At 30 June, the ageing analysis of non trade debts receivable is as follows:

	Neither past due nor impaired	Past due but not impaired			Past due and impaired			Total
		31-60 Days	61-90 Days	+90 Days	31-60 Days	61-90 Days	+90 Days	
<b>2008</b>	<b>21,423</b>	-	-	<b>5,572</b>	-	-	<b>5,951</b>	<b>32,946</b>
2007	27,472	-	-	10,752	-	-	2,775	40,999

Movements in the allowance for doubtful debts for current non-trade debts receivable were as follows:

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
At 1 July	2,775	1,015	-	-
Charge for the year	3,376	2,575	-	-
Amounts written off	(200)	(815)	-	-
At 30 June	5,951	2,775	-	-

**7 ■ Other Financial Assets (Current)**

Listed shares held for trading at fair value	23,524	3,123	-	-
Derivatives receivable	6,412	-	-	-
Other investments	-	21	-	-
Total other financial assets (current)	29,936	3,144	-	-

**8 ■ Inventories (Current)**

Finished goods at cost	229,297	225,698	-	-
Provision for obsolescence	(3,292)	(3,227)	-	-
Total current inventories, net	226,005	222,471	-	-

**9 ■ Other Assets (Current)**

Prepayments	15,100	13,609	-	-
Other current assets	3,408	12,101	-	-
Total other assets (current)	18,508	25,710	-	-

**10 ■ Intangible Assets (Current)**

Net Licence Property	861	1,736	-	-
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**11 ■ Trade and Other Receivables (Non-Current)**

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Consumer finance loans (a)	6,028	7,660	-	-
Provision for doubtful debts (a)	(63)	(112)	-	-
	5,965	7,548	-	-
Amounts receivable in respect of finance leases	13,914	17,434	-	-
Non-trade debts receivable from wholly owned entities (b)	-	-	912,125	798,587
Tax related balances with controlled entities (b)	-	-	327,725	225,684
Total trade and other receivables (non-current)	19,879	24,982	1,239,850	1,024,271

**(a) ■ Consumer finance loans and allowance for doubtful debts**

Majority of the consumer finance loans are non-interest bearing and are generally on 6 to 48 months interest free terms.

An impairment loss of \$63,000 (2007:\$112,000) has been recognised by the consolidated entity in the current year for the consumer finance loans. These amounts have been included in the other expenses line item in the Income Statement.

If a customer has missed a repayment in a consumer finance loan, the remaining balance of the consumer finance loan is treated as past due. Included in the consolidated entity's current and non-current consumer finance loans, \$2,233,000 (2007: \$1,944,000) are past due at the reporting date for which the consolidated entity has not provided for. Under the "Receivables Facility Agreement" with the Financial Assets Specialised Trust (FAST), receivables which are deemed non-eligible will not be purchased by FAST. It is the consolidated entity's responsibility to collect the outstanding receivables from customers. In an event where the consolidated entity cannot collect the outstanding receivables from customers, the consolidated entity has recourse to franchisees for reimbursement of receivables. For consumer finance loans initiated from the consolidated owned stores, there has not been a significant change in credit quality and therefore the consolidated entity believes that the amounts are still considered recoverable. The consolidated entity does not hold any collateral over these balances.

Other balances within consumer finance loans do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

At 30 June, the ageing analysis of current and non-current consumer finance loans is as follows:

	Past due but not impaired				Past due and impaired			
	Neither past due nor impaired	31-60 Days	61-90 Days	+90 Days	31-60 Days	61-90 Days	+90 Days	Total
2008	21,546	1,346	434	453	-	-	63	23,842
2007	43,864	926	556	462	-	-	112	45,920

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Reconciled to:				
Consumer finance loans (Current – Note 6)	17,814	38,260	-	-
Consumer finance loans (Non- Current)	6,028	7,660	-	-
	23,842	45,920	-	-

**11 ■ Trade and Other Receivables (Non-Current) (continued)**

Movements in the allowance for doubtful debts for non-current consumer finance loans were as follows:

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
At 1 July	112	1,010	-	-
Charge for the year	63	112	-	-
Foreign exchange translation	-	17	-	-
Amounts written off	(112)	(1,027)	-	-
At 30 June	63	112	-	-

**(b) ■ Non-trade debts receivable**

Balances within non-trade debts receivable from wholly owned entities and tax related balances with controlled entities do not contain impaired assets and are not past due. It is expected that these balances will be received when due.



	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$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	54,581
Units in unit trusts not quoted on prescribed Stock Exchanges – at cost (a)	-	-	8,814	8,813
Listed shares held as available for trading	1,900	2,300	-	-
Listed shares held as available for sale	3,747	7,857	-	-
Units in unit trusts held as available for sale	204	204	-	-
Derivatives	1,052	5,714	-	-
Total other financial assets (non-current)	6,903	16,075	63,395	63,394

## (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 \$15.96 million (2007: \$38.34 million). The consolidated entity also holds monies on behalf of FAST relating to these receivables of \$0.99 million (2007: \$0.98 million) at balance date.

In these financial statements, the consolidated entity's interest in FAST is 22.22% (2007: 24.76%) 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 an allowance 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 2008 was \$1.57 million (2007: \$2.64 million). The weighted average interest rate applicable to commercial paper issued by FAST for the year ended 30 June 2008 was 8.20% (2007: 6.44%).

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	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>13 ■ Property, Plant and Equipment (Non-Current)</b>				
■ <i>Summary</i>				
Land				
- At fair value	83,544	98,201	-	-
- Investment properties under construction, at cost	95,373	71,067	-	-
<b>Total Land</b>	<b>178,917</b>	<b>169,268</b>	<b>-</b>	<b>-</b>
Buildings				
- At fair value	99,956	108,888	-	-
- Investment properties under construction, at cost	39,456	8,553	-	-
<b>Total buildings</b>	<b>139,412</b>	<b>117,441</b>	<b>-</b>	<b>-</b>
<b>Net land and buildings</b>	<b>318,329</b>	<b>286,709</b>	<b>-</b>	<b>-</b>
Plant and equipment				
- At cost	641,979	567,622	-	-
- Accumulated depreciation	(374,731)	(322,378)	-	-
<b>Net plant and equipment, at cost</b>	<b>267,248</b>	<b>245,244</b>	<b>-</b>	<b>-</b>
Lease make good asset				
- At cost	3,362	2,713	-	-
- Accumulated depreciation	(1,790)	(1,441)	-	-
<b>Net lease make good asset, at cost</b>	<b>1,572</b>	<b>1,272</b>	<b>-</b>	<b>-</b>
<b>Total plant and equipment</b>	<b>268,820</b>	<b>246,516</b>	<b>-</b>	<b>-</b>
Total property, plant and equipment				
- Land and buildings at cost and fair value	318,329	286,709	-	-
- Plant and equipment at cost	645,341	570,335	-	-
	963,670	857,044	-	-
Accumulated depreciation and amortisation	(376,521)	(323,819)	-	-
<b>Total written down amount</b>	<b>587,149</b>	<b>533,225</b>	<b>-</b>	<b>-</b>

**13 ■ Property, Plant and Equipment (Non-Current) (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	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Land:</b>				
<i>Fair value</i>				
Opening balance	98,201	96,669	-	-
Additions	-	426	-	-
Disposals	-	(85)	-	-
Increase resulting from revaluation	4,163	335	-	-
Transfers from land	(10,734)	-	-	-
Net foreign currency differences arising from self-sustaining foreign operations	(8,086)	856	-	-
Closing balance	83,544	98,201	-	-
<b>Land under construction:</b>				
<i>Fair value</i>				
Opening balance	71,067	37,108	-	-
Additions	24,645	26,440	-	-
Increase resulting from revaluation	-	(5,218)	-	-
Transfers from non-current inventory	-	31,549	-	-
Transfers to investment properties	(339)	(18,812)	-	-
Closing balance	95,373	71,067	-	-
<b>Buildings:</b>				
<i>Fair value</i>				
Opening balance	108,888	86,694	-	-
Additions	11,870	17,006	-	-
Increase resulting from revaluation	1,935	-	-	-
Reversal of depreciation upon revaluation	(2,634)	(2,052)	-	-
Transfers to buildings under construction	(8,971)	-	-	-
Transfers from building	(2,711)	-	-	-
Net foreign currency differences arising from self-sustaining foreign operations	(8,421)	7,240	-	-
Closing balance	99,956	108,888	-	-
<b>Accumulated Depreciation</b>				
Opening balance	-	-	-	-
Depreciation for the year	14,624	13,153	-	-
Disposals	-	(689)	-	-
Reversal upon revaluation	(14,460)	(12,513)	-	-
Net foreign currency differences arising from self-sustaining foreign operations	(164)	49	-	-
Closing balance	-	-	-	-
Net book value	99,956	108,888	-	-

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 \$271.67 million (2007: \$242.02 million).

## 13 ■ Property, Plant and Equipment (Non-Current) (continued)

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Buildings under construction (fair value):</b>				
Opening balance	8,553	13,696	-	-
Additions	23,373	36,292	-	-
Disposals	-	(1)	-	-
Transfers from non-current inventory	-	2,001	-	-
Transfers from buildings (fair value)	8,971	-	-	-
Transfers to investment property	(1,441)	(43,435)	-	-
Closing balance	39,456	8,553	-	-
Total land and buildings	318,329	286,709	-	-
<b>Plant and equipment (at cost):</b>				
Opening balance	566,594	578,129	-	-
Additions	107,740	111,820	-	-
Disposals	(27,664)	(122,858)	-	-
Transfers to capitalised leased plant and equipment	(149)	(941)	-	-
Transfers to computer software	124	-	-	-
Net foreign currency differences arising from foreign operations	(6,093)	444	-	-
Closing balance	640,552	566,594	-	-
<i>Accumulated Depreciation</i>				
Opening balance	321,976	338,630	-	-
Depreciation for the year	75,635	65,333	-	-
Disposals	(19,746)	(81,955)	-	-
Transfers to capitalised leased plant and equipment	(51)	(302)	-	-
Transfers to computer software	79	(3)	-	-
Net foreign currency differences arising from foreign operations	(3,851)	273	-	-
Closing balance	374,042	321,976	-	-
Net book value	266,510	244,618	-	-
<b>Lease make good asset (at cost):</b>				
Opening balance	2,713	2,667	-	-
Additions	1,241	1,135	-	-
Disposals	(547)	(981)	-	-
Net foreign currency differences arising from foreign operations	(45)	(108)	-	-
Closing balance	3,362	2,713	-	-
<i>Accumulated Depreciation</i>				
Opening balance	1,441	1,599	-	-
Amortisation for the year	751	761	-	-
Disposals	(367)	(836)	-	-
Net foreign currency differences arising from foreign operations	(35)	(83)	-	-
Closing balance	1,790	1,441	-	-
Net book value	1,572	1,272	-	-

**13 ■ Property, Plant and Equipment (Non-Current) (continued)**

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Capitalised Leased Plant and Equipment (at cost):</b>				
Opening balance	1,028	-	-	-
Additions	273	287	-	-
Disposals	(5)	(200)	-	-
Transfers to owned plant and equipment	(17)	-	-	-
Transfers from owned plant and equipment	149	941	-	-
Net foreign currency differences arising from foreign operations	(1)	-	-	-
Closing balance	1,427	1,028	-	-
<b>Accumulated Depreciation</b>				
Opening balance	402	-	-	-
Amortisation for the period	262	220	-	-
Disposals	(2)	(120)	-	-
Transfers from owned plant and equipment	32	302	-	-
Net Foreign currency differences arising from foreign operations	(5)	-	-	-
Closing balance	689	402	-	-
Net book value	738	626	-	-
Total plant and equipment	268,820	246,516	-	-
Total property, plant and equipment	587,149	533,225	-	-

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 20(c) to the financial statements.

**14 ■ Investment Properties (Non-Current)**

Opening balance at beginning of the period, at fair value	1,020,906	891,901	-	-
Additions	78,256	5,844	-	-
Disposals	(393)	(8,787)	-	-
Transfers from property under construction	1,860	62,247	-	-
Transfers from land and buildings	13,446	-	-	-
Net increase from fair value adjustments	64,709	69,701	-	-
Closing balance at end of the period, at fair value	1,178,784	1,020,906	-	-

**■ Investment Properties**

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

Of the total investment property portfolio, having an aggregate value of \$1.18 billion, 20 properties out of the total 87 investment properties, having an aggregate value of \$368.96 million, were independently valued by external valuers during the year ended 30 June 2008. The balance of investment properties have been valued to fair value by the directors at 30 June 2008. All investment properties have been valued by independent external valuers during the three years ended 30 June 2008.

**14 ■ Investment Properties (Non-Current) (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 \$145.45 million for the year ended 30 June 2008 (2007: \$99.27 million). Operating expenses recognised in the income statement in relation to investment properties amounted to \$18.53 million for the year ended 30 June 2008 (2007: \$17.27 million).

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>15 ■ Intangible Assets (Non-Current)</b>				
<b>Computer Software</b>				
■ <i>Summary</i>				
Cost (gross carrying amount)	41,938	37,555	-	-
Accumulated amortisation and impairment	(20,101)	(16,968)	-	-
Net carrying amount	21,837	20,587	-	-
<b>Computer Software:</b>				
Net of accumulated amortisation and impairment				
Opening balance	20,587	23,403	-	-
Additions	9,328	4,634	-	-
Disposals	(1,341)	(635)	-	-
Impairment	(1,485)	(357)	-	-
Amortisation	(5,088)	(6,453)	-	-
Transfers to licence property	(107)	-	-	-
Transfers to plant and equipment	(49)	-	-	-
Transfers from owned plant and equipment	-	3	-	-
Net foreign currency differences arising from foreign operations	(8)	(8)	-	-
Net book value	21,837	20,587	-	-
<b>Goodwill:</b>				
Opening balance	10	11,147	-	-
Write-off goodwill on sale and deconsolidation of Rebel Sport Limited	-	(11,136)	-	-
Net foreign currency differences arising from foreign operations	-	(1)	-	-
Carrying value	10	10	-	-
<b>Licence property:</b>				
Net book value	251	400	-	-
Total intangible assets	22,098	20,997	-	-

■ *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 7.5 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.

■ *Goodwill*

Goodwill is not amortised but is 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.

*Pertama Holdings Limited, Singapore*

The recoverable amount of the cash generating unit of Pertama Holdings Limited, Singapore has been determined based on a fair value less costs to sell calculation as the asset, being the shares held by the consolidated entity in Pertama Holdings Limited, Singapore, are traded in an active market. From the testing performed, there is no indicator that goodwill recognised in Pertama Holdings Limited, Singapore may be impaired.

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>16 ■ Trade and Other Payables (Current)</b>				
Trade creditors	513,258	532,598	457	298
Accruals	43,292	65,760	-	-
Other creditors	44,889	36,869	-	-
<b>Total trade and other payables (current)</b>	<b>601,439</b>	<b>635,227</b>	<b>457</b>	<b>298</b>

**17 ■ Interest-Bearing Loans and Borrowings (Current)**

Secured:

Non trade amounts owing to:

- Other related parties (b)	988	980	-	-
- Commercial bills payable	23,793	-	-	-
- Commercial investors F.A.S.T	9,283	22,220	-	-
- Commercial Mortgage Backed Securities (a)	221,579	-	-	-

Unsecured:

Bank overdraft	85,998	60,035	-	-
Other short-term borrowings	39,765	-	-	-
Lease liabilities (c) Note 32 (b)(i)	552	431	-	-
Non trade amounts owing to:				
- Directors (d)	30,840	23,931	-	-
- Other related parties (d)	3,020	2,755	-	-
- Other unrelated persons	762	174	-	-

<b>Total interest-bearing loans and borrowings (current)</b>	<b>416,580</b>	<b>110,526</b>	<b>-</b>	<b>-</b>
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- (a) The Commercial Mortgage Backed Securities ("CMBS") facility in Australia expires on 19 May 2009 and has been classified as current interest-bearing loans and borrowings.
- (b) These loans are secured over consumer finance receivables.
- (c) The implicit interest rate on lease liabilities is 9% over a term of 3 years.
- (d) Interest is payable at normal commercial bank bill rates. The loans are unsecured and repayable at call.

**Defaults and Breaches**

During the current and prior years, there were no defaults or breaches on any of the interest-bearing loans and borrowings referred to in this note.

**18 ■ Other Liabilities (Current)**

Lease incentives	1,199	1,916	-	-
Unearned revenue	2,823	5,290	-	-
<b>Total other liabilities (current)</b>	<b>4,022</b>	<b>7,206</b>	<b>-</b>	<b>-</b>

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



	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000

**19 ■ Provisions (Current)**

Current				
- Employee benefits (note 28)	12,835	11,370	-	-
- Make good provision	155	200	-	-
- Deferred lease expenses	694	438	-	-
- Other	-	343	-	-

Total provisions (current)	13,684	12,351	-	-
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Non – Current				
- Employee benefits (note 28)	2,260	1,526	-	-
- Make good provision	3,295	2,677	-	-
- Deferred lease expenses	4,325	3,354	-	-
- Other	-	914	-	-

Total provisions (non- current)	9,880	8,471	-	-
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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 2007	2,877	3,792	1,257	7,926
Arising during the year	1,249	1,642	-	2,891
Utilised / unused amounts reversed	(642)	(428)	(1,257)	(2,327)
Discount rate adjustment	19	-	-	19
Exchange rate variance	(53)	13	-	(40)
At 30 June 2008	3,450	5,019	-	8,469
Current 2008	155	694	-	849
Non-current 2008	3,295	4,325	-	7,620
Total provisions 2008	3,450	5,019	-	8,469
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

**19 ■ Provisions (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 2008 was \$3,450,000 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 ranges 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	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Secured:				
Non trade amounts owing to:				
Commercial Mortgage Backed Securities (a)	3,966	253,253	-	-
Commercial investors F.A.S.T	3,131	6,628	-	-
Secured bills payable (b)	143,080	196,795	-	-
Lease liabilities – Note 32 (b)(i)	186	354	-	-
Total interest-bearing liabilities (non-current)	150,363	457,030	-	-

**(a) ■ Commercial Mortgage Backed Securities**

The CMBS facility in Australia of \$221.58 million has been classified as current interest-bearing loans and borrowings.

The CMBS facility in New Zealand of \$3.97 million has been classified as non-current interest-bearing loans and borrowings and is due for repayment 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.

Bills payable in Australia have been classified as non-current interest-bearing liabilities as the bill facility is not due for review prior to 30 June 2009. The bank reserves the right to withdraw the facilities only if the entity breaches the financial covenants stipulated in the bill facility agreement. These covenants are reviewed on a bi-annual basis and no breaches have been recorded to date. There are no factors present that may indicate an inability to meet the financial covenants within the next twelve months.

**20 ■ 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	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Total facilities:</b>				
- bank overdraft	85,998	80,614	-	-
- other short term borrowings	58,848	-	-	-
- bank bills	234,334	241,566	-	-
- Commercial mortgage backed securities	249,337	253,253	-	-
<b>Total Available Facilities</b>	<b>628,517</b>	<b>575,433</b>	<b>-</b>	<b>-</b>
<b>Facilities used at balance date:</b>				
- bank overdraft	85,998	60,035	-	-
- other short term borrowings	39,765	-	-	-
- bank bills	166,872	196,795	-	-
- Commercial mortgage backed securities	225,545	253,253	-	-
<b>Total Used Facilities</b>	<b>518,180</b>	<b>510,083</b>	<b>-</b>	<b>-</b>
<b>Facilities unused at balance date:</b>				
- bank overdraft	-	20,579	-	-
- other short term borrowings	19,083	-	-	-
- bank loans	67,462	44,771	-	-
- Commercial mortgage backed securities	23,792	-	-	-
<b>Total facilities</b>	<b>628,517</b>	<b>575,433</b>	<b>-</b>	<b>-</b>
<b>Facilities used at reporting date</b>	<b>518,180</b>	<b>510,083</b>	<b>-</b>	<b>-</b>
<b>Facilities unused at reporting date</b>	<b>110,337</b>	<b>65,350</b>	<b>-</b>	<b>-</b>

**■ 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 17 and 30(f)(i) for details in relation to loans by directors to Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited).

**(d) ■ Defaults and Breaches**

During the current and prior years, there were no defaults or breaches on any of the interest-bearing loans and borrowings referred to in this note.

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>21 ■ Other Liabilities (Non-Current)</b>				
Lease incentives	12,725	3,741	-	-
Unearned revenue	4,271	7,026	-	-
Total other liabilities (non-current)	16,996	10,767	-	-

**22 ■ Contributed Equity**

Ordinary shares	259,610	248,991	259,610	248,991
Total contributed equity	259,610	248,991	259,610	248,991
	2008 number	2007 number	2008 number	2007 number
Ordinary shares Issued and fully paid	1,062,316,784	1,058,583,451	1,062,316,784	1,058,583,451

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

	CONSOLIDATED		PARENT	
	No.	\$'000	No.	\$'000
Movements in ordinary shares on issue				
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 1 July 2007	1,058,583,451	248,991	1,058,583,451	248,991
Issue of shares under executive share option plan	3,733,333	10,619	3,733,333	10,619
At 30 June 2008	1,062,316,784	259,610	1,062,316,784	259,610

**■ 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.

**■ Share Options****■ Harvey Norman Holdings Limited**

There were 10,390,000 (2007: 9,973,333) options to subscribe for 10,390,000 fully paid ordinary shares in the Company, pursuant to the Harvey Norman Executive Option Plan ("EOP"), outstanding as at 30 June 2008.

Details of options issued pursuant to EOP are set out in Note 30 to the financial statements.

**■ Pertama Holdings Limited, Singapore**

There were 4,000,000 (2007: 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 28 to the financial statements for further information.

**23 ■ Reserves**

	Asset revaluation reserve	Foreign currency translation reserve	CONSOLIDATED Available for sale reserve	Cash flow hedge reserve	Employee equity benefits	Total
At 1 July 2006	34,148	(14,387)	1,446	4,255	6,353	<b>31,815</b>
Revaluation of land and buildings	135	-	-	-	-	<b>135</b>
Reversal of deferred tax liability in respect of New Zealand property portfolio	12,706	-	-	-	-	<b>12,706</b>
Unrealised gains on available-for- sale investments	-	-	787	-	-	<b>787</b>
Reversal of deferred tax liability in respect of New Zealand shares	-	-	713	-	-	<b>713</b>
Gains on interest rate swaps	-	-	-	1,367	-	<b>1,367</b>
Tax effect of net gains on interest rate swap	-	-	-	(860)	-	<b>(860)</b>
Unrealised gains on forward foreign exchange contracts	-	-	-	(1,325)	-	<b>(1,325)</b>
Tax effect of net gains on forward foreign exchange contracts	-	-	-	397	-	<b>397</b>
Currency translation differences	-	10,252	-	-	-	<b>10,252</b>
Share based payment	-	-	-	-	1,332	<b>1,332</b>
Deconsolidation of controlled entity	-	-	-	7	(401)	<b>(394)</b>
At 30 June 2007	46,989	(4,135)	2,946	3,841	7,284	<b>56,925</b>
At 1 July 2007	46,989	(4,135)	2,946	3,841	7,284	<b>56,925</b>
Revaluation of land and buildings	5,519	-	-	-	-	<b>5,519</b>
Unrealised loss on available-for- sale investments	-	-	(3,122)	-	-	<b>(3,122)</b>
Transfer realised gains on interest rate swaps to other income	-	-	-	(1,642)	-	<b>(1,642)</b>
Transfer realised loss on forward foreign exchange contracts to inventories	-	-	-	927	-	<b>927</b>
Unrealised gains on interest rate swaps	-	-	-	584	-	<b>584</b>
Tax effect of unrealised gains on interest rate swaps	-	-	-	(176)	-	<b>(176)</b>
Unrealised gains on forward foreign exchange contracts	-	-	-	6	-	<b>6</b>
Tax effect of unrealised gains on forward foreign exchange contracts	-	-	-	(1)	-	<b>(1)</b>
Currency translation differences	-	(26,528)	-	-	-	<b>(26,528)</b>
Share based payment	-	-	-	-	782	<b>782</b>
At 30 June 2008	52,508	(30,663)	(176)	3,539	8,066	<b>33,274</b>

**Nature and purpose of reserves****(a) ■ Asset revaluation reserve**

The asset revaluation reserve is used to record increases 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

**(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.

	CONSOLIDATED		PARENT	
	June 2008 \$000	June 2007 \$000	June 2008 \$000	June 2007 \$000

## 24 ■ Retained Profits and Dividends

Movements in retained earnings were as follows:

Balance 1 July	<b>1,386,668</b>	1,074,661	<b>764,529</b>	649,602
Profit for the year	<b>358,448</b>	407,247	<b>383,178</b>	210,167
Dividends	<b>(138,101)</b>	(95,240)	<b>(138,101)</b>	(95,240)
Balance 30 June	<b>1,607,015</b>	1,386,668	<b>1,009,606</b>	764,529

Dividends declared and paid during the year:

Dividends on ordinary shares:

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

<b>63,739</b>	42,311	<b>63,739</b>	42,311
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Interim franked dividend for 2008: 7.0 cents  
(2007: 5.0 cents)

<b>74,362</b>	52,929	<b>74,362</b>	52,929
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<b>Total dividends paid</b>	<b>138,101</b>	95,240	<b>138,101</b>	95,240
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The final dividend for the year ended 30 June 2007 was paid on 10 December 2007.

The interim dividend for the year ended 30 June 2008 was paid on 5 May 2008.

### ■ Proposed for approval at AGM

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

Dividends on ordinary shares:

Final franked dividend for 2008: 7.0 cents (2007:  
6.0 cents)

<b>74,362</b>	63,515	<b>74,362</b>	63,515
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The proposed final dividend for the year ended 30 June 2008 is to be paid on 8 December 2008 to shareholders registered at 5:00pm, 7 November 2008.

### ■ 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% (2007: 30%)	<b>495,180</b>	412,209	<b>495,180</b>	412,209
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	<b>108,634</b>	81,582	<b>108,634</b>	81,582
- franking credits that will be utilised in the payment of proposed final dividend	<b>(31,869)</b>	(27,221)	<b>(31,869)</b>	(27,221)
The amount of franking credits available for future reporting periods:	<b>571,945</b>	466,570	<b>571,945</b>	466,570

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	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>25 ■ Minority Interest</b>				
Interest in:				
Ordinary shares	35,204	37,699	-	-
Reserves	(7,469)	(5,834)	-	-
Retained earnings	19,518	17,703	-	-
Total minority interests	47,253	49,568	-	-

	CONSOLIDATED	
	2008	2007
	\$000	\$000

**26 ■ 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 from continuing operations	363,459	330,691
Profit attributable to minority interests	(5,011)	(6,596)
Profit from continuing operations after tax	358,448	324,095
	Number of Shares	
	2008	2007
Weighted average number of ordinary shares used in calculating basic earnings per share (a)	1,061,611,893	1,058,191,070
Effect of dilutive securities (b):		
- Share Options	3,019,265	3,478,019
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	1,064,631,158	1,061,669,089

**(a) ■ Weighted Average Number of Ordinary Shares**

The number of ordinary shares on issue at 30 June 2008 was 1,062,316,784. The movement from 30 June 2007 relates to the exercise of 3,733,333 options under the Executive Option Plan ("EOP") during the year ended 30 June 2008 resulting in the issue of 3,733,333 ordinary shares. The 3,733,333 shares issued during the current period have been proportionally weighted for the number of days on issue to 30 June 2008 to calculate the weighted average number of ordinary shares used in calculating basic earnings per share of 1,061,611,893 shares.

**(b) ■ Effect of Dilutive Securities**

On 26 November 2007, the consolidated entity issued 4,150,000 unlisted options to certain executive directors pursuant to EOP. These options are capable of exercise from 1 September 2010 to 25 November 2012 at an exercise price of \$6.77 per option. The 4,150,000 options have been excluded from the calculation of diluted earnings per share as the exercise price of each of the options granted was higher than the average market price of an ordinary share in the Company for the year ended 30 June 2008.

The remaining unexercised options issued on 26 November 2003, 28 September 2004 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 2008. The unexercised options of the 2003 EOP Allocation, 2004 EOP Allocation and 2005 EOP Allocation 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.



	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>27 ■ Cash and Cash Equivalents</b>				
<b>(a) ■ Reconciliation to Cash Flow Statement</b>				
Cash and cash equivalents comprise the following at end of the year:				
Cash at bank and on hand	35,640	136,599	-	-
Short term money market deposits	29,020	29,276	-	-
	64,660	165,875	-	-
Bank overdraft	(85,998)	(60,035)	-	-
Cash and cash equivalents at end of year	(21,338)	105,840	-	-

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

Profit after tax	363,459	413,843	383,178	210,167
Adjustments for:				
Net foreign exchange (gain)/loss	(1,511)	440	-	-
Bad and doubtful debts	3,193	4,191	-	-
Provision for inventory obsolescence	65	1,109	-	-
Share of joint ventures	(2,527)	(2,767)	-	-
Depreciation of property, plant and equipment	79,043	68,427	-	-
Amortisation	5,350	6,453	-	-
Impairment of fixed assets	1,485	357	-	-
Impairment of assets held in joint venture entities	6,410	-	-	-
Revaluation of investment properties and properties held under joint ventures	(102,281)	(65,684)	-	-
Deferred lease expenses	611	477	-	-
Discount on interest-free long term receivables	475	809	-	-
Accretion of interest-free long term receivables	(2,043)	(3,305)	-	-
Shares and options expense	782	1,356	-	-
Realised / unrealised gain on interest rate swap	(2,507)	(3,353)	-	-
Gain on deconsolidation of controlled entity	-	(117,553)	-	-
Transfers to provisions:				
- Employee entitlements	2,199	3,118	-	-
- Doubtful debts	(2,926)	6,721	-	-
Profit on disposal and revaluation of:				
- Property, plant and equipment, and listed Securities	5,226	897	-	-
Changes in assets and liabilities net of effects from purchase and sale of controlled entities:				
(Increase)/decrease in assets:				
Receivables	25,192	(14,388)	(366,686)	(241,280)
Inventory	(3,599)	(19,389)	-	-
Other current assets	11,736	(7,170)	-	-
Deferred tax assets	1,380	(5,411)	(1,441)	528
Increase/(decrease) in liabilities:				
Payables and other current liabilities	(60,285)	107,750	159	26
Non trade amounts owing to FAST	8	(484)	-	-
Income tax payable	(39,483)	67,988	(38,834)	62,163
Net cash from operating activities	289,452	444,432	(23,624)	31,604

**28 ■ Employee Benefits**

The number of full-time equivalent employees employed as at 30 June are:

	CONSOLIDATED		PARENT	
	2008 number	2007 number	2008 number	2007 number
The number of full-time equivalent employees employed as at 30 June are:	<b>4,760</b>	3,916	-	-
	<b>2008 \$000</b>	2007 \$000	<b>2008 \$000</b>	2007 \$000
The aggregate employee benefit liability is comprised of:				
Accrued wages, salaries and on-costs	<b>5,408</b>	3,924	-	-
Provisions (current – Note 19)	<b>12,835</b>	11,370	-	-
Provisions (non-current – Note 19)	<b>2,260</b>	1,526	-	-
Total employee benefit provisions	<b>20,503</b>	16,820	-	-

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	
			2008	2007	2008	2007
26/11/2003	30/11/2008	\$3.00	<b>2,080,000</b>	2,614,000	<b>2,080,000</b>	2,614,000
28/09/2004	30/11/2008	\$2.93	<b>2,080,000</b>	3,413,000	<b>2,080,000</b>	3,413,000
29/06/2005	30/11/2010	\$2.62	-	533,333	-	-
04/11/2005	30/11/2008	\$2.79	<b>2,080,000</b>	3,413,000	<b>2,080,000</b>	-
26/11/2007	25/11/2012	\$6.77	<b>4,150,000</b>	-	-	-
			<b>10,390,000</b>	9,973,333	<b>6,240,000</b>	6,027,000

Refer to Note 30. Key Management Personnel for further information.

**■ 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	
			2008	2007	2008	2007
25/10/2005	01/10/2010	\$SGD 0.365	<b>4,000,000</b>	4,000,000	-	-
			<b>4,000,000</b>	4,000,000	-	-

**28 ■ 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 4.563 cents per option in Australian dollars, translated at an average exchange rate for the year ended 30 June 2008. Thus at grant date, the total value of these options is \$239,276 Singapore Dollars, or \$182,570 Australian dollars.

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$	\$	\$	\$

**29 ■ 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	1,332,951	1,066,815	-	-
- tax services in relation to the entity and any other entity in the consolidated entity	161,976	168,041	-	-
- other services in relation to the entity and any other entity in the consolidated entity	87,912	13,904	-	-
	<b>1,582,839</b>	<b>1,248,760</b>	<b>-</b>	<b>-</b>

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	9,017	77,156	-	-
- tax services in relation to the entity and any other entity in the consolidated entity	41,351	138,000	-	-
- other services in relation to the entity and any other entity in the consolidated entity	43,570	5,487	-	-
	<b>93,938</b>	<b>220,643</b>	<b>-</b>	<b>-</b>
	<b>1,676,777</b>	<b>1,469,403</b>	<b>-</b>	<b>-</b>

**30 ■ Key Management Personnel****(a) ■ Details of Key Management Personnel**

<i>(i) DIRECTORS</i>		<i>(ii) EXECUTIVES</i>	
	<i>Title</i>		<i>Title</i>
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	Kaine Escott	Chief Information Officer – resigned 31 May 2008
Arthur Bayly Brew	Executive Director	Marshall Stephen	Chief Information Officer – appointed 31 March 2008
David Ackery	Executive Director	Thomas James Scott	General Manager – Property
Chris Mentis	Chief Financial Officer and Company Secretary – appointed a Director of Harvey Norman Holdings Limited on 30 August 2007	Rutland Forbes Smith	General Manager – Computers – resigned 5 December 2007
Christopher Herbert Brown	Non-Executive Director	Sasha Luke Naish	General Manager – Computers – appointed 3 December 2007
Michael John Harvey	Non-Executive Director		
Ian John Norman	Non-Executive Director		
Kenneth William Gunderson-Briggs	Non-Executive Director (Independent)		
Graham Charles Paton AM	Non-Executive Director (Independent)		

**(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	
	2008	2007	2008	2007
	\$	\$	\$	\$
Short – Term	7,919,512	6,248,294	-	-
Post Employment	228,865	309,134	-	-
Share – based Payment	695,719	992,830	-	-
	<b>8,844,096</b>	<b>7,550,258</b>	<b>-</b>	<b>-</b>

**30 ■ Key Management Personnel (continued)****(c) ■ Option Holdings of Key Management Personnel (Consolidated)**

30 June 2008	Balance at Beginning of Period 01/07/2007	Granted as Remuner- ation	Options Exercised	Net Change Other	Balance at End of Period 30/06/2008	Vested at 30 June 2008		
						Total	Exercisable	Not Exercisable
<b>Directors</b>								
G. Harvey	3,000,000	900,000	-	-	3,900,000	3,000,000	3,000,000	-
K.L. Page	3,000,000	1,000,000	-	-	4,000,000	3,000,000	3,000,000	-
A.B. Brew	240,000	300,000	-	-	540,000	240,000	240,000	-
J.E. Slack-Smith	1,600,000	800,000	(1,600,000)	-	800,000	-	-	-
D.M. Ackery	533,333	800,000	(533,333)	-	800,000	-	-	-
C. Mentis	-	350,000	-	-	350,000	-	-	-
M.J. Harvey	-	-	-	-	-	-	-	-
C.H. Brown	-	-	-	-	-	-	-	-
I.J. Norman	-	-	-	-	-	-	-	-
K.W. Gunderson- Briggs	-	-	-	-	-	-	-	-
G.C. Paton	-	-	-	-	-	-	-	-
<b>Executives</b>								
R. Orrock	-	-	-	-	-	-	-	-
M.L. Anderson	-	-	-	-	-	-	-	-
K. Escott	-	-	-	-	-	-	-	-
M. Stephen	-	-	-	-	-	-	-	-
T.J. Scott	-	-	-	-	-	-	-	-
R.F. Smith	-	-	-	-	-	-	-	-
S.L. Naish	-	-	-	-	-	-	-	-
	8,373,333	4,150,000	(2,133,333)	-	10,390,000	6,240,000	6,240,000	-

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
<b>Directors</b>								
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	-	-	-	-	-	-	-	-
<b>Executives</b>								
R. Orrock	-	-	-	-	-	-	-	-
M.L. Anderson	-	-	-	-	-	-	-	-
C. Mentis	-	-	-	-	-	-	-	-
K. Escott	-	-	-	-	-	-	-	-
T.J. Scott	-	-	-	-	-	-	-	-
	8,373,333	-	-	-	8,373,333	5,227,000	5,227,000	-

**30 ■ Key Management Personnel (continued)**  
**(d) ■ Shareholdings of Key Management Personnel**

Shares held in Harvey Norman Holdings Limited (number):

<b>30 June 2008</b>	Balance 1 July 2007	Granted as Remuneration	On Exercise of Options	Net Change Other (a)	Balance 30 June 2008
<b>Directors</b>					
G. Harvey	311,519,532	-	-	440,000	311,959,532
K.L. Page	19,345,133	-	-	(2,600,000)	16,745,133
A.B. Brew	1,169,871	-	-	-	1,169,871
J.E. Slack-Smith	99,999	-	1,600,000	-	1,699,999
D. Ackery	133,334	-	533,333	-	666,667
C. Mentis	-	-	-	-	-
M.J. Harvey	3,445,553	-	-	(600,000)	2,845,553
C.H. Brown	173,467	-	-	(70,000)	103,467
I.J. Norman	175,249,660	-	-	-	175,249,660
K.W. Gunderson- Briggs	3,000	-	-	-	3,000
G.C. Paton	15,000	-	-	-	15,000
<b>Executives</b>					
R. Orrock	-	-	-	-	-
M.L. Anderson	-	-	-	-	-
K. Escott	-	-	-	-	-
M. Stephen	-	-	-	-	-
J. Scott	-	-	-	-	-
R.F. Smith	-	-	-	-	-
S.L. Naish	-	-	-	2,000	2,000
<b>Total</b>	<b>511,154,549</b>	<b>-</b>	<b>2,133,333</b>	<b>(2,828,000)</b>	<b>510,459,882</b>

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

Subsequent to year end, on 4 September 2008, D.M. Ackery sold 170,000 shares in the Company on market reducing his total shareholding to 496,667 ordinary shares in Harvey Norman Holdings Limited as at the date of this report.

Subsequent to year end, on 30 September 2008, the Company notified the ASX of a correction to the shareholding of K.L. Page due to the incorrect Appendix 3Y Notice lodged on 27 September 2007 whereby it was disclosed that K.L. Page had disposed of 250,000 shares in Harvey Norman Holdings Limited in an off-market trade. This correction, lodged on 30 September 2008, increased K.L. Page's shareholding by 250,000 shares in Harvey Norman Holdings Limited.

<b>30 June 2007</b>	Balance 1 July 2006	Granted as Remuneration	On Exercise of Options	Net Change Other (a)	Balance 30 June 2007
<b>Directors</b>					
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	99,999	-	-	(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
<b>Executives</b>					
R. Orrock	-	-	-	-	-
M.L. Anderson	-	-	-	-	-
C. Mentis	-	-	-	-	-
K. Escott	-	-	-	-	-
J. Scott	-	-	-	-	-
R.F. Smith	-	-	-	-	-
T.L. Huckel	-	-	-	-	-
<b>Total</b>	<b>511,239,549</b>	<b>-</b>	<b>-</b>	<b>(85,000)</b>	<b>511,154,549</b>

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.

**30 ■ Key Management Personnel (continued)****(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.
2008						
Directors	-	-	-	-	-	-
Executives	-	2	-	-	81	1
	-	2	-	-	81	1
2007						
Directors	-	-	-	-	-	-
Executives	77	7	-	-	97	1
	77	7	-	-	97	1

(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.
2008						
Directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-
2007						
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 2008 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.



**30 ■ Key Management Personnel (continued)****(f) ■ Other Transactions and Balances with Key Management Personnel**

	CONSOLIDATED	
	2008 \$	2007 \$
<i>(i) Loans from directors to subsidiaries of Harvey Norman Holdings Limited:</i>		
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.	<b>31,176,701</b>	23,931,436
Net amounts (repaid to)/received from entities associated with the above mentioned directors and their related parties.	<b>7,245,105</b>	(765,848)
Interest paid/payable	<b>1,702,144</b>	1,872,399
<i>(ii) Legal fees paid to a director-related entity:</i>		
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.	<b>786,807</b>	390,550
<i>(iii) Consulting fees paid to a director-related entity:</i>		
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
<i>(iv) Lease of business premises from Ruzden Pty Limited:</i>		
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.	<b>3,519,428</b>	3,679,737

**30 ■ Key Management Personnel (continued)**

		CONSOLIDATED	
		2008 \$	2007 \$
<b>(f) ■ Other Transactions and Balances with Key Management Personnel (continued)</b>			
<b>(v) Other income derived by related entities of key management personnel:</b>			
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.			
		1,753,851	1,087,706
<b>(vi) Perth City West Retail Complex</b>			
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 2008 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 2008 was \$1.49 million each and for the year ended 30 June 2007 was \$1.52 million.			
<b>(vii) The Byron at Byron Resort, Spa and Conference Centre</b>			
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. In the financial report for the year ended 30 June 2008, 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. The profit distribution to Gerald Harvey and a subsidiary of Harvey Norman Holdings Limited was \$0.51 million (2007: nil) and each joint venture partner was required to contribute an additional investment of \$0.05 million.			
<b>(viii) National Rugby League Limited</b>			
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 \$2.39 million (2007: \$3.70 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.			
<b>(ix) Gazal Corporation Limited</b>			
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 \$1.90 million as at 30 June 2008 (2007: \$2.30 million). The consolidated entity received dividends from Gazal Corporation Limited amounting to \$0.14 million for the year ended 30 June 2008 (2007: \$0.14 million).			

**31 ■ 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	
		2008	2007
		\$	\$
<b>(b) ■ Transactions with other Related Parties</b>			
<b>(i) Advertising charges to controlled entities:</b>			
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
<b>(ii) Other related party transactions</b>			
- 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
- 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
- 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:		-	-
- 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
- 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, Harvey Norman Europe d.o.o and OFIS. 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:		14,691,095	4,168,649

**31 ■ Related Party Transactions (continued)**

		CONSOLIDATED	
		2008	2007
		\$	\$
-	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:	50,753,050	48,353,645
-	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:	2,049,264	1,673,645

**■ 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	
2008	2007	2008	2007
\$000	\$000	\$000	\$000

**32 ■ Commitments**

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

Not later than one year	39,963	24,117	-	-
Later than one year but not later than five years	-	1,598	-	-
	39,963	25,715	-	-

The consolidated entity had contractual obligations to purchase property, plant and equipment and investment properties of \$39.96 million (2007: \$25.72 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 construction of proposed franchised complexes in Australia.

- (b) Lease expenditure commitments:

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

Not later than one year	465	492	-	-
Later than one year but not later than five years	361	341	-	-
Minimum finance lease payments	826	833	-	-
Deduct future finance charges	(88)	(48)	-	-
Total finance lease liabilities	738	785	-	-

**32 ■ Commitments (continued)****(b) Lease expenditure commitments (continued)**

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Disclosed as follows:				
Current liabilities (refer Note 17)	552	431	-	-
Non-current liabilities (refer Note 20)	186	354	-	-
	<b>738</b>	<b>785</b>	<b>-</b>	<b>-</b>

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 13 for net book value of capitalised lease assets).

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

Not later than one year	135,237	114,772	-	-
Later than one year but not later than five years	392,451	337,656	-	-
Later than five years	466,635	122,309	-	-
<b>Total operating lease liabilities</b>	<b>994,323</b>	<b>574,737</b>	<b>-</b>	<b>-</b>

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	33,852	30,310	-	-
Later than one year but not later than five years	496	5,368	-	-
	<b>34,348</b>	<b>35,678</b>	<b>-</b>	<b>-</b>

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 \$34.35 million at balance date (2007: \$35.68 million). These capital expenditure commitments relate to new shopping complexes to be located in Gepps Cross (South Australia) and Browns Plains (Queensland), an expansion to the existing shopping complex in Noarlunga (South Australia) and an office development in Perth City West.

**33 ■ 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	13,464	26,617	-	-
- Other contingent liabilities relating to various line of credit facilities utilised	-	7,112	-	-
- Contingent liability in relation to a proposed joint venture development in New Zealand that is conditional on the successful rezoning of the development area	51,249	-	-	-
- The parent entity has guaranteed the performance of a number of controlled entities which have entered into leases with other parties	-	-	415,587	455,525
<b>Total contingent liabilities</b>	<b>64,713</b>	<b>33,729</b>	<b>415,587</b>	<b>455,525</b>

### 34 ■ Financial Risk Management

#### (a) ■ *Financial Risk Management Objectives and Policies*

The consolidated entity's principal financial instruments are comprised of:

- receivables
- payables
- bills payable
- available for sale investments
- shares held for trading; and
- derivatives

The consolidated entity manages its exposure to key financial risks, such as interest rate and currency risk in accordance with the consolidated entity's financial risk management policy, as outlined in the Treasury Policy. The objective of the policy is to support the delivery of the consolidated entity's financial targets whilst protecting future financial security.

The consolidated entity enters into derivative transactions, principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising from the consolidated entity's operations and its sources of finance.

The main risks arising from the consolidated entity's financial instruments are:

- foreign currency risk
- interest rate risk
- equity price risk
- credit risk; and
- liquidity risk

The consolidated entity uses different methods to measure and manage different types of risks to which it is exposed. These include:

- monitoring levels of exposure to interest rate and foreign exchange risk
- monitoring assessments of market forecasts for interest rate, foreign exchange and commodity prices
- ageing analyses and monitoring of specific credit allowances are undertaken to manage credit risk
- liquidity risk is monitored through the development of future rolling cash flow forecasts.

The Board reviews and endorses the policies for managing each of these risks. The policies are summarised below. The Board reviews and endorses policies for managing each of the risks identified below, including:

- the setting of limits for trading in derivatives
- hedging cover of foreign currency and interest rate risk, credit allowances, and future cash flow forecast projections.

#### (b) ■ *Market Risk*

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Components of market risk to which the consolidated entity are exposed are discussed below.

##### (i) ■ *Foreign Currency Risk Management*

Foreign currency risk refers to the risk that the value of financial instruments, recognised asset or liability will fluctuate due to changes in foreign currency rates. The consolidated entity undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

The consolidated entity's foreign currency exchange risk arises primarily from:

- borrowings denominated in foreign currencies;
- receivables or payables denominated in foreign currencies; and
- firm commitments or highly probable forecast transactions for payments settled in foreign currencies.

The consolidated entity is exposed to foreign exchange risk from various currency exposures, primarily with respect to:

- United States dollars;
- New Zealand dollars;
- Euro;
- Singapore dollars; and
- Malaysian ringgit.

The consolidated entity minimises its exposure to foreign currency risk by initially seeking contracts effectively denominated in the consolidated entity's functional currency where possible and economically favourable to do so.

Foreign exchange risk that arises from firm commitments or highly probable transactions is managed principally through the use of forward foreign currency exchange contracts. The consolidated entity hedges a proportion of these transactions in each currency in accordance with the Treasury Policy.

**34 ■ Financial Risk Management (continued)**

Foreign currency risk that arises from foreign currency overseas borrowings is not hedged against the Australian dollar.

At 30 June 2008, the consolidated entity had the following exposure to foreign currency risk that is not denominated in the functional currency of the relevant subsidiary. All amounts have been converted to Australian dollars using applicable rates.

	CONSOLIDATED		PARENT	
	June 2008 \$000	June 2007 \$000	June 2008 \$000	June 2007 \$000
<b>Financial assets</b>				
Cash and cash equivalents	17,166	20,798	-	-
Trade and other receivables	7,470	23,885	-	-
Other Financial assets	-	17	-	-
	<b>24,636</b>	<b>44,700</b>	<b>-</b>	<b>-</b>
<b>Financial liabilities</b>				
Trade and other payables	15,927	19,026	-	-
Interest bearing loans and borrowings	15,862	18,398	-	-
	<b>31,789</b>	<b>37,424</b>	<b>-</b>	<b>-</b>
Net exposure	<b>(7,153)</b>	<b>7,276</b>	<b>-</b>	<b>-</b>

The following sensitivity analysis is calculated based on the foreign currency risk exposures that are not denominated in the functional currency of the relevant subsidiary at the balance sheet date.

At 30 June 2008, had the various currencies moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post Tax Profit increase/(decrease)		Equity increase/(decrease)	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
<b>Consolidated</b>				
Australian subsidiaries				
AUD/NZD + 5%	528	603	-	-
AUD/NZD - 10%	(1,232)	(1,408)	-	-
AUD/EURO + 5%	153	112	(56)	(121)
AUD/EURO - 10%	(358)	(262)	131	283
AUD/USD + 5%	12	3	(1)	(463)
AUD/USD - 10%	(27)	(6)	2	1,080
Ireland and Slovenia subsidiaries				
EURO/USD + 5%	6	6	-	-
EURO/USD - 15%	(23)	(23)	-	-
Singapore subsidiaries				
SGD/USD + 5%	(87)	(244)	-	-
SGD/USD - 10%	204	570	-	-
SGD/EURO + 5%	81	33	-	-
SGD/EURO - 10%	(189)	(77)	-	-
SGD/MYR + 5%	(494)	(896)	-	-
SGD/MYR - 10%	1,153	2,091	-	-
SGD/AUD + 5%	1	-	-	-
SGD/AUD - 10%	(3)	-	-	-
New Zealand subsidiaries/branches				
NZ/EURO +15%	28	73	-	-
NZ/EURO -5%	(11)	(29)	-	-
NZ/USD +15%	6	-	-	-
NZ/USD -5%	(7)	-	-	-



**34 ■ Financial Risk Management (continued)**

The sensitivity increases and decreases in exchange rates have been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a 5-year historical data basis and market expectations for potential future movement. The movements in profit in 2008 are comparable with the movements in 2007. The movements in equity in 2008 are less sensitive than in 2007 because of the decreased use of hedges of foreign currency purchases.

**Parent entity**

There would be no impact on reported profit/loss or equity of the Parent entity following a movement in exchange rates, as the Parent entity does not undertake transactions denominated in foreign currency, hence the Parent entity is not exposed to foreign currency risk.

**(ii) ■ Interest Rate Risk Management**

Interest rate risk refers to the risk that movements in variable interest rates will affect financial performance by increasing interest expenses or reducing interest income.

Interest rate risk arises from financial assets and liabilities that are subject to floating interest rates. The consolidated entity's exposure to market interest rates relates primarily to:

- Cash and cash equivalents;
- Non-trade debts receivable from related parties and other unrelated persons;
- Non-trade amounts owing to commercial investors F.A.S.T.;
- Bank overdraft;
- Non-trade amounts owing to related parties;
- Borrowings; and
- Bills payable.

The consolidated entity manages the interest rate exposure by adjusting the ratio of fixed interest debt to variable interest debt to management's desired level based on current market conditions. Where the actual interest rate profile on the physical debt profile differs substantially from the desired target, the consolidated entity uses derivatives, principally interest rate swaps, to adjust towards the target net debt profile. Under the interest rate swaps the consolidated entity agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

30 June 2008	Principal Subject to Floating interest rate \$000	Fixed interest rate maturing in				Total \$000	Average interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000	Non- interest bearing \$000		Floating	Fixed
<b>Financial assets</b>								
Cash	28,795	29,020	-	-	6,845	64,660	0%-12.65%	0.55-3.3%
Consumer finance loans	-	386	128	-	23,327	23,841	-	9%-12.5%
Finance lease receivables	-	9,105	13,911	-	-	23,016	-	8%-12.5%
Trade debtors	-	-	-	-	952,217	952,217	-	-
Other financial assets	-	6,412	1,052	-	29,375	36,839	-	3.27%-6.8%
Non-trade debtors & loans	25,524	5,055	-	-	2,367	32,946	6.89%-10.7%	8%-12.5%
	54,319	49,978	15,091	-	1,014,131	1,133,519		
<b>Financial liabilities</b>								
Bank overdraft	125,762	-	-	-	-	125,762	2.05%-8.85%	-
Trade creditors	-	-	-	-	601,439	601,439	-	-
Finance lease liabilities	-	552	186	-	-	738	-	3.24%-9%
Commercial investors FAST	12,414	-	-	-	-	12,414	6.44%-8.27%	-
Other loans	33,860	76	-	-	1,674	35,610	6.46%-8.42%	9%
Bills payable (*)								
- Australia	124,660	-	-	-	-	124,660	6.53%-8.42%	-
- New Zealand	23,793	-	-	-	-	23,793	-	6.8%
- Singapore	3,434	-	-	-	-	3,434	2.72%-2.95%	-
- Slovenia	14,987	-	-	-	-	14,987	4.6%-5.7%	-
CMBS (*)	1,579	220,000	3,965	-	-	225,544	6.74%-8.45%	6.21%-6.8%
	340,489	220,628	4,151	-	603,113	1,168,381		

## 34 ■ Financial Risk Management (continued)

30 June 2007	Principal Subject to Floating interest rate \$000	Fixed interest rate maturing in				Total \$000	Average interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000	Non- interest bearing \$000		Floating	Fixed
<b>Financial assets</b>								
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		
<b>Financial liabilities</b>								
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		

\* 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.

**Sensitivity analysis**

The following sensitivity is based on interest rate risk exposures in existence at balance date:

A sensitivity of 100 basis points shift has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates. 100 basis points shift would represent four (4) rate increases which is reasonably possible in the current environment.

At 30 June 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

**34 ■ Financial Risk Management (continued)**

	CONSOLIDATED			
	Post Tax Profit		Equity	
	increase/(decrease)		increase/(decrease)	
	<b>2008</b>	2007	<b>2008</b>	2007
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
If there was 100 basis points higher in interest rates with all other variables held constant	<b>(578)</b>	(18)	<b>1,702</b>	4,634
If there was 100 basis points lower in interest rates with all other variables held constant	<b>578</b>	18	<b>(1,702)</b>	(4,579)

The movements in profit are due to higher/lower interest costs from variable rate debt and cash balances. The movement in equity is due to an increase/decrease in the fair value of derivative instruments designated as cash flow hedges.

The movements in profit in 2008 are more sensitive than the movements in 2007 as more financial liabilities are subject to variable interest rates. The movements in equity in 2008 are less sensitive than the movements in 2007 as less interest rate swaps qualified for hedge accounting, as such movements in interest rates will directly affect the income statement.

**Parent entity**

There would be no impact on reported profit/loss or equity of the Parent entity following a movement in interest rates, as the Parent entity does not have financial assets or financial liabilities that are subject to floating interest rates, hence the Parent entity is not exposed to interest rate risk.

**(iii) ■ Equity Price Risk Management**

The consolidated entity is exposed to equity price risk arising from equity investments. Equity investments are held for strategic rather than trading purposes. The consolidated entity does not actively trade these investments. The exposure to the risk of a general decline in equity market values is not hedged as the consolidated entity believes such a strategy is not cost effective. The fair value of the equity investments publicly traded on the ASX was \$23.52 million as at 30 June 2008. The fair value of the equity investments publicly traded on the NZX was \$3.75 million as at 30 June 2008.

As at 30 June 2008, if equity prices had been 10% higher/lower while all other variables are held constant, post tax profit and equity would have been affected as follows:

	CONSOLIDATED			
	Post Tax Profit		Equity	
	increase/(decrease)		increase/(decrease)	
	<b>2008</b>	2007	<b>2008</b>	2007
	<b>\$000</b>	\$000	<b>\$000</b>	\$000
If there was 10% increase movement in equity prices with all other variables held constant	<b>1,778</b>	379	<b>252</b>	525
If there was 10% decrease movement in equity prices with all other variables held constant	<b>(1,778)</b>	(379)	<b>(252)</b>	(525)

A sensitivity of 10% has been selected as this is considered reasonable given the current level of equity prices and the volatility observed on a historic basis and market expectations for future movement.

**Parent entity**

There would be no impact on reported profit/loss or equity of the Parent entity following a movement in equity prices, as the Parent entity does not have equity investments, hence the Parent entity is not exposed to equity price risk.

**34 ■ Financial Risk Management (continued)****(c) ■ Credit Risk**

Credit risk refers to the loss that the consolidated entity would incur if a debtor or other counterparty fails to perform under its contractual obligations.

Credit risk arises from the financial assets of the consolidated entity, which comprise trade and other receivables, other financial assets and derivative instruments. The consolidated entity's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

The consolidated entity's policies to limit its exposure to credit risks are as follows:

- Conducting appropriate due diligence on counterparties before entering into an arrangement with them. It is the consolidated entity's policy that all customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their independent credit rating, financial position, past experience and industry reputation. Risk limits are set for each individual customer in accordance with parameters set by the Board. These risk limits are regularly monitored; and
- For finance lease receivables or non-trade debts receivable from related parties and other unrelated persons, the consolidated entity obtains collateral with a value equal or in excess of the counterparties' obligation to the consolidated entity.

The consolidated entity minimises concentrations of credit risk by undertaking transactions with a large number of debtors in various countries and industries. In addition, receivable balances are monitored on an ongoing basis.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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:

<b>Location of credit risk</b>	<b>CONSOLIDATED</b>	
	<b>2008 \$000</b>	<b>2007 \$000</b>
Australia	<b>988,113</b>	998,139
New Zealand	<b>27,684</b>	27,053
Asia	<b>13,272</b>	30,867
Slovenia	<b>613</b>	1,291
Ireland	<b>3,825</b>	2,669
<b>Total</b>	<b>1,033,507</b>	1,060,019

**Parent entity**

Credit risk arises from the financial assets of the Parent entity, which comprise trade and other receivables and other financial assets. The Parent entity's exposure to credit risk arises from potential default of the controlled entities, with a maximum exposure equal to the carrying amount of these assets.

**(d) ■ Liquidity Risk**

Liquidity risk includes the risk that, as a result of the consolidated entity's operational liquidity requirements:

- the consolidated entity will not have sufficient funds to settle a transaction on the due date;
- the consolidated entity will be forced to sell financial assets at a value which is less than what they are worth; or
- the consolidated entity may be unable to settle or recover a financial asset at all.

To help reduce these risks, the consolidated entity:

- has readily accessible standby facilities and other funding arrangements in place; and
- maintains instruments that are tradeable in highly liquid markets.

**34 ■ Financial Risk Management (continued)**

The Board reviews this exposure on a monthly basis from a projected 12 month cash flow forecast, listing of banking facilities, explanations of variances from the prior month reports and current funding positions of the overseas controlled entities provided by the Finance Department.

The following table details the consolidated entity's remaining contractual maturity for its financial assets and financial liabilities. The financial assets have been disclosed based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The financial liabilities have been disclosed based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the consolidated entity can be required to pay.

<b>Year ended 30 June 2008 Consolidated</b>	<b>Less than 1 year \$000</b>	<b>1 to 2 years \$000</b>	<b>2 to 5 years \$000</b>	<b>Over 5 years \$000</b>	<b>Total \$000</b>
<b>Non derivative financial assets</b>					
Cash and cash equivalents	64,660	-	-	-	64,660
Trade and other receivables	1,003,969	13,289	7,934	-	1,025,192
Other financial assets	23,524	-	-	5,851	29,375
<b>Derivative financial assets</b>					
Derivatives	6,412	420	632	-	7,464
<b>Total financial assets</b>	<b>1,098,565</b>	<b>13,709</b>	<b>8,566</b>	<b>5,851</b>	<b>1,126,691</b>
<b>Non derivative financial liabilities</b>					
Trade and other payables	601,439	-	-	-	601,439
Interest bearing loans and borrowings	410,625	147,758	1,790	10,108	570,281
<b>Total financial liabilities</b>	<b>1,012,064</b>	<b>147,758</b>	<b>1,790</b>	<b>10,108</b>	<b>1,171,720</b>
<b>Net maturity</b>	<b>86,501</b>	<b>(134,049)</b>	<b>6,776</b>	<b>(4,257)</b>	<b>(45,029)</b>
<hr/>					
<b>Year ended 30 June 2007 Consolidated</b>	<b>Less than 1 year \$000</b>	<b>1 to 2 years \$000</b>	<b>2 to 5 years \$000</b>	<b>Over 5 years \$000</b>	<b>Total \$000</b>
<b>Non derivative financial assets</b>					
Cash and cash equivalents	165,875	-	-	-	165,875
Trade and other receivables	1,029,541	20,825	8,939	-	1,059,305
Other financial assets	3,144	-	-	10,361	13,505
<b>Derivative financial assets</b>					
Derivatives	-	4,781	933	-	5,714
<b>Total financial assets</b>	<b>1,198,560</b>	<b>25,606</b>	<b>9,872</b>	<b>10,361</b>	<b>1,244,399</b>
<b>Non derivative financial liabilities</b>					
Trade and other payables	635,227	-	-	-	635,227
Interest bearing loans and borrowings	319,764	236,897	33,666	11,493	601,820
<b>Total financial liabilities</b>	<b>954,991</b>	<b>236,897</b>	<b>33,666</b>	<b>11,493</b>	<b>1,237,047</b>
<b>Net maturity</b>	<b>243,569</b>	<b>(211,291)</b>	<b>(23,794)</b>	<b>(1,132)</b>	<b>7,352</b>

## 34 ■ Financial Risk Management (continued)

Year ended 30 June 2008 Parent	Less than 1 year \$000	1 to 2 years \$000	2 to 5 years \$000	Over 5 years \$000	Total \$000
<b>Non derivative financial assets</b>					
Trade and other receivables	-	-	-	1,239,850	1,239,850
Other financial assets	-	-	-	63,395	63,395
Total financial assets	-	-	-	1,303,245	1,303,245
<b>Non derivative financial liabilities</b>					
Trade and other payables	457	-	-	-	457
Total financial liabilities	457	-	-	-	457
Net maturity	(457)	-	-	1,303,245	1,302,788
<b>Year ended 30 June 2007 Parent</b>	<b>Less than 1 year \$000</b>	<b>1 to 2 years \$000</b>	<b>2 to 5 years \$000</b>	<b>Over 5 years \$000</b>	<b>Total \$000</b>
<b>Non derivative financial assets</b>					
Trade and other receivables	-	-	-	1,024,271	1,024,271
Other financial assets	-	-	-	63,394	63,394
Total financial assets	-	-	-	1,087,665	1,087,665
<b>Non derivative financial liabilities</b>					
Trade and other payables	298	-	-	-	298
Total financial liabilities	298	-	-	-	298
Net maturity	(298)	-	-	1,087,665	1,087,367

For detailed information on financing facilities available as at year end, refer to note 20 (c) of the Annual Report.

## (e) ■ Fair Value of Financial Instruments

The fair value of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- The fair value of current trade receivables and payables is assessed to equal carrying value due to the short-term nature of the assets.
- The fair value of derivative instruments, are calculated using quoted prices. Where such prices are not available use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives, and option pricing models for optional derivatives.

**Quoted prices**

Financial assets in this category include listed shares held for trading and listed shares held for sale.

**Derivatives**

Foreign currency forward contracts are measured using quoted forward exchange rates. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates.

As at 30 June 2008 and 30 June 2007, the carrying amounts of financial assets and financial liabilities recorded in the financial statements approximates their fair value.

**34 ■ Financial Risk Management (continued)****(f) ■ Capital Risk Management Policy**

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

Management are constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, management may change the amount of dividends to be paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the consolidated entity consists of debt, which includes the borrowings disclosed in note 17 and 20, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 22, 23 and 24 respectively. None of the consolidated entity's entities are subject to externally imposed capital requirements.

Management monitor capital through the debt to equity ratio (borrowings / total equity). The target for the consolidated entity's debt to equity ratio is a tolerance level of up to 50%. The debt to equity ratios based on continuing operations at 30 June 2008 and 2007 were as follows:

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Borrowings (a)	518,181	510,083	-	-
Total equity	1,947,152	1,742,152	1,269,216	1,013,520
Debt to equity ratio	26.6%	29.3%	-	-

If cash and cash equivalents were to be deducted from total borrowings, the debt to equity ratio would have been 23.3% for the year ended 30 June 2008 and 19.8% for the year ended 30 June 2007.

- (a) Borrowings for the purpose of calculating this debt to equity ratio consists of:
- Bank overdraft
  - Other short-term borrowings
  - Commercial bills payable (current and non-current);
  - Commercial mortgage backed securities (current and non-current)



**35 ■ Derivative Financial Instruments****(a) ■ Financial Assets and Liabilities by Category**

<b>At 30 June 2008 Consolidated</b>	<b>Total</b>	<b>Loans and receivables</b>	<b>Available for sale invest- ments</b>	<b>Held to maturity investment</b>	<b>Other financial assets and liabilities</b>
	\$000	\$000	\$000	\$000	\$000
<b>Current Financial Assets</b>					
Cash and cash equivalents (note 27 (a))	64,660	64,660	-	-	-
Trade and other receivables (note 6)	1,001,426	1,001,426	-	-	-
Other financial assets (note 7)	29,936	-	-	-	29,936
Total current financial assets	1,096,022	1,066,086	-	-	29,936
<b>Non-Current Financial Assets</b>					
Trade and other receivables (note 11)	19,879	19,879	-	-	-
Other financial assets (note 12)	6,903	-	3,747	-	3,156
Total non-current financial assets	26,782	19,879	3,747	-	3,156
Total Financial Assets	1,122,804	1,085,965	3,747	-	33,092
<b>Current Financial Liabilities</b>					
Trade and other payables (note 16)	601,439	-	-	-	601,439
Interest-bearing loans and borrowings (note 17)	416,580	-	-	-	416,580
Total current financial liabilities	1,018,019	-	-	-	1,018,019
<b>Non-Current Financial Liabilities</b>					
Interest-bearing loans and borrowings (note 20)	150,363	-	-	-	150,363
Total non-current financial liabilities	150,363	-	-	-	150,363
Total financial Liabilities	1,168,382	-	-	-	1,168,382
<b>At 30 June 2007 Consolidated</b>					
	\$000	\$000	\$000	\$000	\$000
<b>Current Financial Assets</b>					
Cash and cash equivalents (note 27(a))	165,875	165,875	-	-	-
Trade and other receivables (note 6)	1,028,180	1,028,180	-	-	-
Other financial assets (note 7)	3,144	-	-	-	3,144
Total current financial assets	1,197,199	1,194,055	-	-	3,144
<b>Non-Current Financial Assets</b>					
Trade and other receivables (note 11)	24,982	24,982	-	-	-
Other financial assets (note 12)	16,075	-	7,857	-	8,218
Total non-current financial assets	41,057	24,982	7,857	-	8,218
Total Financial Assets	1,238,256	1,219,037	7,857	-	11,362
<b>Current Financial Liabilities</b>					
Trade and other payables (note 16)	635,227	-	-	-	635,227
Interest-bearing loans and borrowings (note 17)	110,526	-	-	-	110,526
Total current financial liabilities	745,753	-	-	-	745,753
<b>Non-Current Financial Liabilities</b>					
Interest-bearing loans and borrowings (note 20)	457,030	-	-	-	457,030
Total non-current financial liabilities	457,030	-	-	-	457,030
Total financial Liabilities	1,202,783	-	-	-	1,202,783

**35 ■ Derivative Financial Instruments (continued)****(b) ■ Hedging Instruments**

The following table details the derivative hedging instruments as at balance date. The fair value of a hedging derivative is classified as a non current asset or liability if the remaining maturity of the hedged item is more than 12 months and as a current asset or liability if the remaining maturity of the hedged item is less than 12 months.

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
<b>Current Assets</b>				
Interest swap contracts – cash flow hedges	6,412	-	-	-
<b>Non-current Assets</b>				
Interest rate swap contracts – cash flow hedges	1,046	6,856	-	-
Forward currency contracts – cash flow hedges	6	(1,142)	-	-

**(i) ■ Forward foreign currency exchange contracts – cash flow hedges**

The consolidated entity purchases inventories from various overseas countries. As such, the consolidated entity is exposed to foreign exchange risk from various currency exposures, primarily with respect to:

- United States dollars; and
- Euro.

In order to protect against exchange rate movements and to manage the inventory costing process, the consolidated entity has entered into forward exchange contracts to purchase US dollars and Euro. These contracts are hedging highly probable forecasted purchases and they are timed to mature when payments are scheduled to be made.

The cash flows are expected to occur within 6 months and the profit and loss will be affected over the next year as the inventory is sold. The following table details the forward foreign currency contracts outstanding as at reporting date:

Currency	Average Exchange Rate		CONSOLIDATED			
			2008		2007	
	2008	2007	Buy \$000	Sell \$000	Buy \$000	Sell \$000
<b>Euro</b>						
6 months or less	61.14	60.64	1,675	-	2,235	-
<b>US Dollar</b>						
6 months or less	94.91	78.19	29	-	14,821	-
<b>Total</b>			1,704	-	17,056	-

The forward currency contracts are considered to be highly effective hedges as they are matched against forecast inventory purchases and firm committed invoice payments for inventory purchases. During the period the hedges were 100% effective (2007: 100% effective), therefore, gain or loss on the contracts attributable to the hedged risk is taken directly to equity. When the inventory is delivered the amount recognised in equity is adjusted to the stock account in the balance sheet.

Movement in forward currency contract cash flow hedge reserve:

	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
	Increase/(Decrease)		Increase/(Decrease)	
Opening balance	(927)	(7)	-	-
Transferred to inventory	927	-	-	-
Deconsolidation of controlled entity	-	7	-	-
Charged to equity	5	(927)	-	-
<b>Closing balance</b>	<b>5</b>	<b>(927)</b>	<b>-</b>	<b>-</b>

**35 ■ Derivative Financial Instruments (continued)****(ii) ■ Interest Rate Swap Contracts – cash flow hedges**

Under interest rate swap contracts, the consolidated entity agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the consolidated entity to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt held.

The following table details the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

Outstanding floating for fixed contracts	Average contracted fixed interest rate	Notional principal amount	Fair value
<b>30 June 2008</b>			
Less than 1 year	6.19%	320,000,000	6,411,960
1 to 2 years	6.80%	27,757,951	418,719
2 to 5 years	3.27%	24,034,793	627,281
<b>30 June 2007</b>			
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 swaps settle on a quarterly basis. The floating rate on the Australian interest rate swaps is the Australian BBSW. The floating rate on the interest rate swaps entered into in New Zealand is the New Zealand BBSW. During year 2007, all swaps are matched directly against the appropriate loans and interest expense and as such are considered highly effective. The settlement dates coincide with the dates on which interest is payable on the underlying debt and they are settled on a net basis. All hedges were 100% effective, therefore, gain or loss on the contracts attributable to the hedged risk is taken directly to equity. For the year ended 30 June 2008, one Australian interest rate swap and one New Zealand interest rate swap which qualified for hedge accounting for the year ended 30 June 2007 no longer qualified for hedge accounting during the current financial year. The notional amounts and the interest reset dates of both swaps no longer matched the principal amounts and the interest reset dates of the underlying debts. The hedges are not highly effective, therefore gain or loss on the interest rate swaps is taken directly to the income statement.

During the current financial year, a Singapore controlled entity entered into an interest rate swap which does not qualify for hedge accounting as the hedge is not highly effective, therefore gain or loss on the interest rate swap is taken directly to the income statement.

Movement in interest rate swap contract cash flow hedge reserve:

	CONSOLIDATED		PARENT	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
	Increase/(Decrease)		Increase/(Decrease)	
Opening balance	4,768	4,262	-	-
Transferred to interest expense/interest income	(1,642)	(1,535)	-	-
Charged to equity	408	2,041	-	-
Closing balance	3,534	4,768	-	-
Unrealised gain on interest rate swaps recognised immediately in profit and loss	2,507	-	-	-

## 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	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
FRANCHISING OPERATIONS	-	-	2,807	754	69,866	83,932
Retail – New Zealand	-	-	2,718	3,610	10,546	12,683
Retail – Rebel Sport	-	-	-	-	-	-
Retail – Asia	-	-	3,078	2,681	5,377	6,165
Retail – Slovenia	-	-	563	306	793	2,677
Retail – Ireland	-	-	1,551	1,335	24,328	9,919
Other Non-Franchised Retail	-	-	2,179	7,107	8,585	2,208
<b>TOTAL RETAIL</b>	-	-	<b>10,089</b>	<b>15,039</b>	<b>49,629</b>	<b>33,652</b>
Retail Property	113,463	68,299	(2,072)	(4,522)	111,839	24,892
Property Under Construction for Retail	57,145	36,192	406	(1,110)	54,259	73,152
Property Development for Resale	16,614	1,925	5,338	343	11,112	32
<b>TOTAL PROPERTY</b>	<b>187,222</b>	<b>106,416</b>	<b>3,672</b>	<b>(5,289)</b>	<b>177,210</b>	<b>98,076</b>
Financial Services	-	-	3,525	2,499	17,768	21,393
Share Trading	-	-	-	-	(400)	-
<b>TOTAL OTHER</b>	-	-	<b>3,525</b>	<b>2,499</b>	<b>17,368</b>	<b>21,393</b>
Eliminations	-	-	-	-	-	-
<b>CONSOLIDATED</b>	<b>187,222</b>	<b>106,416</b>	<b>20,093</b>	<b>13,003</b>	<b>314,072</b>	<b>237,053</b>

	CONSOLIDATED Investment		CONSOLIDATED Share of net profit/(loss)	
	June 2008 \$000	June 2007 \$000	June 2008 \$000	June 2007 \$000

**37 ■ Associates and Joint Venture Entities**

Joint venture entities	<b>187,222</b>	106,416	<b>3,673</b>	5,289
Total accounted for using equity method	<b>187,222</b>	106,416	<b>3,673</b>	5,289

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

Name and Principal activities	Ownership Interest		Contribution to Net Profit (Loss)		Contribution to Property revaluation	
	June 2008 %	June 2007 %	June 2008 \$000	June 2007 \$000	June 2008 \$000	June 2007 \$000
NZ						
- Lincoln Junction	<b>50%</b>	-	<b>(40)</b>	-	-	-
Noarlunga						
- Shopping complex	<b>50%</b>	50%	<b>174</b>	133	<b>1,953</b>	866
Perth City West						
- Shopping complex	<b>50%</b>	50%	<b>1,662</b>	2,058	<b>27,597</b>	-
Bathurst						
- Shopping complex and warehouse	<b>sold</b>	sold	-	38	-	-
Kelso						
- Development of land for resale	<b>50%</b>	50%	<b>41</b>	78	-	-
Tweed Heads – Stage 1						
- Shopping complex	<b>50%</b>	50%	<b>971</b>	922	<b>8,234</b>	-
Warrawong King St (a)						
- Shopping complex	<b>62.5%</b>	62.5%	<b>934</b>	1,096	<b>(640)</b>	-
Tweed Heads Traders Way						
- Building development	<b>50%</b>	50%	<b>95</b>	(5)	-	-
Sylvania						
- Residential development	<b>40%</b>	40%	<b>(230)</b>	(419)	-	-
Warrawong Homestarters (b)						
- Retail shop	<b>100%</b>	50%	<b>55</b>	148	<b>(269)</b>	-
Mentone						
- Shopping complex/residential	<b>50%</b>	50%	<b>368</b>	1,133	-	-
Byron Bay						
- Residential/convention development	<b>50%</b>	50%	<b>(960)</b>	(1,142)	-	-
Byron Bay (2)						
- Resort operations	<b>50%</b>	50%	<b>(5,652)</b>	682	-	-
Dubbo						
- Shopping complex / building	<b>50%</b>	50%	<b>526</b>	514	<b>323</b>	-
Cubitt						
- Showroom and warehouse	<b>50%</b>	50%	<b>89</b>	56	<b>374</b>	-
Cambridge						
- Building and office complex/building	<b>50%</b>	50%	<b>5,640</b>	(3)	-	-
			<b>3,673</b>	5,289	<b>37,572</b>	866

- (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.
- (b) The consolidated entity acquired all interests not held by the consolidated entity in December 2007 for a price of \$2.5 million.

**37 ■ Associates and Joint Venture Entities (continued)****Aggregate carrying amounts of joint venture entities**

	CONSOLIDATED 2008			Total carrying amount \$000
	Retained Profits \$000	Other Reserves \$000	Cost \$000	
Balance at the beginning of the year	-	6,019	100,397	106,416
Movements during the year:				
Capital contributions	-	-	46,613	46,613
Revaluation increment	-	38,481	-	38,481
Revaluation decrement	-	(909)	-	(909)
Distributions received	(3,673)	-	(3,379)	(7,052)
Share of net profit	3,673	-	-	3,673
Balance at the end of the year	-	43,591	143,631	187,222

	CONSOLIDATED 2007			Total carrying amount \$000
	Retained Profits \$000	Other Reserves \$000	Cost \$000	
Balance at the beginning of the year	-	5,153	90,912	96,065
Movements during the year:				
Capital contributions	-	-	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

**Financial summary of joint venture entities**

	CONSOLIDATED	
	2008 \$000	2007 \$000
Current assets	40,792	21,445
Non-current assets	248,008	189,341
Current liabilities	(8,019)	(7,801)
Non-current liabilities	-	(56)
Net Assets	280,781	202,929
Revenues	44,591	26,982
Expenses	(24,835)	(16,683)
Profit from ordinary activities before income tax expense	19,756	10,299
Income tax expense relating to ordinary activities	-	-
Net profit	19,756	10,299
Share of net profit of joint venture entities	3,673	5,289

## 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 <sup>1</sup>	Calardu Campbelltown Pty Limited <sup>1</sup>	Calardu Mudgee Pty Limited <sup>1</sup>
A.C.N. 129 515 993 Pty Limited <sup>1,6</sup>	Calardu Cannington Pty Limited	Calardu Munno Para Pty Limited <sup>1</sup>
ABSC Online Pty Limited <sup>1,28</sup>	Calardu Caringbah (Taren Point) Pty Limited <sup>1</sup>	Calardu Noarlunga Pty Limited <sup>1</sup>
Achiever Computers Pty Ltd <sup>1</sup>	Calardu Caringbah Pty Limited <sup>1</sup>	Calardu Noosa Pty Limited
Aloku Pty Limited	Calardu Chatswood Pty Limited <sup>1</sup>	Calardu North Ryde Pty Limited <sup>1</sup>
Anwarah Pty Limited	Calardu Crows Nest Pty Limited <sup>1</sup>	Calardu Northbridge Pty Limited
Arisit Pty Limited <sup>1,2,18</sup>	Calardu Cubitt Pty Limited <sup>1</sup>	Calardu Nowra Pty Limited <sup>1</sup>
Arlenu Pty Limited	Calardu Darwin Pty Limited <sup>1</sup>	Calardu Penrith Pty Limited
Armidale Holdings Pty Limited <sup>1,22</sup>	Calardu Dubbo Pty Limited <sup>1</sup>	Calardu Perth City West Pty Limited <sup>1</sup>
Arpayo Pty Limited	Calardu Emerald Pty Limited <sup>1,6</sup>	Calardu Port Macquarie Pty Limited
Asian Connections International Pty Limited <sup>1,6</sup>	Calardu Frankston Pty Limited <sup>1</sup>	Calardu Preston Pty Limited
Aspley Furniture Pty Limited <sup>1</sup>	Calardu Frankston WH Pty Limited <sup>1,6</sup>	Calardu Pty Limited
Aubdirect Pty Limited <sup>1</sup>	Calardu Fyshwick DM Pty Limited <sup>1</sup>	Calardu Queensland Pty Limited
Australian Business Skills Centre Pty Limited <sup>1,24</sup>	Calardu Gepps Cross Pty Limited <sup>1,6</sup>	Calardu Raine Square Pty Limited <sup>1</sup>
Balwondou Pty Limited	Calardu Gladstone Pty Limited <sup>1</sup>	Calardu Richmond Pty Limited
Barrayork Pty Limited <sup>1</sup>	Calardu Gordon Pty Limited <sup>1</sup>	Calardu Rockhampton Pty Limited <sup>1</sup>
Becto Pty Limited	Calardu Guildford Pty Limited <sup>1</sup>	Calardu Rockingham Pty Limited
Bellevue Hill Pty Limited <sup>1</sup>	Calardu Gympie Pty Limited <sup>1</sup>	Calardu Roselands Pty Limited <sup>1</sup>
Bencoolen Properties Pte Limited <sup>6,16</sup>	Calardu Hervey Bay Pty Limited <sup>1</sup>	Calardu Mount Isa Pty Limited <sup>1</sup>
Bestest Pty Limited	Calardu Hobart Pty Limited <sup>1</sup>	Calardu Mt Gambier Pty Limited <sup>1</sup>
Bossee Pty Limited <sup>1</sup>	Calardu Hoppers Crossing Pty Limited <sup>1</sup>	Calardu Mudgee Pty Limited <sup>1</sup>
Bradiz Pty Limited	Calardu Horsham Pty Limited <sup>1</sup>	Calardu Munno Para Pty Limited <sup>1</sup>
Braxpine Pty Limited	Calardu Jandakot Pty Limited <sup>1,6</sup>	Calardu Noarlunga Pty Limited <sup>1</sup>
Byron Bay Facilities Pty Limited <sup>1,25</sup>	Calardu Joondalup Pty Limited	Calardu Noosa Pty Limited
Byron Bay Management Pty Limited <sup>1,26</sup>	Calardu Kalgoorlie Oswald St Pty Limited <sup>1</sup>	Calardu North Ryde Pty Limited <sup>1</sup>
Caesar Mosaics Pty Limited <sup>1</sup>	Calardu Kalgoorlie Pty Limited <sup>1</sup>	Calardu Northbridge Pty Limited
Calardu Albany Pty Limited <sup>1</sup>	Calardu Karana Downs Pty Limited <sup>1</sup>	Calardu Nowra Pty Limited <sup>1</sup>
Calardu Albury Pty Limited <sup>1</sup>	Calardu Karratha Pty Limited <sup>1</sup>	Calardu Penrith Pty Limited
Calardu Alexandria DM Pty Limited	Calardu Kawana Waters Pty Limited <sup>1</sup>	Calardu Perth City West Pty Limited <sup>1</sup>
Calardu Alexandria WH Pty Limited <sup>1,6</sup>	Calardu Kemblawarra Pty Limited <sup>1</sup>	Calardu Port Macquarie Pty Limited
Calardu Alice Springs Pty Limited <sup>1</sup>	Calardu Kingaroy Pty Limited <sup>1</sup>	Calardu Preston Pty Limited
Calardu Armadale WA Pty Limited <sup>1</sup>	Calardu Kotara Pty Limited <sup>1,6</sup>	Calardu Pty Limited
Calardu Armidale Pty Limited <sup>1</sup>	Calardu Launceston Pty Limited <sup>1</sup>	Calardu Queensland Pty Limited
Calardu Auburn Pty Limited <sup>1</sup>	Calardu Loganholme Pty Limited <sup>1</sup>	Calardu Raine Square Pty Limited <sup>1</sup>
Calardu Ballarat Pty Limited <sup>1</sup>	Calardu Maitland Pty Limited <sup>1</sup>	Calardu Richmond Pty Limited
Calardu Ballina No. 1 Pty Limited <sup>1,6</sup>	Calardu Malaga Pty Limited <sup>1</sup>	Calardu Rockhampton Pty Limited <sup>1</sup>
Calardu Ballina Pty Limited <sup>1</sup>	Calardu Mandurah Pty Limited <sup>1</sup>	Calardu Rockingham Pty Limited
Calardu Bathurst Pty Limited <sup>1</sup>	Calardu Maribyrnong Pty Limited	Calardu Roselands Pty Limited <sup>1</sup>
Calardu Beaufort Street Pty Limited <sup>1</sup>	Calardu Marion Pty Limited	Calardu Rutherford Pty Limited <sup>1</sup>
Calardu Belrose DM Pty Limited <sup>1</sup>	Calardu Maroochydore Pty Limited <sup>1</sup>	Calardu Sale Pty Limited <sup>1</sup>
Calardu Berri (SA) Pty Limited <sup>1</sup>	Calardu Maroochydore Warehouse Pty Limited <sup>1,6</sup>	Calardu Silverwater Pty Limited <sup>1</sup>
Calardu Berrimah Pty Limited <sup>1</sup>	Calardu Maryborough Pty Limited <sup>1</sup>	Calardu South Australia Pty Limited
Calardu Broadmeadow Pty Limited <sup>1</sup>	Calardu Melville Pty Limited	Calardu Springvale Pty Limited <sup>1</sup>
Calardu Broadmeadows VIC Pty Limited <sup>1</sup>	Calardu Mentone Pty Limited <sup>1</sup>	Calardu Swan Hill Pty Limited <sup>1</sup>
Calardu Brown Plains No. 1 Pty Limited <sup>1,6</sup>	Calardu Midland Pty Limited <sup>1</sup>	Calardu Sylvania Pty Limited <sup>1</sup>
Calardu Browns Plains Pty Limited <sup>1</sup>	Calardu Milton Pty Limited <sup>1</sup>	Calardu Taree Pty Limited <sup>1,6</sup>
Calardu Bunbury (WA) Pty Limited	Calardu Morayfield Pty Limited <sup>1</sup>	Calardu Thebarton Pty Limited <sup>1</sup>
Calardu Bundall Pty Limited <sup>1</sup>	Calardu Moss Vale Pty Limited <sup>1</sup>	
Calardu Burnie Pty Limited <sup>1</sup>	Calardu Mount Isa Pty Limited <sup>1</sup>	
Calardu Cambridge Pty Limited <sup>1</sup>	Calardu Mt Gambier Pty Limited <sup>1</sup>	



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

Name	Name	Name
Calardu Toorak Pty Limited <sup>1</sup>	Domayne P.E.M. Pty Limited	H.N. Blacktown Franchisor Pty Limited
Calardu Townsville Pty Limited <sup>1</sup>	Domayne Plant & Equipment Pty Limited	H.N. Blacktown Leasing Pty Limited <sup>1</sup>
Calardu Tweed Heads Pty Limited	Domayne Pty Limited <sup>1</sup>	H.N. Bondi Junction Franchisor Pty Limited <sup>1</sup>
Calardu Tweed Heads Traders Way Pty Limited <sup>1</sup>	Dubbo JV Pty Limited <sup>1</sup>	H.N. Bondi Junction Leasing Pty Limited <sup>1</sup>
Calardu Vicfarm Pty Limited <sup>1</sup>	Durslee Pty Limited	H.N. Broadmeadow (VIC) Franchisor Pty Limited <sup>1</sup>
Calardu Victoria Pty Limited	Edbrook Everton Park Pty Limited <sup>1</sup>	H.N. Broadmeadow (VIC) Leasing Pty Limited <sup>1</sup>
Calardu Warrawong (Homestarters) Pty Limited <sup>1</sup>	Edbrook Pty Limited <sup>6</sup>	H.N. Broadway (Sydney) Franchisor Pty Limited
Calardu Warrawong Pty Limited <sup>1</sup>	Farane Pty Limited	H.N. Broadway (Sydney) Leasing Pty Limited <sup>1</sup>
Calardu Warrnambool Pty Limited	Flormonda Pty Limited	H.N. Broadway on the Mall Franchisor Pty Limited
Calardu Warwick Pty Limited <sup>1</sup>	Forgetful Pty Limited <sup>1</sup>	H.N. Broadway on the Mall Leasing Pty Limited <sup>1</sup>
Calardu West Gosford Pty Limited <sup>1</sup>	Ganoru Pty Limited	H.N. Brooklyn Franchisor Pty Limited <sup>1</sup>
Calardu Whyalla Pty Limited <sup>1</sup>	Generic Publications Pty Limited <sup>1</sup>	H.N. Brooklyn Leasing Pty Limited <sup>1</sup>
Calardu Wivenhoe Pty Limited <sup>1</sup>	Geraldton WA Pty Limited <sup>1</sup>	H.N. Browns Plains Franchisor Pty Limited
Carlando Pty Limited	Gestco Greensborough Pty Limited	H.N. Browns Plains Leasing Pty Limited <sup>1</sup>
Charmela Pty Limited	Gestco Pty Limited	H.N. Bunbury Franchisor Pty Limited
Clambruno Pty Limited	Glo Light Pty Limited <sup>1,23</sup>	H.N. Bunbury Leasing Pty Limited <sup>1</sup>
Consolidated Design Group Pty Ltd <sup>1,6</sup>	H.N. Adelaide CK Franchisor Pty Limited	H.N. Bundaberg Franchisor Pty Limited
Cropp Pty Limited <sup>1</sup>	H.N. Adelaide CK Leasing Pty Limited <sup>1</sup>	H.N. Bundaberg Leasing Pty Limited <sup>1</sup>
D.M. Alexandria Franchisor Pty Limited	H.N. Albany Franchisor Pty Limited	H.N. Bundall Franchisor Pty Limited
D.M. Alexandria Leasing Pty Limited <sup>1</sup>	H.N. Albany Leasing Pty Limited <sup>1</sup>	H.N. Bundall Leasing Pty Limited <sup>1</sup>
D.M. Alexandria Licencing Pty Limited <sup>1</sup>	H.N. Albury Franchisor Pty Limited	H.N. Burleigh Heads Franchisor Pty Limited
D.M. Auburn Franchisor Pty Limited	H.N. Albury Leasing Pty Limited <sup>1</sup>	H.N. Burleigh Heads Leasing Pty Limited <sup>1</sup>
D.M. Auburn Leasing Pty Limited <sup>1</sup>	H.N. Alexandria Franchisor Pty Limited <sup>1</sup>	H.N. Busselton Franchisor Pty Limited
D.M. Auburn Licencing Pty Limited <sup>1,6</sup>	H.N. Alexandria Leasing Pty Limited <sup>1</sup>	H.N. Busselton Leasing Pty Limited <sup>1</sup>
D.M. Belrose Franchisor Pty Limited <sup>1,6</sup>	H.N. Alice Springs Franchisor Pty Limited <sup>1</sup>	H.N. Cairns Franchisor Pty Limited
D.M. Belrose Leasing Pty Limited <sup>1,6</sup>	H.N. Alice Springs Leasing Pty Limited <sup>1</sup>	H.N. Cairns Leasing Pty Limited <sup>1</sup>
D.M. Bundall Franchisor Pty Limited	H.N. Armadale WA Franchisor Pty Limited	H.N. Campbelltown Franchisor Pty Limited
D.M. Bundall Leasing Pty Limited <sup>1</sup>	H.N. Armadale WA Leasing Pty Limited <sup>1</sup>	H.N. Campbelltown Leasing Pty Limited <sup>1</sup>
D.M. Castle Hill Franchisor Pty Limited <sup>1</sup>	H.N. Armidale Franchisor Pty Limited	H.N. Cannington W.A. Franchisor Pty Limited
D.M. Castle Hill Leasing Pty Limited <sup>1</sup>	H.N. Armidale Leasing Pty Limited <sup>1</sup>	H.N. Cannington W.A. Leasing Pty Limited <sup>1</sup>
D.M. Fyshwick Franchisor Pty Limited	H.N. Aspley Franchisor Pty Limited	H.N. Canonvale Franchisor Pty Limited <sup>1</sup>
D.M. Fyshwick Leasing Pty Limited <sup>1</sup>	H.N. Aspley Leasing Pty Limited <sup>1</sup>	H.N. Canonvale Leasing Pty Limited <sup>1</sup>
D.M. Kotara Franchisor Pty Limited	H.N. Auburn Franchisor Pty Limited	H.N. Capalaba Franchisor Pty Limited <sup>1</sup>
D.M. Kotara Leasing Pty Limited <sup>1</sup>	H.N. Auburn Leasing Pty Limited <sup>1</sup>	H.N. Capalaba Leasing Pty Limited <sup>1</sup>
D.M. Leicht Franchisor Pty Limited <sup>1</sup>	H.N. Ayr Franchisor Pty Limited	H.N. Cards Pty Limited <sup>1</sup>
D.M. Liverpool Franchisor Pty Limited	H.N. Ayr Leasing Pty Limited <sup>1</sup>	H.N. Carindale Franchisor Pty Limited
D.M. Liverpool Leasing Pty Limited <sup>1</sup>	H.N. Bairnsdale Franchisor Pty Limited	H.N. Carindale Leasing Pty Limited <sup>1</sup>
D.M. North Ryde Franchisor Pty Limited <sup>1</sup>	H.N. Bairnsdale Leasing Pty Limited <sup>1</sup>	H.N. Caringbah Franchisor Pty Limited
D.M. North Ryde Leasing Pty Limited <sup>1</sup>	H.N. Balgowlah Franchisor Pty Limited	H.N. Caringbah Leasing Pty Limited <sup>1</sup>
D.M. Penrith Franchisor Pty Limited	H.N. Balgowlah Leasing Pty Limited <sup>1</sup>	H.N. Castle Hill Franchisor Pty Limited <sup>1</sup>
D.M. Penrith Leasing Pty Limited <sup>1</sup>	H.N. Ballarat Franchisor Pty Limited	H.N. Castle Hill Leasing Pty Limited <sup>1</sup>
D.M. QVH Franchisor Pty Limited	H.N. Ballarat Leasing Pty Limited <sup>1</sup>	H.N. Chadstone Franchisor Pty Limited <sup>1</sup>
D.M. QVH Leasing Pty Limited <sup>1</sup>	H.N. Batemans Bay Franchisor Pty Limited <sup>1</sup>	H.N. Chadstone Leasing Pty Limited <sup>1</sup>
D.M. Warrawong Franchisor Pty Limited	H.N. Batemans Bay Leasing Pty Limited <sup>1</sup>	H.N. Chatswood Franchisor Pty Limited
D.M. Warrawong Leasing Pty Limited <sup>1</sup>	H.N. Bathurst Franchisor Pty Limited	H.N. Chatswood Leasing Pty Limited <sup>1</sup>
Daldere Pty Limited	H.N. Bathurst Leasing Pty Limited <sup>1</sup>	H.N. Chimside Park Franchisor Pty Limited
Dandolena Pty Limited	H.N. Belmont Franchisor Pty Limited	H.N. Chimside Park Leasing Pty Limited <sup>1</sup>
Demi Pty Limited	H.N. Belmont Leasing Pty Limited <sup>1</sup>	H.N. City Cross Franchisor Pty Limited <sup>1</sup>
Divonda Pty Limited	H.N. Bendigo Franchisor Pty Limited	H.N. City Cross Leasing Pty Limited <sup>1</sup>
Domain Holdings Pty Limited <sup>1</sup>	H.N. Bendigo Leasing Pty Limited <sup>1</sup>	H.N. City West Franchisor Pty Limited
Domayne Furnishing Pty Limited <sup>1</sup>	H.N. Bernoth Franchisor Pty Limited	H.N. City West Leasing Pty Limited <sup>1</sup>
Domayne Holdings Limited <sup>1,8,9</sup>	H.N. Bernoth Leasing Pty Limited <sup>1</sup>	H.N. Cleveland Franchisor Pty Limited <sup>1</sup>
Domayne Online.com Pty Limited <sup>1</sup>	H.N. Bernoth Plant & Equipment Pty Limited	

## ■ 38. Controlled Entities and Unit Trusts (continued)

## ■ Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
H.N. Cleveland Leasing Pty Limited <sup>1</sup>	H.N. Hoppers Crossing Leasing Pty Limited <sup>1</sup>	H.N. Midland Leasing Pty Limited <sup>1</sup>
H.N. Cobar Franchisor Pty Limited <sup>1</sup>	H.N. Horsham Franchisor Pty Limited	H.N. Mildura Franchisor Pty Limited
H.N. Cobar Leasing Pty Limited <sup>1</sup>	H.N. Horsham Leasing Pty Limited <sup>1</sup>	H.N. Mildura Leasing Pty Limited <sup>1</sup>
H.N. Coffs Harbour Franchisor Pty Limited	H.N. Indooroopilly Franchisor Pty Limited	H.N. Moe Franchisor Pty Limited
H.N. Coffs Harbour Leasing Pty Limited <sup>1</sup>	H.N. Indooroopilly Leasing Pty Limited <sup>1</sup>	H.N. Moe Leasing Pty Limited <sup>1</sup>
H.N. Coorparoo Franchisor Pty Limited <sup>1</sup>	H.N. Innisfail Franchisor Pty Limited	H.N. Moorabbin Franchisor Pty Limited
H.N. Coorparoo Leasing Pty Limited <sup>1</sup>	H.N. Innisfail Leasing Pty Limited <sup>1</sup>	H.N. Moorabbin Leasing Pty Limited <sup>1</sup>
H.N. Cranbourne Franchisor Pty Limited	H.N. Inverell Franchisor Pty Limited	H.N. Moore Park Franchisor Pty Limited
H.N. Cranbourne Leasing Pty Limited <sup>1</sup>	H.N. Inverell Leasing Pty Limited <sup>1</sup>	H.N. Moore Park Leasing Pty Limited <sup>1</sup>
H.N. Dalby Franchisor Pty Limited	H.N. Joondalup Franchisor Pty Limited	H.N. Morayfield Franchisor Pty Limited
H.N. Dalby Leasing Pty Limited <sup>1</sup>	H.N. Joondalup Leasing Pty Limited <sup>1</sup>	H.N. Morayfield Leasing Pty Limited <sup>1</sup>
H.N. Dandenong Franchisor Pty Limited	H.N. Kalgoorlie Franchisor Pty Limited	H.N. Moree Franchisor Pty Limited <sup>1</sup>
H.N. Dandenong Leasing Pty Limited <sup>1</sup>	H.N. Kalgoorlie Leasing Pty Limited <sup>1</sup>	H.N. Moree Leasing Pty Limited <sup>1</sup>
H.N. Darwin Franchisor Pty Limited	H.N. Karratha Franchisor Pty Limited	H.N. Morley Franchisor Pty Limited
H.N. Darwin Leasing Pty Limited <sup>1</sup>	H.N. Karratha Leasing Pty Limited <sup>1</sup>	H.N. Morley Leasing Pty Limited <sup>1</sup>
H.N. Deniliquin Franchisor Pty Limited	H.N. Kawana Waters Franchisor Pty Limited	H.N. Moss Vale Franchisor Pty Limited
H.N. Deniliquin Leasing Pty Limited <sup>1</sup>	H.N. Kawana Waters Leasing Pty Limited <sup>1</sup>	H.N. Moss Vale Leasing Pty Limited <sup>1</sup>
H.N. Dubbo Franchisor Pty Limited	H.N. Kingaroy Franchisor Pty Limited <sup>1,6</sup>	H.N. Mt Barker Franchisor Pty Limited <sup>1</sup>
H.N. Dubbo Leasing Pty Limited <sup>1</sup>	H.N. Kingaroy Leasing Pty Limited <sup>1,6</sup>	H.N. Mt Barker Leasing Pty Limited <sup>1</sup>
H.N. Enfield Franchisor Pty Limited	H.N. Knox Towerpoint Franchisor Pty Limited	H.N. Mt Gambier Franchisor Pty Limited
H.N. Enfield Leasing Pty Limited <sup>1</sup>	H.N. Knox Towerpoint Leasing Pty Limited <sup>1</sup>	H.N. Mt Gambier Leasing Pty Limited <sup>1</sup>
H.N. Everton Park Franchisor Pty Limited	H.N. Lake Haven Franchisor Pty Limited <sup>1</sup>	H.N. Mt Gravatt Franchisor Pty Limited
H.N. Everton Park Leasing Pty Limited <sup>1</sup>	H.N. Lake Haven Leasing Pty Limited <sup>1</sup>	H.N. Mt Gravatt Leasing Pty Limited <sup>1</sup>
H.N. Fortitude Valley Franchisor Pty Limited	H.N. Leichhardt Franchisor Pty Limited	H.N. Mt Isa Franchisor Pty Limited
H.N. Fortitude Valley Leasing Pty Limited <sup>1</sup>	H.N. Leichhardt Leasing Pty Limited <sup>1</sup>	H.N. Mt Isa Leasing Pty Limited <sup>1</sup>
H.N. Frankston Franchisor Pty Limited <sup>1,6</sup>	H.N. Lismore Franchisor Pty Limited	H.N. Mudgee Franchisor Pty Limited
H.N. Frankston Leasing Pty Limited <sup>1,6</sup>	H.N. Lismore Leasing Pty Limited <sup>1</sup>	H.N. Mudgee Leasing Pty Limited <sup>1</sup>
H.N. Fremantle Franchisor Pty Limited	H.N. Lithgow Franchisor Pty Limited <sup>1</sup>	H.N. Munno Para Franchisor Pty Limited
H.N. Fremantle Leasing Pty Limited <sup>1</sup>	H.N. Lithgow Leasing Pty Limited <sup>1</sup>	H.N. Munno Para Leasing Pty Limited <sup>1</sup>
H.N. Fyshwick Franchisor Pty Limited	H.N. Liverpool Franchisor Pty Limited	H.N. Muswellbrook Franchisor Pty Limited <sup>1</sup>
H.N. Fyshwick Leasing Pty Limited <sup>1</sup>	H.N. Liverpool Leasing Pty Limited <sup>1</sup>	H.N. Muswellbrook Leasing Pty Limited <sup>1</sup>
H.N. Geelong Franchisor Pty Limited	H.N. Loganholme Franchisor Pty Limited	H.N. Narre Warren Franchisor Pty Limited <sup>1</sup>
H.N. Geelong Leasing Pty Limited <sup>1</sup>	H.N. Loganholme Leasing Pty Limited <sup>1</sup>	H.N. Narre Warren Leasing Pty Limited <sup>1</sup>
H.N. Geraldton Leasing Pty Limited <sup>1</sup>	H.N. Loughran Contracting Pty Limited <sup>1</sup>	H.N. Newcastle Franchisor Pty Limited
H.N. Geraldton WA Franchisor Pty Limited	H.N. Mackay Franchisor Pty Limited	H.N. Newcastle Leasing Pty Limited <sup>1</sup>
H.N. Gladstone Franchisor Pty Limited	H.N. Mackay Leasing Pty Limited <sup>1</sup>	H.N. Newcastle West Franchisor Pty Limited <sup>1</sup>
H.N. Gladstone Leasing Pty Limited <sup>1</sup>	H.N. Maddington Franchisor Pty Limited	H.N. Newcastle West Leasing Pty Limited
H.N. Gordon Franchisor Pty Limited	H.N. Maddington Leasing Pty Limited <sup>1</sup>	H.N. Noarlunga Franchisor Pty Limited
H.N. Gordon Leasing Pty Limited <sup>1</sup>	H.N. Maitland Franchisor Pty Limited	H.N. Noarlunga Leasing Pty Limited <sup>1</sup>
H.N. Gosford Leasing Pty Limited <sup>1</sup>	H.N. Maitland Leasing Pty Limited <sup>1</sup>	H.N. Noosa Franchisor Pty Limited
H.N. Goulburn Franchisor Pty Limited <sup>1</sup>	H.N. Malaga Franchisor Pty Limited <sup>1</sup>	H.N. Noosa Leasing Pty Limited <sup>1</sup>
H.N. Goulburn Leasing Pty Limited <sup>1</sup>	H.N. Malaga Leasing Pty Limited <sup>1</sup>	H.N. Norwest Franchisor Pty Limited <sup>1</sup>
H.N. Grafton Franchisor Pty Limited	H.N. Mandurah Franchisor Pty Limited	H.N. Norwest Leasing Pty Limited <sup>1</sup>
H.N. Grafton Leasing Pty Limited <sup>1</sup>	H.N. Mandurah Leasing Pty Limited <sup>1</sup>	H.N. Nowra Franchisor Pty Limited
H.N. Greensborough Franchisor Pty Limited	H.N. Maribyrnong Franchisor Pty Limited	H.N. Nowra Leasing Pty Limited <sup>1</sup>
H.N. Greensborough Leasing Pty Limited <sup>2</sup>	H.N. Maribyrnong Leasing Pty Limited <sup>1</sup>	H.N. Nunawading Franchisor Pty Limited
H.N. Griffith Franchisor Pty Limited	H.N. Marion Franchisor Pty Limited	H.N. Nunawading Leasing Pty Limited <sup>1</sup>
H.N. Griffith Leasing Pty Limited <sup>1</sup>	H.N. Marion Leasing Pty Limited	H.N. O'Connor Franchisor Pty Limited
H.N. Hamilton Franchisor Pty Limited	H.N. Maroochydore Franchisor Pty Limited	H.N. O'Connor Leasing Pty Limited <sup>1</sup>
H.N. Hamilton Leasing Pty Limited <sup>1</sup>	H.N. Maroochydore Leasing Pty Limited <sup>1</sup>	H.N. Oakleigh CK Franchisor Pty Limited
H.N. Hervey Bay Franchisor Pty Limited	H.N. Martin Place Sydney Franchisor Pty Limited	H.N. Oakleigh CK Leasing Pty Limited <sup>1</sup>
H.N. Hervey Bay Leasing Pty Limited <sup>1</sup>	H.N. Martin Place Sydney Leasing Pty Limited <sup>1</sup>	H.N. Orange Franchisor Pty Limited
H.N. Hoppers Crossing Franchisor Pty Limited	H.N. Midland Franchisor Pty Limited	H.N. Orange Leasing Pty Limited <sup>1</sup>

## ■ 38. Controlled Entities and Unit Trusts (continued)

## ■ Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
H.N. Osborne Park Franchisor Pty Limited	H.N. Vic/Tas Commercial Project Leasing Pty Limited <sup>1</sup>	Harvey Norman Corporate Air Pty Limited <sup>1</sup>
H.N. Osborne Park Leasing Pty Limited <sup>1</sup>	H.N. Wagga Franchisor Pty Limited	Harvey Norman Devonport Franchisor Pty Limited
H.N. Oxley Franchisor Pty Limited	H.N. Wagga Leasing Pty Limited <sup>1</sup>	Harvey Norman Devonport Leasing Pty Limited <sup>1</sup>
H.N. Oxley Leasing Pty Limited <sup>1</sup>	H.N. Wangaratta Franchisor Pty Limited	Harvey Norman Education and Training Pty Limited <sup>1,6</sup>
H.N. Pacific Fair Franchisor Pty Limited <sup>1</sup>	H.N. Wangaratta Leasing Pty Limited <sup>1</sup>	Harvey Norman Energy Pty Limited
H.N. Pacific Fair Leasing Pty Limited <sup>1</sup>	H.N. Warragul Franchisor Pty Limited	Harvey Norman Europe d.o.o. <sup>1,11</sup>
H.N. Parkes Franchisor Pty Limited	H.N. Warragul Leasing Pty Limited <sup>1</sup>	Harvey Norman Export Pty Limited
H.N. Parkes Leasing Pty Limited <sup>1</sup>	H.N. Warrawong Franchisor Pty Limited	Harvey Norman Fitouts Pty Limited <sup>1</sup>
H.N. Penrith Franchisor Pty Limited	H.N. Warrawong Leasing Pty Limited <sup>1</sup>	Harvey Norman Furnishing Pty Limited <sup>1</sup>
H.N. Penrith Leasing Pty Limited <sup>1</sup>	H.N. Warmambool Franchisor Pty Limited	Harvey Norman Gamezone Pty Limited <sup>1</sup>
H.N. Peppermint Grove Franchisor Pty Limited	H.N. Warmambool Leasing Pty Limited <sup>1</sup>	Harvey Norman Glenorchy Franchisor Pty Limited
H.N. Peppermint Grove Leasing Pty Limited <sup>1</sup>	H.N. Warwick (WA) Franchisor Pty Limited	Harvey Norman Glenorchy Leasing Pty Limited <sup>1</sup>
H.N. Port Hedland Franchisor Pty Limited	H.N. Warwick (WA) Leasing Pty Limited <sup>1</sup>	Harvey Norman Hobart Franchisor Pty Limited
H.N. Port Hedland Leasing Pty Limited <sup>1</sup>	H.N. Warwick Franchisor Pty Limited	Harvey Norman Hobart Leasing Pty Limited <sup>1</sup>
H.N. Port Kennedy Franchisor Pty Limited	H.N. Warwick Leasing Pty Limited <sup>1</sup>	Harvey Norman Holdings (Ireland) Limited <sup>1,20,29</sup>
H.N. Port Kennedy Leasing Pty Limited <sup>1</sup>	H.N. Watergardens Franchisor Pty Limited	Harvey Norman Home Cellars Pty Limited <sup>1</sup>
H.N. Port Macquarie Franchisor Pty Limited	H.N. Watergardens Leasing Pty Limited <sup>1</sup>	Harvey Norman Home Loans Pty Limited <sup>1</sup>
H.N. Port Macquarie Leasing Pty Limited <sup>1</sup>	H.N. Waurm Ponds Franchisor Pty Limited	Harvey Norman Home Starters Pty Limited <sup>1</sup>
H.N. Preston Franchisor Pty Limited	H.N. Waurm Ponds Leasing Pty Limited <sup>1</sup>	Harvey Norman Homemaker Centre Pty Limited <sup>1</sup>
H.N. Preston Leasing Pty Limited <sup>1</sup>	H.N. West Gosford Franchisor Pty Limited	Harvey Norman Launceston Franchisor Pty Limited
H.N. Riverwood Franchisor Pty Limited <sup>1</sup>	H.N. West Wyalong Franchisor Pty Limited <sup>1,6</sup>	Harvey Norman Launceston Leasing Pty Limited <sup>1</sup>
H.N. Riverwood Leasing Pty Limited <sup>1</sup>	H.N. West Wyalong Leasing Pty Limited <sup>1,6</sup>	Harvey Norman Leasing (Blanchardstown) Limited <sup>1,19,20</sup>
H.N. Rockhampton Franchisor Pty Limited	H.N. Whyalla Franchisor Pty Limited	Harvey Norman Leasing (Cork) Limited <sup>1,19,20</sup>
H.N. Rockhampton Leasing Pty Limited <sup>1</sup>	H.N. Whyalla Leasing Pty Limited <sup>1</sup>	Harvey Norman Leasing (Drogheda) Limited <sup>1,19,20</sup>
H.N. Rothwell Franchisor Pty Limited <sup>1,6</sup>	H.N. Wiley Park Franchisor Pty Limited	Harvey Norman Leasing (Dublin) Limited <sup>1,19,20</sup>
H.N. Rothwell Leasing Pty Limited <sup>1,6</sup>	H.N. Wiley Park Leasing Pty Limited <sup>1</sup>	Harvey Norman Leasing (Dundalk) Limited <sup>1,19,20</sup>
H.N. Salamander Bay Franchisor Pty Limited <sup>1</sup>	H.N. Windsor Franchisor Pty Limited	Harvey Norman Leasing (Eastgate) Limited <sup>1,19,20</sup>
H.N. Salamander Bay Leasing Pty Limited <sup>1</sup>	H.N. Windsor Leasing Pty Limited <sup>1</sup>	Harvey Norman Leasing (Limerick) Limited <sup>1,19,20</sup>
H.N. Sale Franchisor Pty Limited	H.N. Woden Franchisor Pty Limited	Harvey Norman Leasing (Mullingar) Limited <sup>1,19,20</sup>
H.N. Sale Leasing Pty Limited <sup>1</sup>	H.N. Woden Leasing Pty Limited <sup>1</sup>	Harvey Norman Leasing (N.Z.) Limited <sup>1,8,9</sup>
H.N. Shepparton Franchisor Pty Limited	H.N. Wonthaggi Franchisor Pty Limited	Harvey Norman Leasing (Naas) Limited <sup>1,19,20</sup>
H.N. Shepparton Leasing Pty Limited <sup>1</sup>	H.N. Wonthaggi Leasing Pty Limited <sup>1</sup>	Harvey Norman Leasing (NI) Limited <sup>1,6,19,20</sup>
H.N. South Tweed Franchisor Pty Limited	H.N. Woodville Franchisor Pty Limited <sup>1,6</sup>	Harvey Norman Leasing (Rathfarnham) Limited <sup>1,19,20</sup>
H.N. South Tweed Leasing Pty Limited <sup>1</sup>	H.N. Woodville Leasing Pty Limited <sup>1,6</sup>	Harvey Norman Leasing (Tralee) Limited <sup>1,19,20</sup>
H.N. Southland Franchisor Pty Limited	H.N. Young Franchisor Pty Limited	Harvey Norman Leasing (Waterford) Limited <sup>1,19,20</sup>
H.N. Southland Leasing Pty Limited <sup>1</sup>	H.N. Young Leasing Pty Limited <sup>1</sup>	Harvey Norman Leasing Pty Limited <sup>1</sup>
H.N. Sunshine Franchisor Pty Limited <sup>1</sup>	Hardly Normal Discounts Pty Limited	Harvey Norman Limited <sup>1,9</sup>
H.N. Sunshine Leasing Pty Limited <sup>1</sup>	Hardly Normal Limited <sup>1,8,9</sup>	Harvey Norman Loughran Plant & Equipment Pty Limited <sup>1</sup>
H.N. Swan Hill Franchisor Pty Limited	Hardly Normal Pty Limited	Harvey Norman Mortgage Service Pty Limited <sup>1</sup>
H.N. Swan Hill Leasing Pty Limited <sup>1</sup>	Harvey Cellars Pty Limited <sup>1</sup>	Harvey Norman Music Pty Limited <sup>1</sup>
H.N. Tamworth Franchisor Pty Limited	Harvey Liquor Pty Limited <sup>1</sup>	Harvey Norman Net. Works Pty Limited
H.N. Tamworth Leasing Pty Limited <sup>1</sup>	Harvey Norman (ACT) Pty Limited	Harvey Norman OFIS Pty Limited <sup>1,6</sup>
H.N. Taree Leasing Pty Limited <sup>1</sup>	Harvey Norman (N.S.W.) Pty Limited <sup>1</sup>	Harvey Norman Online.com Pty Limited <sup>1</sup>
H.N. Thomastown Franchisor Pty Limited <sup>1</sup>	Harvey Norman (QLD) Pty Limited <sup>5</sup>	Harvey Norman Ossia (Asia) Pte Limited <sup>1,10,16,17</sup>
H.N. Thomastown Leasing Pty Limited <sup>1</sup>	Harvey Norman 2007 Management Pty Limited <sup>1</sup>	Harvey Norman P.E.M. Pty Limited <sup>1</sup>
H.N. Toowoomba Franchisor Pty Limited	Harvey Norman Burnie Franchisor Pty Limited	Harvey Norman Plant and Equipment Pty Limited <sup>1</sup>
H.N. Toowoomba Leasing Pty Limited <sup>1</sup>	Harvey Norman Burnie Leasing Pty Limited <sup>1</sup>	Harvey Norman Properties (N.Z.) Limited <sup>1,8,9</sup>
H.N. Townsville Franchisor Pty Limited	Harvey Norman CEI d.o.o. <sup>1,11</sup>	Harvey Norman Rental Pty Limited <sup>1</sup>
H.N. Townsville Leasing Pty Limited <sup>1</sup>	Harvey Norman Commercial Your Solution Provider Pty Limited <sup>1</sup>	Harvey Norman Retailing Pty Limited
H.N. Traralgon Franchisor Pty Limited	Harvey Norman Computer Club Pty Limited <sup>1</sup>	Harvey Norman Rosney Franchisor Pty Limited
H.N. Traralgon Leasing Pty Limited <sup>1</sup>	Harvey Norman Computer Training Pty Limited <sup>1</sup>	Harvey Norman Rosney Leasing Pty Limited <sup>1</sup>
H.N. Vic/Tas Commercial Project Franchisor Pty Limited <sup>1</sup>	Harvey Norman Contracting Pty Limited <sup>1</sup>	Harvey Norman Security Pty Limited <sup>1</sup>

## ■ 38. Controlled Entities and Unit Trusts (continued)

## ■ Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Harvey Norman Shopfitting Pty Limited	J.M. McGraths Hill Leasing Pty Limited <sup>1</sup>	Lesandu Balgowlah Pty Limited <sup>1</sup>
Harvey Norman Singapore Pte Limited <sup>1,10,15,16</sup>	J.M. Mudgee Franchisor Pty Limited <sup>1</sup>	Lesandu Batemans Bay Pty Limited <sup>1</sup>
Harvey Norman Stores (N.Z.) Pty Limited	J.M. Mudgee Leasing Pty Limited <sup>1</sup>	Lesandu Bathurst Pty Limited <sup>1</sup>
Harvey Norman Stores (W.A.) Pty Limited <sup>1</sup>	J.M. Muswellbrook Franchisor Pty Limited <sup>1</sup>	Lesandu Bella Vista Pty Limited <sup>1</sup>
Harvey Norman Stores Pty Limited	J.M. Muswellbrook Leasing Pty Limited <sup>1</sup>	Lesandu Belmont Pty Limited <sup>1</sup>
Harvey Norman Superlink Pty Limited <sup>1</sup>	J.M. Newcastle Franchisor Pty Limited <sup>1</sup>	Lesandu Belrose DM Pty Limited <sup>1</sup>
Harvey Norman Tasmania Pty Limited <sup>1</sup>	J.M. Nowra Franchisor Pty Limited <sup>1,6</sup>	Lesandu Bennetts Green JM Pty Limited <sup>1</sup>
Harvey Norman Technology Pty Limited	J.M. Nowra Leasing Pty Limited <sup>1,6</sup>	Lesandu Bentleigh Pty Limited <sup>1</sup>
Harvey Norman The Bedding Specialists Pty Limited <sup>1</sup>	J.M. Plant & Equipment Hire Pty Limited <sup>1</sup>	Lesandu Blacktown Pty Limited <sup>1</sup>
Harvey Norman The Computer Specialists Pty Limited <sup>1</sup>	J.M. Rockhampton Franchisor Pty Limited <sup>1</sup>	Lesandu Bondi Junction Pty Limited <sup>1</sup>
Harvey Norman The Electrical Specialists Pty Limited <sup>1</sup>	J.M. Rockhampton Leasing Pty Limited <sup>1</sup>	Lesandu Brisbane City Pty Limited <sup>1</sup>
Harvey Norman The Furniture Specialists Pty Limited <sup>1</sup>	J.M. Share Investment Pty Limited <sup>1</sup>	Lesandu Broadbeach Pty Limited <sup>1</sup>
Harvey Norman Trading (Ireland) Limited <sup>1,19,20</sup>	J.M. Toukley Franchisor Pty Limited <sup>1</sup>	Lesandu Broadway Pty Limited <sup>1</sup>
Harvey Norman Trading d.o.o. <sup>1,11</sup>	J.M. Toukley Leasing Pty Limited <sup>1</sup>	Lesandu Brooklyn Pty Limited <sup>1</sup>
Harvey Norman Ulverstone Franchisor Pty Limited	J.M. Townsville Franchisor Pty Limited <sup>1</sup>	Lesandu Brown Plains No. 1 Pty Limited <sup>1,6</sup>
Harvey Norman Ulverstone Leasing Pty Limited <sup>1</sup>	J.M. Townsville Leasing Pty Limited <sup>1</sup>	Lesandu Browns Plains Pty Limited <sup>1</sup>
Harvey Norman Victoria Pty Limited	J.M. Wagga Wagga Franchisor Pty Limited <sup>1,6</sup>	Lesandu Burleigh Heads Flooring Pty Limited <sup>1</sup>
Harvey Norman Zagreb d.o.o. <sup>1,14</sup>	J.M. Wagga Wagga Leasing Pty Limited <sup>1,6</sup>	Lesandu Busselton Pty Limited <sup>1</sup>
Havrex Pty Limited <sup>5</sup>	J.M. Wallsend Franchisor Pty Limited <sup>1,6</sup>	Lesandu Cambridge Pty Limited <sup>1</sup>
HN Abuzz Holdings Pty Limited <sup>1</sup>	J.M. Wallsend Leasing Pty Limited <sup>1,6</sup>	Lesandu Cannington Pty Limited <sup>1</sup>
HN Byron No. 2 Pty Limited <sup>1</sup>	J.M. Warners Bay Franchisor Pty Limited <sup>1</sup>	Lesandu Cannonvale Pty Limited <sup>1</sup>
HN Byron No. 3 Pty Limited <sup>1</sup>	J.M. Warners Bay Leasing Pty Limited <sup>1</sup>	Lesandu Capalaba Pty Limited <sup>1,6</sup>
HN Zagreb Investment Pty Limited <sup>1</sup>	J.M. Warrawong Franchisor Pty Limited <sup>1,6</sup>	Lesandu Carindale Pty Limited <sup>1</sup>
HNL Pty Limited <sup>1</sup>	J.M. Warrawong Leasing Pty Limited <sup>1,6</sup>	Lesandu Castle Hill DM Pty Limited <sup>1</sup>
Hodberg Pty Limited <sup>1</sup>	J.M. West Gosford Franchisor Pty Limited <sup>1</sup>	Lesandu Castle Hill Pty Limited <sup>1</sup>
Hodvale Pty Limited <sup>1</sup>	J.M. West Gosford Leasing Pty Limited <sup>1</sup>	Lesandu Cessnock (JM) Pty Limited <sup>1</sup>
Home Mart Furniture Pty Limited <sup>1</sup>	J.M. Young Franchisor Pty Limited <sup>1</sup>	Lesandu Chadstone Pty Limited <sup>1</sup>
Home Mart Pty Limited <sup>1</sup>	J.M. Young Leasing Pty Limited <sup>1</sup>	Lesandu Charmhaven Pty Limited <sup>1</sup>
Hoxco Pty Limited <sup>5</sup>	Jartoso Pty Limited	Lesandu Chatswood Express Pty Limited <sup>1</sup>
J.M. Albury Franchisor Pty Limited <sup>1</sup>	Jondarlo Pty Limited	Lesandu Chatswood Pty Limited <sup>1</sup>
J.M. Albury Leasing Pty Limited <sup>1</sup>	Joyce Mayne Furnishing Pty Limited <sup>1</sup>	Lesandu Cheltenham Pty Limited <sup>1</sup>
J.M. Alexandria Franchisor Pty Limited <sup>1</sup>	Joyce Mayne Home Cellars Pty Limited <sup>1</sup>	Lesandu Chirnside Park Pty Limited <sup>1</sup>
J.M. Alexandria Leasing Pty Limited <sup>1</sup>	Joyce Mayne Kotara Leasing Pty Limited <sup>1</sup>	Lesandu Cleveland Pty Limited <sup>1</sup>
J.M. Auburn Franchisor Pty Limited	Joyce Mayne Liverpool Leasing Pty Limited <sup>1</sup>	Lesandu Cobar Pty Limited <sup>1</sup>
J.M. Bennetts Green Franchisor Pty Limited <sup>1</sup>	Joyce Mayne Penrith Pty Limited <sup>1</sup>	Lesandu Coorparoo Pty Limited <sup>1</sup>
J.M. Bennetts Green Leasing Pty Limited <sup>1</sup>	Joyce Mayne Shopping Complex Pty Limited <sup>1</sup>	Lesandu Cranbourne Pty Limited <sup>1</sup>
J.M. Campbelltown Franchisor Pty Limited	Kalinya Development Pty Limited <sup>1</sup>	Lesandu Dalby Pty Limited <sup>1</sup>
J.M. Campbelltown Leasing Pty Limited <sup>1</sup>	Kambaldu Pty Limited	Lesandu Deniliquin Pty Limited <sup>1</sup>
J.M. Caringbah Franchisor Pty Limited	Kita Pty Limited	Lesandu Dubbo JM Pty Limited <sup>1</sup>
J.M. Caringbah Leasing Pty Limited <sup>1</sup>	Koodero Pty Limited	Lesandu Dubbo Pty Limited <sup>1</sup>
J.M. Chancellor Park Franchisor Pty Limited <sup>1</sup>	Korinti Pty Limited	Lesandu Engadine Pty Limited <sup>1</sup>
J.M. Chancellor Park Leasing Pty Limited <sup>1</sup>	Lamino Pty Limited	Lesandu Erina Flooring Pty Limited <sup>1</sup>
J.M. Contracting Services Pty Limited	Lesandu Adelaide City Pty Limited <sup>1</sup>	Lesandu Forster Pty Limited <sup>1</sup>
J.M. Dubbo Franchisor Pty Limited <sup>1</sup>	Lesandu Adelaide CK Pty Limited <sup>1</sup>	Lesandu Fremantle No 2 Pty Limited <sup>1</sup>
J.M. Dubbo Leasing Pty Limited <sup>1</sup>	Lesandu Albany Pty Limited <sup>1</sup>	Lesandu Fremantle Pty Limited <sup>1</sup>
J.M. Leasing Pty Limited <sup>1</sup>	Lesandu Albury Pty Limited <sup>1</sup>	Lesandu Fyshwick Pty Limited <sup>1</sup>
J.M. Maitland Franchisor Pty Limited <sup>1</sup>	Lesandu Alexandria (JM) Pty Limited <sup>1</sup>	Lesandu Gaven Pty Limited <sup>1</sup>
J.M. Maitland Leasing Pty Limited <sup>1</sup>	Lesandu Alexandria DM Pty Limited <sup>1</sup>	Lesandu Gepps Cross Pty Limited <sup>1,6</sup>
J.M. Marrickville Franchisor Pty Limited	Lesandu Alexandria Pty Limited <sup>1</sup>	Lesandu Gladstone Pty Limited <sup>1</sup>
J.M. Marrickville Leasing Pty Limited <sup>1</sup>	Lesandu Alice Springs Pty Limited <sup>1,6</sup>	Lesandu Gordon Pty Limited <sup>1</sup>
J.M. McGraths Hill Franchisor Pty Limited <sup>1</sup>	Lesandu Auburn Stone Pty Limited <sup>1</sup>	Lesandu Goulburn Pty Limited <sup>1</sup>
	Lesandu Ayr Pty Limited <sup>1</sup>	Lesandu Grafton Pty Limited <sup>1</sup>
	Lesandu Bairnsdale Pty Limited <sup>1</sup>	Lesandu Greensborough Pty Limited <sup>1</sup>

## ■ 38. Controlled Entities and Unit Trusts (continued)

## ■ Shares held by Harvey Norman Holdings Limited (continued)

Name	Name	Name
Lesandu Griffith Pty Limited <sup>1</sup>	Lesandu Oxley Pty Limited <sup>1</sup>	Lesandu Woodville Pty Limited <sup>1,6</sup>
Lesandu Hamilton (VIC) Pty Limited <sup>1</sup>	Lesandu Penrith DM Pty Limited <sup>1</sup>	Lesandu Young JM Pty Limited <sup>1</sup>
Lesandu Hamilton Pty Limited <sup>1</sup>	Lesandu Peppermint Grove Pty Limited <sup>1</sup>	Lexeri Pty Limited
Lesandu Hervey Bay Pty Limited <sup>1</sup>	Lesandu Perth City West Pty Limited <sup>1</sup>	Lightcorp Pty Limited <sup>1</sup>
Lesandu HN Pty Limited <sup>1</sup>	Lesandu Pty Limited	Lighting Venture Pty Limited
Lesandu Horsham Pty Limited <sup>1</sup>	Lesandu Raymond Terrace Pty Limited <sup>1</sup>	Lodare Pty Limited
Lesandu Indooroopilly Pty Limited	Lesandu Richlands Pty Limited <sup>1</sup>	Loreste Pty Limited
Lesandu Innisfail Pty Limited <sup>1</sup>	Lesandu Richmond (VIC) Pty Limited <sup>1</sup>	Malvis Pty Limited
Lesandu Inverell Pty Limited <sup>1</sup>	Lesandu Riverwood Pty Limited <sup>1</sup>	Manutu Pty Limited
Lesandu Jandakot Pty Limited <sup>1,6</sup>	Lesandu Rockhampton Pty Limited <sup>1</sup>	Maradoni Pty Limited
Lesandu Joondalup Pty Limited <sup>1</sup>	Lesandu Rothwell Pty Limited <sup>1</sup>	Maribed Pty Limited <sup>1</sup>
Lesandu Kalgoorlie Pty Limited <sup>1</sup>	Lesandu S.A. Pty Limited <sup>1</sup>	Marinski Pty Limited
Lesandu Karratha Pty Limited <sup>1</sup>	Lesandu Salamander Bay Pty Limited <sup>1</sup>	Mega Flooring Depot Pty Limited <sup>1</sup>
Lesandu Knox Towerpoint Pty Limited <sup>1</sup>	Lesandu Sale Pty Limited <sup>1</sup>	Misstar Pty Limited <sup>1</sup>
Lesandu Leichhardt M Pty Limited <sup>1</sup>	Lesandu Silverwater Pty Limited <sup>1</sup>	Murry Street Development Pty Limited <sup>1</sup>
Lesandu Light Street DM Pty Limited <sup>1</sup>	Lesandu Sippy Downs JM Pty Limited <sup>1</sup>	Mymasterpiece Pty Limited <sup>1</sup>
Lesandu Lismore Pty Limited <sup>1</sup>	Lesandu Southport Pty Limited <sup>1</sup>	Nedcroft Pty Limited
Lesandu Lithgow Pty Limited <sup>1</sup>	Lesandu Stanmore Pty Limited <sup>1</sup>	Network Consumer Finance (Ireland) Limited <sup>1,19,20</sup>
Lesandu Loganholme Pty Limited <sup>1</sup>	Lesandu Sunshine Pty Limited <sup>1</sup>	Network Consumer Finance (N.Z.) Limited <sup>1,8,9</sup>
Lesandu Mackay Pty Limited <sup>1,6</sup>	Lesandu Swan Hill Pty Limited <sup>1</sup>	Network Consumer Finance Pty Limited
Lesandu Maddington Pty Limited <sup>1</sup>	Lesandu Sydenham Pty Limited <sup>1</sup>	Nomadale Pty Limited <sup>5</sup>
Lesandu Maitland JM Pty Limited <sup>1</sup>	Lesandu Sydney City SS Pty Limited <sup>1</sup>	Norman Ross Limited <sup>1,8,9</sup>
Lesandu Maitland Pty Limited <sup>1</sup>	Lesandu Tamworth Pty Limited <sup>1</sup>	Norman Ross Pty Limited
Lesandu Malaga Pty Limited <sup>1</sup>	Lesandu Taree Home Mart Pty Limited <sup>1</sup>	Oldmist Pty Limited
Lesandu Mandurah Pty Limited <sup>1</sup>	Lesandu Taree Pty Limited <sup>1</sup>	Oslek Developments Pty Limited <sup>1</sup>
Lesandu Marion Pty Limited <sup>1</sup>	Lesandu Tasmania Pty Limited <sup>1</sup>	Osraidi Pty Limited
Lesandu Maroochydore Flooring Pty Limited <sup>1</sup>	Lesandu Temora Pty Limited <sup>1</sup>	P & E Crows Nest Pty Limited <sup>1</sup>
Lesandu McGraths Hill (JM) Pty Limited <sup>1</sup>	Lesandu Thomastown Pty Limited <sup>1</sup>	P & E Dili Pty Limited <sup>1</sup>
Lesandu Melbourne City DM Pty Limited <sup>1</sup>	Lesandu Toukley Pty Limited <sup>1</sup>	P & E Homewest Pty Limited <sup>1</sup>
Lesandu Mentone Pty Limited <sup>1</sup>	Lesandu Townsville Pty Limited <sup>1</sup>	P & E Leichhardt Pty Limited <sup>1</sup>
Lesandu Midland Pty Limited <sup>1</sup>	Lesandu Tweed Heads Flooring Pty Limited <sup>1</sup>	P & E Maddington Pty Limited <sup>1</sup>
Lesandu Mile End Pty Limited <sup>1</sup>	Lesandu Tweed Heads Pty Limited	P & E Port Hedland Pty Limited <sup>1</sup>
Lesandu Moe Pty Limited <sup>1</sup>	Lesandu Underwood Pty Limited <sup>1</sup>	P & E Shopfitters Pty Limited <sup>1</sup>
Lesandu Moree Pty Limited <sup>1</sup>	Lesandu W.A. Furniture Pty Limited <sup>1</sup>	PEM Corporate Pty Limited <sup>1</sup>
Lesandu Morley Pty Limited <sup>1</sup>	Lesandu W.A. Pty Limited	Pertama Holdings Limited <sup>1,10,16,17</sup>
Lesandu Mornington Pty Limited <sup>1</sup>	Lesandu Wagga Wagga JM Pty Limited <sup>1</sup>	Plezero Pty Limited
Lesandu Moss Vale Pty Limited <sup>1</sup>	Lesandu Wagga Wagga Pty Limited <sup>1</sup>	Poliform Pty Limited <sup>1,27</sup>
Lesandu Mt Barker Pty Limited <sup>1</sup>	Lesandu Wallsend JM Pty Limited <sup>1,6</sup>	R.Reynolds Nominees Pty Limited <sup>1</sup>
Lesandu Mt Gravatt Pty Limited <sup>1</sup>	Lesandu Wallsend Pty Limited <sup>1</sup>	Recline A Way Franchisor Pty Limited <sup>1</sup>
Lesandu Mt Isa Pty Limited <sup>1</sup>	Lesandu Wangaratta Pty Limited <sup>1</sup>	Rosieway Pty Limited
Lesandu Munno Para Pty Limited <sup>1</sup>	Lesandu Warana JM Pty Limited <sup>1</sup>	Sarsha Pty Limited
Lesandu Muswellbrook JM Pty Limited <sup>1</sup>	Lesandu Warana Pty Limited <sup>1</sup>	Setto Pty Limited
Lesandu Muswellbrook Pty Limited <sup>1</sup>	Lesandu Warners Bay JM Pty Limited <sup>1,6</sup>	Shakespir Pty Limited <sup>1</sup>
Lesandu Narre Warren Pty Limited <sup>1</sup>	Lesandu Warragul Pty Limited <sup>1</sup>	Signature Computers Pty Limited <sup>1</sup>
Lesandu Newcastle West Pty Limited <sup>1</sup>	Lesandu Warrawong Pty Limited <sup>1</sup>	Solaro Pty Limited
Lesandu Noarlunga Pty Limited <sup>1</sup>	Lesandu Warwick (WA) Pty Limited <sup>1</sup>	Space Furniture Limited <sup>7</sup>
Lesandu Noosa Pty Limited <sup>1</sup>	Lesandu Warwick Pty Limited <sup>1</sup>	Space Furniture Pte Limited <sup>1,10,16</sup>
Lesandu North Ryde DM Pty Limited <sup>1</sup>	Lesandu Waurn Ponds Pty Limited <sup>1</sup>	Space Furniture Pty Limited <sup>1,2</sup>
Lesandu Notting Hill Pty Limited <sup>1</sup>	Lesandu West Gosford DM Pty Limited <sup>1</sup>	Spacepol Pty Limited <sup>1</sup>
Lesandu Nowra Pty Limited <sup>1</sup>	Lesandu West Wyalong Pty Limited <sup>1</sup>	Stonetess Pty Limited
Lesandu Oakleigh CK Pty Limited <sup>1</sup>	Lesandu Wiley Park Pty Limited <sup>1</sup>	Stores (NZ) Limited <sup>1,8,9</sup>
Lesandu Orange Pty Limited <sup>1</sup>	Lesandu Windsor Pty Limited <sup>1</sup>	Stores Securitisation (NZ) Limited
Lesandu Osborne Park Pty Limited <sup>1</sup>	Lesandu Wonthaggi Pty Limited <sup>1</sup>	Stores Securitisation Pty Limited



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

Name	Name	Name
Strathloro Pty Limited	The Byron At Byron Pty Limited	Webzone Pty Limited <sup>1</sup>
Stupendous Pty Limited <sup>21</sup>	Tisira Pty Limited <sup>18</sup>	Wytharra Pty Limited
Superguard Pty Limited <sup>1</sup>	Ventama Pty Limited <sup>3</sup>	Yoogalu Pty Limited
Swaneto Pty Limited	Wadins Pty Limited	Zabella Pty Limited
Swanpark Pty Limited <sup>5</sup>	Waggafurn Pty Limited <sup>1</sup>	Zavarte Pty Limited
Tatroko Pty Limited	Wanalti Pty Limited	Zirdano Pty Limited <sup>1</sup>
Tessera Stones & Tiles Pty Australia Limited <sup>1</sup>	Warungi Pty Limited	Zirdanu Pty Limited <sup>1</sup>
Tessera Stones & Tiles Pty Limited <sup>13</sup>	Waytango Pty Limited	

**Notes**

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

- Company is not part of the class order described in Note 39.
- Kita Pty Limited owns 51% and Derni Pty Ltd owns 49% of the shares in Space Furniture Pty Limited.
- Shares held by Sarsha Pty Limited.
- Shares held by Harvey Norman Retailing Pty Limited.
- Shares held by Harvey Norman Stores Pty Limited.
- These companies were acquired during the year.
- These companies were disposed of during the year.
- Shares held by Harvey Norman Limited.
- These companies are incorporated in New Zealand.
- This company is incorporated in Singapore.
- This company is incorporated in Slovenia.
- This company is incorporated in the UK.
- Shares held by Stonetess Pty Limited.
- This company is incorporated in Croatia.
- Shares held by Setto Pty Limited.
- Harvey Norman Singapore Pte Limited owns 100% of the shares in Bencoolen Properties Pte Limited, 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.
- Harvey Norman Ossia (Asia) Pte Limited holds 50.21% of the shares in Pertama Holdings Limited
- 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
- Shares held by Harvey Norman Holdings (Ireland) Limited.
- These companies are incorporated in Ireland.
- Shares held by Calardu Pty Limited.
- Shares held by Calardu Armidale Pty Limited.
- Lighting Venture Pty Limited owns 50.1% of shares in Glo Light Pty Limited.
- Yoogalu Pty Ltd holds 50.5% of the shares in Australian Business Skills Centre Pty Limited.
- HN Byron No 3 Pty Limited holds 50% of the shares in Byron Bay Facilities Pty Limited.
- Yoogalu Pty Ltd holds 50% of the shares in Byron Bay Management Pty Limited.
- Kita Pty Ltd holds 99% and Derni Pty Ltd owns 1% of the shares in Poliform Pty Ltd.
- Yoogalu Pty Limited owns 63.5% of the shares in this entity.
- Shares held by Yoogalu Pty Limited.

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

Name	Name	Name
098 004 570 No. 2 Trust	Bornapp No. 2 Trust	Calardu Broadmeadow No. 2 Trust
A.C.N. 100 478 402 No. 2 Trust **	Borncom No. 2 Trust	Calardu Broadmeadows VIC Trust
Abari No. 3 Trust	Bornlec No. 2 Trust	Calardu Brookvale Trust
ABSC Online Trust ***	Bradiz No. 2 Trust	Calardu Brown Plains No. 1 Trust**
Albanlect No. 2 Trust	Bronel No. 2 Trust	Calardu Browns Plains Trust
Albany Stores No. 2 Trust	Bronlect No.2 Trust**	Calardu Bunbury Trust
Allacom No. 2 Trust**	Brownsell No. 2 Trust	Calardu Bundaberg Trust
Anwarah No. 2 Trust	Bunburybed No. 2 Trust	Calardu Bundall Trust
Apfurn No. 2 Trust**	Bunburycom No. 2 Trust	Calardu Burnie Trust
Appcann No. 2 Trust	Bunburyfurn No. 2 Trust	Calardu Cambridge Trust
Armabed WA No. 2 Trust	Bundallfurn No. 2 Trust	Calardu Campbelltown Trust
Armacom WA No. 2 Trust**	Bundalltec No. 2 Trust	Calardu Cannington Trust
Armafurn WA No. 2 Trust	Bundell No. 2 Trust	Calardu Caringbah (Taren Point) Trust
Armcomp NSW No. 2 Trust	Burleigh Flooring No. 2 Trust	Calardu Caringbah Trust
Aspley Bedding No. 2 Trust**	Busselcom No. 2 Trust	Calardu Crows Nest No. 2 Trust
Aspley Computers No. 2 Trust**	C C Superstore No. 2 Trust**	Calardu Crows Nest Trust
Aspley Electrics No. 2 Trust	Cairnlect No. 2 Trust	Calardu Cubitt Trust
Aspleyfloor QLD No. 2 Trust**	Cairnsel No. 2 Trust	Calardu Darwin Trust
Aubapp No. 2 Trust	Calardu A.C.T. No. 2 Trust**	Calardu Dubbo Trust
Aubdirect No. 2 Trust	Calardu ACT Trust	Calardu Emerald Trust
Aublect No. 2 Trust**	Calardu Adderley Street Trust	Calardu Frankston Trust
Aubtrade No. 2 Trust**	Calardu Albany Trust	Calardu Frankston WH Trust**
Auburnapp No. 2 Trust	Calardu Albury Trust	Calardu Fyshwick DM Trust
Auburncom No. 2 Trust	Calardu Alexandria DM Trust	Calardu Gepps Cross Trust**
Australian Business Skills Centre Trust***	Calardu Alexandria WH Trust**	Calardu Gladstone Trust
Ayrcom No. 2 Trust	Calardu Alice Springs Trust	Calardu Gordon Trust
Ayrel No. 2 Trust	Calardu Armadale WA Trust	Calardu Guildford Trust
Ayrstore No. 2 Trust**	Calardu Armidale Trust	Calardu Gympie Trust
Bathard No. 2 Trust	Calardu Aspley Trust	Calardu Hervey Bay Trust
Baylect No. 2 Trust	Calardu Auburn No. 1 Trust	Calardu Hobart Trust
Becto Trust	Calardu Auburn No. 2 Trust	Calardu Hoppers Crossing Trust
Bedcity No. 2 Trust	Calardu Auburn No. 3 Trust	Calardu Horsham Trust
Beddington No. 2 Trust	Calardu Auburn No. 4 Trust	Calardu Jandakot Trust**
Bedwick No. 2 Trust	Calardu Auburn No. 5 Trust	Calardu Joondalup Trust
Belcomp WA No. 2 Trust	Calardu Auburn No. 6 Trust	Calardu Kalgoorlie Oswald St Trust
Bellbed No. 2 Trust	Calardu Auburn No. 7 Trust	Calardu Kalgoorlie Trust
Bellelect No. 2 Trust	Calardu Auburn No. 8 Trust	Calardu Karana Downs Trust
Belmcom No. 2 Trust	Calardu Auburn No. 9 Trust	Calardu Karratha Trust
Belmont Superstore No. 2 Trust	Calardu Ballarat Trust	Calardu Kawana Waters Trust
Belmstore No. 2 Trust	Calardu Ballina No. 1 Trust**	Calardu Kemblawarra Trust
Belmtel No. 2 Trust	Calardu Ballina Trust	Calardu Kingaroy Trust
Bena No. 2 Trust	Calardu Bathurst Trust	Calardu Kotara Trust**
Benlect No. 2 Trust	Calardu Beaufort Street Trust	Calardu Launceston Trust
Berafurn No. 2 Trust**	Calardu Bellevue Hill Trust	Calardu Loganholme Trust
Bergcom No. 2 Trust**	Calardu Belrose DM Trust	Calardu Mackay Trust
Berlel No. 2 Trust**	Calardu Bennetts Green Trust	Calardu Maitland Trust
Berncal No. 2 Trust	Calardu Bennetts Green Warehouse Trust	Calardu Malaga Trust
Berntoo No. 2 Trust**	Calardu Berri Trust	Calardu Mandurah Trust
BH Flooring No. 2 Trust	Calardu Berrimah Trust	Calardu Maribyrnong 1995 Trust
Big Apple Trust	Calardu Brickworks (S.A.) Trust	Calardu Maribyrnong Trust
Blackbed No. 2 Trust	Calardu Broadmeadow No. 1 Trust	Calardu Marion Trust



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

Name	Name	Name
Calardu Maroochydore Trust	Calardu Warrawong No. 1 Trust	Compliance No. 2 Trust
Calardu Maroochydore Warehouse Trust**	Calardu Warrawong No. 2 Trust**	Computen No. 2 Trust
Calardu Maryborough Trust	Calardu Warrawong Trust	Comroc No. 2 Trust**
Calardu Melville Trust	Calardu Warrnambool Trust	Comstore No. 2 Trust
Calardu Mentone Trust	Calardu Warwick Trust	Comunno No. 2 Trust
Calardu Midland Trust	Calardu West Gosford Trust	Conbed No. 2 Trust
Calardu Milton Trust	Calardu Whyalla Trust	Conocom No. 2 Trust
Calardu Morayfield Trust	Calardu Wivenhoe Trust	Coorar No. 2 Trust
Calardu Moss Vale Trust	Callect No. 2 Trust	Coorparoo Computers No. 2 Trust**
Calardu Mt Isa Trust	Calturn No. 2 Trust	Coorparoo Electrics No. 2 Trust**
Calardu Mt. Gambier Trust	Cannbed No. 2 Trust	Coorparoo Flooring No. 2 Trust**
Calardu Mudgee Trust	Cannbed WA No. 2 Trust	Coorparoo Furniture No. 2 Trust**
Calardu Munno Para Trust	Canniance No. 2 Trust**	Cosgrove Shopfitting Services No. 2 Trust
Calardu No. 1 Trust	Cannington Appliances No. 2 Trust	Dalball No. 2 Trust**
Calardu No. 2 Trust	Cannington Superstore No.2 Trust**	Dallac No. 2 Trust
Calardu No. 3 Trust	Cannters No. 2 Trust	Dallcom No. 2 Trust**
Calardu Noarlunga Trust	Cantrics No. 2 Trust	Dallect No. 2 Trust
Calardu Noosa Trust	Carcom No. 2 Trust	Dallware No. 2 Trust**
Calardu North Ryde 2 Trust	Cardinel No. 2 Trust**	Dalstore No. 2 Trust**
Calardu North Ryde Trust	Cardlect No. 2 Trust	Daltel No. 2 Trust
Calardu Northbridge Trust	Carindale Computers No. 2 Trust	Dalupbed No. 2 Trust
Calardu Nowra Trust	Carinel No. 2 Trust	Danapp No. 2 Trust
Calardu Oxley Trust	CBG Trust	Darwel No. 2 Trust
Calardu Penrith Trust	Charmela No. 2 Trust	Dawlec No. 2 Trust
Calardu Perth City West Trust	Chatapp No. 2 Trust	Dawncom No. 2 Trust
Calardu Port Macquarie Trust	Chatex No. 2 Trust	Dawnel No. 2 Trust
Calardu Preston Trust	Chatsell No. 2 Trust**	Dawnfurn No. 2 Trust
Calardu Raine Square Trust	City Cross Computer No. 2 Trust	Daylect No. 2 Trust**
Calardu Richmond Trust	City Cross Electrics No. 2 Trust	Dubora No. 2 Trust
Calardu Rockhampton 2 Trust	City Cross Superstore No. 2 Trust**	E P Furniture No. 2 Trust**
Calardu Rockhampton Trust	City West Appliances No. 2 Trust	Eastim No. 2 Trust**
Calardu Rockingham Trust	City West Electrics No. 2 Trust**	Electall No. 2 Trust
Calardu Rosebery Trust	City West Furniture No. 2 Trust	Electcann No. 2 Trust**
Calardu Roselands Trust	Citycomp No. 2 Trust**	Electen No. 2 Trust
Calardu Rutherford Trust	Clevcom No. 2 Trust**	Electoo No. 2 Trust
Calardu Sale Trust	Clevel No. 2 Trust	Electwind No. 2 Trust
Calardu Silverwater Trust	Comarm WA No. 2 Trust	Elekaw No. 2 Trust
Calardu Springvale Trust	Comaub No. 2 Trust	Enbed No. 2 Trust
Calardu Swan Hill Trust	Comben Nominees No. 2 Trust	Enfiel No. 2 Trust
Calardu Sylvania Trust	Comblack No. 2 Trust**	Enfield Computers No. 2 Trust
Calardu Taree Trust	Comborne No. 2 Trust	Evcomputers No. 2 Trust
Calardu Thebarton Trust	Comcam No. 2 Trust	Everbed No. 2 Trust
Calardu Thomastown Trust	Comgamb No. 2 Trust	Everel No. 2 Trust**
Calardu Toorak Trust	Comgel No. 2 Trust	Everton Park Bedding No. 2 Trust
Calardu Toowoomba Trust	Comhill No. 2 Trust	Everton Park Electrics No. 2 Trust**
Calardu Townsville Trust	Commara No. 2 Trust	Everton Park Furniture No.2 Trust
Calardu Tweed Heads Traders Way Trust	Compall No. 2 Trust	Evlect No. 2 Trust
Calardu Tweed Heads Trust	Comparoo No. 2 Trust**	Ewencom No. 2 Trust
Calardu Vicfurn Trust	Compdall No. 2 Trust	Fedrics No. 2 Trust
Calardu Warrawong (Homestarters)	Compgrav No. 2 Trust	Fieldbed No.2 Trust
		Fieldlect No. 2 Trust

## ■ 38. Controlled Entities and Unit Trusts (continued)

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

Name	Name	Name
Fieldstore No. 2 Trust	Harvey Norman Burnie Franchisor Unit Trust	Kennely No. 2 Trust**
Filfurn No. 2 Trust**	Harvey Norman Devonport Franchisor Unit Trust	KW Electrics No. 2 Trust
Finreg No. 2 Trust	Harvey Norman Discounts No. 1 Trust	Kyabzah No. 2 Trust
Floor Rug No. 2 Trust	Harvey Norman Glenorchy Franchisor Unit Trust	Lamino Investments No. 1 Trust
Floorcom No. 2 Trust	Harvey Norman Hobart Franchisor Unit Trust	Lamino Investments No. 2 Trust
Floormar No. 2 Trust**	Harvey Norman Launceston Franchisor Unit Trust	Lamino Investments No. 3 Trust
Floortim No. 2 Trust	Harvey Norman Lighting Asset Trust	Lamino Investments No. 4 Trust
Fortitude Valley Electrics No. 2 Trust	Harvey Norman Lighting No. 1 Trust	Lamino Investments No. 5 Trust
Fortley No. 2 Trust	Harvey Norman Liquor Unit Trust	Lamino Investments No. 6 Trust
Frelcom No. 2 Trust	Harvey Norman No. 1 Trust	Lectapp No. 2 Trust
Fremstore No. 2 Trust**	Harvey Norman Rosney Franchisor Unit Trust	Lectayr No. 2 Trust
Fremtel No. 2 Trust	Harvey Norman Shopfitting Trust	Lectoo Air No. 2 Trust
Furnall No. 2 Trust	Harvey Norman Tasmania Agent Unit Trust	Lectoo No. 2 Trust
Furnbay No. 2 Trust**	Harvey Norman Ulverstone Franchisor Unit Trust	Lesandu Albury Trust
Furnbund No. 2 Trust	Havnet No. 2 Trust	Lesandu Campbelltown Trust
Furnbury No. 2 Trust	Helect No. 2 Trust**	Lesandu Fairfield Trust
Furncann No. 2 Trust	Herveyel No. 2 Trust	Lesandu Gordon Trust
Furncity No. 2 Trust	Herveyfurn No. 2 Trust**	Lesandu Gosford Trust
Furnen No. 2 Trust	Heycom No. 2 Trust**	Lesandu Miranda Trust
Furnfield No. 2 Trust**	Hillelect No. 2 Trust	Lesandu Newcastle Trust
Furngamb No. 2 Trust	Incomputers No. 2 Trust	Lesandu No. 1 Trust
Furngrav No. 2 Trust	Indel No. 2 Trust**	Lesandu Penrith Trust
Furnjoon No. 2 Trust**	Indolect No. 2 Trust	Lesandu Tamworth Trust
Furnmay No. 2 Trust	Inniscom No. 2 Trust	Lesandu Warrawong Trust
Furnor No. 2 Trust	Innlect No. 2 Trust**	Lesandu Warringah Mall Trust
Furnroc No. 2 Trust**	Inrocom No. 2 Trust**	Lexancom No. 2 Trust
Furnsal No. 2 Trust	Inrolect No. 2 Trust	Leyel No. 2 Trust
Furnsoon No. 2 Trust**	Jonbed No. 2 Trust	Loganap No. 2 Trust
Furntoo No. 2 Trust	Joonapp No. 2 Trust	Loganbed No. 2 Trust**
Furnwick No. 2 Trust	Joondalup Administrative Services Trust	Logancom No. 2 Trust
Fyshcom No. 2 Trust	Joondalup Warehousing Services Trust	Loganfurn No. 2 Trust**
Gablect No. 2 Trust	Joonlect No. 2 Trust**	Lonecom No. 2 Trust**
Gambiel No. 2 Trust	Kaboola No. 2 Trust	Lunafurn No. 2 Trust**
Gamfurn No. 2 Trust**	Kalgcom No. 2 Trust	Mackcom No. 2 Trust**
Gardcom No. 2 Trust	Kalgcom No. 2 Trust**	Mackfurn No. 2 Trust**
Garden City Superstore No. 2 Trust	Kalgel No. 2 Trust**	Mactrics No. 2 Trust**
GC Superstore No. 2 Trust**	Kalgfurn No. 2 Trust**	Maddlect No. 2 Trust
Gelfurn No. 2 Trust	Kalinya Unit Trust	Madoncom No. 2 Trust
Gelfurn No. 2 Trust**	Kallect No. 2 Trust	Mainbed No. 2 Trust
Geradel No. 2 Trust	Kalofurn No. 2 Trust**	Mall Computers No. 2 Trust
Geraldcom No. 2 Trust	Karrasel No. 2 Trust**	Mallanzo No. 2 Trust**
Geraldcom No. 2 Trust	Karriif No. 2 Trust	Mallcom No. 2 Trust
Gladstores No. 2 Trust	Kawana Computers No. 2 Trust	Mallic No. 2 Trust
Gladstores Qld No. 2 Trust	Kawana Electrics No. 2 Trust	Mallway No. 2 Trust**
Goscane No. 2 Trust	Kawfurn No. 2 Trust	Mandbed No. 2 Trust**
Gosfordcom No. 2 Trust	Kawlect No. 2 Trust	Mandlect No. 2 Trust**
Gravlec No. 2 Trust		Mandurcom No. 2 Trust**
H.N. Cards Trust		Mandurfurn No. 2 Trust**
Hamptoncom No. 2 Trust**		Mandurtec No. 2 Trust
Hanfurn No. 2 Trust**		Mantoncom No. 2 Trust
Haproc No. 2 Trust		Maribed No. 2 Trust

## ■ 38. Controlled Entities and Unit Trusts (continued)

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

Name	Name	Name
Marioncom No. 2 Trust	Osbornel No. 2 Trust	Valhome No. 2 Trust
Marionfurn No. 2 Trust	Oslect No. 2 Trust	Vallbed No. 2 Trust
Marlect No. 2 Trust**	Oslek Developments Trust	Vallcom No. 2 Trust
Marncom No. 2 Trust	Oxfurn No. 2 Trust	Vallect No. 2 Trust
Marnfurn No. 2 Trust	Oxlan No. 2 Trust**	Vallel No. 2 Trust
Maylect No. 2 Trust	Parafurn No. 2 Trust**	Valleybed No. 2 Trust
MFD Bundall No. 2 Trust	Parkborne No. 2 Trust	Valleyfurn No. 2 Trust
MFD Burleigh Heads No. 2 Trust	Parkel No. 2 Trust	Vallfurn No. 2 Trust
MFD Maroochydoore No. 2 Trust	Penricom No. 2 Trust	Vallit No. 2 Trust**
Micomp No. 2 Trust	Pepcom No. 2 Trust	Vallware No. 2 Trust**
Midcom No. 2 Trust	Peppel No. 2 Trust	Wacom No. 2 Trust
Midfurn No. 2 Trust**	Peppercom No. 2 Trust	Wallel No. 2 Trust
Moecom No. 2 Trust	Pepstore No. 2 Trust	Wallfurn No. 2 Trust
Morafel No. 2 Trust	PG Computers No. 2 Trust**	Wardrew No. 2 Trust**
Morfurn No. 2 Trust	Plazacom No. 2 Trust**	Warfurn No. 2 Trust
Morcom No. 2 Trust	Portfurn No. 2 Trust	Warian No. 2 Trust
Morlect No. 2 Trust **	Portkenn No. 2 Trust	Warifurn QLD No. 2 Trust**
Morleyel No. 2 Trust	Portlect No. 2 Trust	Warracom No. 2 Trust
Mountel No. 2 Trust	Prestbed No. 2 Trust	Warrafloor No. 2 Trust
Moycom No. 2 Trust**	Prestoncom No. 2 Trust	Warrapp No. 2 Trust
Moyel No. 2 Trust**	Recway No. 2 Trust	Warstore No. 2 Trust
Moyfurn No. 2 Trust	Rockel No. 2 Trust**	Warwickfurn No. 2 Trust
Mt Gambier Computers No. 2 Trust**	Rockstore No. 2 Trust**	Wayel No. 2 Trust
Mt Gravatt Furniture No. 2 Trust**	Rugles No. 2 Trust	Westerncom No. 2 Trust
Mt Isa Computers No. 2 Trust	Rugware No. 2 Trust	Westernfurn No. 2 Trust**
Mt Isa Retailing No. 2 Trust**	Savel No. 2 Trust	Westfurn No. 2 Trust
Murray Street Development Trust	Showtara No. 2 Trust**	Westlect No. 2 Trust**
Noarlect No. 2 Trust	Sotel No. 2 Trust	Wickson No. 2 Trust
Noarlunga Furniture No. 2 Trust	Spirarzo No. 2 Trust	Wicomp No. 2 Trust
Nolcom No. 2 Trust	Storeville No. 2 Trust**	Wonbed No. 2 Trust
Nolfurn No. 2 Trust	Storfurn No. 2 Trust**	Yoogalu Albury Trust
Noosel No. 2 Trust	Storland No. 2 Trust	Yoogalu Campbelltown Trust
Noravit No. 2 Trust	Storwest No. 2 Trust**	Yoogalu Fairfield Trust
Nordley No. 2 Trust	Sydney No. 1 Trust	Yoogalu Gordon Trust
Noxcom No. 2 Trust	Tarshe No. 2 Trust**	Yoogalu Gosford Trust*
NSW Home Services No. 2 Trust**	The Calardu Trust	
O'Connor Appliances No. 2 Trust	Throntar No. 2 Trust	
O'Connell No. 2 Trust	Toowel No. 2 Trust	
O'Connor Furniture No. 2 Trust**	Town Electrics No. Trust	
O'Connor Superstore No. 2 Trust**	Townfurn No. 2 Trust	
Osbcmm No. 2 Trust	Tracfurn No. 2 Trust	
Osbed WA No. 2 Trust**	Tralgfurn No. 2 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 <sup>1</sup> 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**

	<b>CONSOLIDATED</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>
Current Assets		
Cash and cash equivalents	21,399	110,969
Trade and other receivables	960,286	964,985
Other financial assets	29,930	3,125
Inventories	11,114	10,944
Intangible assets	861	1,736
Other assets	9,834	18,920
<b>Total current assets</b>	<b>1,033,424</b>	<b>1,110,679</b>
Non-Current Assets		
Trade and other receivables	26,003	23,862
Investments accounted for using equity method	179,594	106,416
Other financial assets	113,502	98,976
Property, plant and equipment	290,120	273,066
Investment properties	1,178,784	1,020,906
Intangible assets	21,254	19,839
Deferred income tax assets	16,067	15,090
<b>Total non-current assets</b>	<b>1,825,324</b>	<b>1,558,155</b>
<b>Total Assets</b>	<b>2,858,748</b>	<b>2,668,834</b>
Current Liabilities		
Trade and other payables	498,092	493,698
Interest-bearing loans and borrowings	292,693	2,521
Income tax payable	34,921	71,409
Provisions	4,174	3,932
Other liabilities	2,582	4,801
<b>Total current liabilities</b>	<b>832,462</b>	<b>576,361</b>
Non-Current Liabilities		
Interest-bearing loans and borrowings	109,075	413,616
Provisions	8,077	7,510
Deferred income tax liabilities	158,312	123,215
Other liabilities	6,184	7,248
<b>Total non-current liabilities</b>	<b>281,648</b>	<b>551,589</b>
<b>Total Liabilities</b>	<b>1,114,110</b>	<b>1,127,950</b>
<b>NET ASSETS</b>	<b>1,744,638</b>	<b>1,540,884</b>
Equity		
Contributed equity	259,610	248,991
Reserves	14,535	13,982
Retained profits	1,470,493	1,277,911
<b>TOTAL EQUITY</b>	<b>1,744,638</b>	<b>1,540,884</b>

## 39 ■ Deed of Cross Guarantee (continued)

**Consolidated Income Statement**

	CONSOLIDATED	
	2008 \$000	2007 \$000
Profit from continuing operations before income tax expense	470,675	420,771
Adjustments from discontinued operations	-	108,375
Income tax expense	(139,992)	(124,400)
Profit after tax from continuing operations	330,683	404,746
Profit for the year	330,683	404,746
Retained earnings at the beginning of the year	1,277,911	968,405
Dividends provided for or paid	(138,101)	(95,240)
Retained earnings at the end of the year	1,470,493	1,277,911

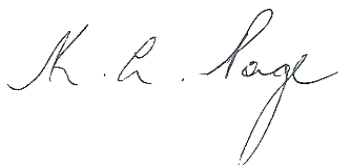
In accordance with a resolution of the directors of Harvey Norman Holdings Limited, we state that:

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:
    - (i) giving a true and fair view of the Company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
    - (ii) 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 year ending 30 June 2008.
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  
30 September 2008



**K.L. PAGE**  
Director / Chief Executive Officer  
Sydney  
30 September 2008

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

### Report on the Financial Report

We have audited the accompanying financial report of Harvey Norman Holdings Limited, which comprises the balance sheet as at 30 June 2008, 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.

### *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, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

### *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.

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, 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:

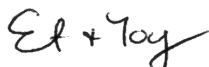
1. the financial report of Harvey Norman Holdings Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the financial position of Harvey Norman Holdings Limited and the consolidated entity at 30 June 2008 and of their performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## Report on the Remuneration Report

We have audited the Remuneration Report included on pages 15 to 26 of the directors' report for the year ended 30 June 2008. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

## Auditor's Opinion

In our opinion the Remuneration Report of Harvey Norman Holdings Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

A stylized signature of 'EY' in a cursive script.

Ernst & Young

A handwritten signature of Christopher D. George.

Christopher D. George  
Partner

Sydney  
30 September 2008

### ■ Distribution of Shareholdings as at 26 September 2008

Size of Holding	Ordinary Shareholders
1 – 1,000	7,344
1,001 – 5,000	9,127
5,001 – 10,000	2,054
10,001 – 100,000	1,599
100,001 and over	189
	<hr/> 20,313
Number of Shareholders	
With less than a marketable parcel	<hr/> 603

### ■ Voting Rights

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

### ■ Twenty Largest Shareholders as at 26 September 2008

Number of Ordinary Shares	Shareholder	Percentage of Ordinary Shares
311,959,532	Mr Gerald Harvey & G Harvey Nominees Pty Limited	29.37%
175,249,660	Dimbulu Pty Limited	16.50%
75,488,651	HSBC Custody Nominees (Australia) Limited	7.11%
66,489,920	JP Morgan Nominees Australia Limited	6.26%
64,845,893	Citicorp Nominees Pty Limited	6.10%
62,377,223	National Nominees Limited	5.87%
49,990,575	Ms Margaret Lynette Harvey	4.71%
43,084,516	RBC Dexia Investor Services Australia Nominees Pty Limited	4.06%
17,118,200	Enbearn Pty Limited	1.61%
16,995,133	Ms Kay Lesley Page	1.60%
15,257,034	ANZ Nominees Limited	1.44%
12,768,926	Cogent Nominees Pty Ltd	1.20%
8,818,078	UBS Nominees Pty Ltd	0.83%
7,883,010	Bond Street Custodians Limited	0.74%
4,501,127	Queensland Investment Corporation	0.42%
4,030,000	Argo Investments Limited	0.38%
3,906,901	AMP Life Limited	0.37%
2,845,553	Mr Michael Harvey	0.27%
2,496,873	USB Wealth Management Australia Nominees Pty Limited	0.24%
1,805,078	Omnilab Media Investments Pty Limited	0.17%
<hr/> 947,911,883		<hr/> 89.23%

Total held by twenty largest shareholders as a percentage of total ordinary shares is 89.23% as at 26 September 2008.

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)

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

NEW SOUTH WALES COUNTRY

<b>ALBURY</b> 430 Wilson Street Albury 2640 Phone (02) 6041 1944	<b>ARMIDALE</b> Shop 8, Girraween Shopping Centre Queen Elizabeth Drive Armidale 2350 Phone: (02) 6771 3788	<b>BATEMAN BAY</b> Shop 5 Bay Central 1 Clyde Street Bateman's Bay 2536 Phone: (02) 4472 5994	<b>BATHURST</b> Sydney Road Kelso 2795 Phone (02) 6332 3399
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NEW SOUTH WALES COUNTRY (CONTINUED)

<b>BROADMEADOW</b> (HOMESTARTERS) 35-43 Lambton Road Broadmeadow 2292 Phone (02) 4962 1770	<b>COBAR</b> 27 Marshall Street Cobar 2835 Phone: (02) 6836 3222	<b>COFFS HARBOUR</b> 252 Coffs Harbour Highway Coffs Harbour 2450 Phone (02) 6651 9011	<b>DENILQUIN</b> Cnr. Hardinge & Harfleur Streets Deniliquin 2710 Phone (03) 5881 5499
<b>FORSTER</b> 29 Breese Parade Forster 2428 Phone (02) 6554 5700	<b>FRISCO HOME</b> FURNISHERS (NEWCASTLE) 391 Hillsborough Road Warners Bay 2282 Phone (02) 4954 3344	<b>GOSFORD (ERINA)</b> Harvey Norman Shopping Complex Karatla Lane Erina 2250 Phone (02) 4365 9500	<b>GOULBURN</b> 180-186 Auburn Street Goulburn 2580 Phone (02) 4824 3000
<b>GRAFTON</b> 125 Prince Street Grafton 2460 Phone (02) 6643 3266	<b>GRIFFITH</b> Cnr Jondaryn & Willandra Avenues Griffith 2680 Phone (02) 6961 0300	<b>INVERELL</b> 50 Evans Streets Inverell 2360 Phone (02) 6721 0811	<b>LAKEHAVEN</b> 59-83 Pacific Highway Lakehaven 2263 Phone: (02) 4394 6000
<b>LISMORE</b> 17 Zadoc Street Lismore 2480 Phone (02) 6621 8888	<b>LITHGOW</b> 175 Mian Street Lithgow 2790 Phone: (02) 6351 2321	<b>MACLEAN</b> 211 River Street Maclean 2463 Phone (02) 6645 2611	<b>MAITLAND</b> 557 High Street Maitland 2320 Phone (02) 4934 2423
<b>MOREE</b> 103 Balo Street Moree 2400 Phone (02) 6752 7531	<b>MOSS VALE</b> 137-157 Lackey Road Moss Vale 2577 Phone: (02) 4868 1039	<b>MUDGEES</b> 33 Castlereagh Highway Mudgee 2850 Phone (02) 6372 6514	<b>MUSWELLBROOK</b> 19 Rutherford Road Muswellbrook 2333 Phone: (02) 6541 6800
<b>NEWCASTLE</b> (BENNETTS GREEN) 7 Abdon Close Bennetts Green 2290 Phone (02) 4948 4555	<b>NOWRA</b> Cnr Central Avenue & Princess Highway Nowra 2541 Phone (02) 4421 1300	<b>PARKES</b> Shop 1, Saleyards Road Parkes 2870 Phone (02) 6862 2800	<b>PORT MACQUARIE</b> 140 Lake Road Port Macquarie 2444 Phone (02) 6581 0088
<b>SALAMANDER BAY</b> 270 Sandy Point Road Salamander Bay 2317 Phone: (02) 4981 1292	<b>TAMWORTH</b> 43 The Ringers Road Tamworth 2340 Phone (02) 6765 1100	<b>TAREE</b> 9 Mill Close Taree 2430 Phone (02) 6551 3699	<b>TEMORA</b> 102 Hoskins Street Temora 2666 Phone: (02) 6977 1777
<b>WAGGA</b> Homebase Centre 7-23 Hammond Avenue Wagga 2650 Phone (02) 6933 7000	<b>WARRAWONG</b> Cnr King Street & Shellharbour Road Warrawong 2502 Phone (02) 4275 2722	<b>WEST WYALONG</b> 114 Main Street West Wyalong 2671 Phone: (02) 6972 2077	<b>YOUNG</b> 326 Boorowa Street Young 2594 Phone (02) 6382 5744

NORTHERN TERRITORY

<b>ALICE SPRINGS</b> 1 Colson Street Alice Springs 0870 Phone: (08) 8950 4000	<b>DARWIN</b> 644 Stuart Highway Berrimah 0828 Phone: (08) 8922 4111
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QUEENSLAND (BRISBANE SUBURBAN)

<b>ASPLEY</b> 1411-1419 Gympie Road Aspley 4034 Phone (07) 3834 1100	<b>BERNOTHS TOOWOOMBA</b> 675 Ruthven Street Toowoomba 4350 Phone (07) 4632 9444	<b>BRISBANE – BROADWAY ON THE MALL</b> Shop SF01 170 Queen Street Brisbane 4000 Phone: (07) 3013 2800	<b>BROWNS PLAINS</b> Unit 3 28 – 48 Browns Plains Road Browns Plains 4118 Phone: (07) 3380 0600
<b>CARINDALE</b> Homemaker Centre Cnr Carindale Street and Old Cleveland Road Carindale 4152 Phone (07) 3398 0600	<b>EVERTON PARK</b> 429 Southpine Road Everton Park 4053 Tel. (07) 3550 4444	<b>FORTITUDE VALLEY</b> Brisbane City Gate Shop 1, 1058 Ann Street Fortitude Valley 4006 Tel. (07) 3620 6600	<b>INDOOROOPIILY</b> Shop 2044 Westfield Shoppingtown 318 Moggill Road Indooroopilly 4068 Phone: (07) 3327 1300
<b>LOGANHOLME</b> 3890 - 3892 Pacific Highway Loganholme 4129 Phone: (07) 3440 9200	<b>MAROOCHYDORE</b> (Mega Flooring) Unit 6 Sunshine Homemaker Centre Maroochydore 4558 Phone: (07) 5479 3711	<b>MORAYFIELD</b> Lot 8 Cnr Morayfield & Station Roads Morayfield 4506 Phone: (07) 5428 8000	<b>MT GRAVATT</b> 2049 Logan Road Upper Mt Gravatt 4122 Phone: (07) 3347 7000
<b>OXLEY</b> 2098 Ipswich Road Oxley 4075 Phone: (07) 3332 1100	<b>BUNDABERG</b> 125 Takalvan Street Bundaberg 4670 Phone (07) 4151 1570	<b>BUNDALL (GOLD COAST)</b> 29-45 Ashmore Road Bundall 4217 Phone (07) 5584 3111	<b>CANNONVALE</b> Shop B2 Centro Whitsunday Ctr 8 Galbraith Drive Cannonvale 4802 Phone: (07) 4969 8800
<b>CAIRNS</b> 101 Spence Street Portsmith 4870 Phone (07) 4051 8499	<b>CLEVELAND</b> Shop 1A, 42 Shore Street West Cleveland 4163 Phone (07) 3488 8900	<b>DALBY</b> 58 Patrick Street Dalby 4405 Phone: (07) 4672 4444	<b>HERVEY BAY</b> 134 - 136 Boat Harbour Drive Hervey Bay 4655 Phone: (07) 4124 3870
<b>INNISFAIL</b> 52/57 Ernest Street Innisfail 4860 Phone: (07) 4061 1433	<b>KAWANA WATERS (SUNSHINE COAST)</b> Lot 28 Nicklin Way Minyama Gardens Kawana Waters 4575 Phone (07) 5457 6800	<b>MACKAY</b> Cnr Bruce Highway & Heath's Road Glenella 4740 Phone (07) 4942 2688	<b>AYR</b> 101 Queen Street Ayr 4807 Phone: (07) 4783 3188
<b>MT ISA</b> 33 – 35 Miles Street Mt Isa 4825 Phone (07) 4743 5220	<b>ROCKHAMPTON</b> 407 Yaamba Road North Rockhampton 4701 Phone (07) 4926 2755	<b>ROTHWELL</b> Unit 1 439-443 Anzac Avenue Rothwell 4022 Phone: (07) 3897 8800	<b>TWEED HEADS</b> 29-41 Greenway Drive South Tweed Heads 2486 Phone (07) 5524 0111
<b>TOOWOOMBA</b> 910-932 Ruthven Street Toowoomba 4350 Phone: (07) 4636 7300	<b>TOOWOOMBA (HOMESTARTERS)</b> 910-932 Ruthven Street Toowoomba 4350 Phone: (07) 4636 7300	<b>TOWNSVILLE</b> 103-142 Duckworth Street Garbutt 4814 Phone: (07) 4725 5561	<b>WARWICK</b> Cnr Victoria St & Palmerin Sts Warwick 4370 Phone: (07) 4666 9000

TASMANIA

<b>BURNIE</b> 64 Mount Street Burnie 7320 Phone: (03) 6431 2134	<b>DEVONPORT</b> Cnr Best Street & Fenton Way Devonport 7310 Phone: (03) 6424 5155	<b>DEVONPORT</b> Cnr Best Street & Fenton Way Devonport 7310 Phone: (03) 6424 5155	<b>GLENORCHY</b> 313 Main Road Glenorchy 7010 Phone: (03) 6277 7700
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TASMANIA (CONTINUED)

HOBART CITY  
171 Murray Street  
Hobart 7000  
Phone: (03) 6230 1100

LAUNCESTON  
Cnr William and Charles  
Streets  
Launceston 7250  
Phone: (03) 6337 9411

ULVERSTONE  
5-7 Reibey Street  
Ulverstone 7315  
Phone: (03) 6425 1944

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  
Wauran Ponds 3216  
Phone: (03) 5240 6200

VICTORIAN COUNTRY (CONTINUED)

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

SOUTH AUSTRALIA (ADELAIDE SUBURBAN)

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 BARKER  
6 Dutton Road  
Adelaide Hills Homemaker  
Centre  
Mt Barker 5251  
Phone: (08) 8393 0800

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
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	HENDERSON 10 – 12 Ratanui Street Henderson Phone: 0011 649 835 5000
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	PUKEKOHE Pukekohe Mega Centre 182 – 192 Manukau Road Pukekohe Phone: 0011 649 237 3500	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
WHANGAREI 5 Gumdigger Place Whangarei Phone: 0011 649 470 0300	WHAKATANE The Hub State Highway 30 Whakatane Phone: 0011 649 306 0600		

NORMAN ROSS

LOWER HUTT Level 1 28 Rutherford Street Lower Hutt Wellington Phone: 0011 644 890 8400	TOWER JUNCTION Clarence Building 66 Clarence Street Tower Junction Christchurch Phone: 0011 643 968 3600
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OFIS

ALBURY  
Unit 2/3  
94 Borella Road  
Albury 2640  
Phone: (02) 6049 7500

AUBURN  
241 Parramatta Road  
Auburn 2144  
Phone: (02) 8775 8000

MAITLAND  
Unit 8  
555 High Street  
Maitland 2320  
Phone: (02) 4937 8100

DOMAYNE

ALEXANDRIA  
84 O'Riordan Street  
Alexandria 2015  
Phone: (02) 8339 7000

AUBURN  
103-123 Parramatta Road  
Auburn 2144  
Phone: (02) 9648 5411

BELROSE  
GO1  
4-6 Niangala Close  
Belrose  
Phone: (02) 9479 8800

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

CASTLE HILL  
16 Victoria Avenue  
Castle Hill 2155  
Phone: (02) 9846 8800

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

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

NOWRA  
Cnr Central Ave &  
Princes Highway  
Nowra 2541  
Phone: (02) 4448 0000

ROCKHAMPTON  
407 Yaamba Road  
North Rockhampton 4701  
Phone: (07) 4926 2241

TOUKLEY  
223 Main Road  
Toukley 2263  
Phone: (02) 4396 4133

TOWNSVILLE  
238-262 Woolcock St  
Garbuck 4814  
Phone: (07) 4729 5400

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

**CARRICKMINES**  
Unit 230  
The Park  
Carrickmines  
Dublin 18  
Phone: 0011 353 1 824 7400

**CASTLEBAR**  
Unit D,E & F  
Castlebar Retail Park  
Breaffy Road  
Castlebar  
Phone: 0011 353 94 906  
3900

**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

**LIMERICK**  
Units 5, 6 & 7  
City East Retail Park  
Ballysimon Road  
Limerick Dublin  
Phone: 0011 353 61 422 800

**LITTLE ISLAND**  
Units 9 – 11  
Eastgate Retail Park  
Little Island  
Cork  
Phone: 0011 353 21 500  
1500

**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**  
Letaliska 3d  
1000 Ljubljana  
Co Westmeath  
Phone: 0011 386 1585  
5000

**KOPER**  
Ankaranska  
VPAD NICA  
Koper  
Phone: 0011 386 5610 0102

SINGAPORE

**HARVEY NORMAN  
BUKIT PANJANG**  
1 Jelebu Road  
Singapore  
Phone: 0011 65 6767 1500

**HARVEY NORMAN  
CENTREPOINT**  
176 Orchard Road  
#03-08 Centrepont  
Singapore 039596  
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  
JURONG POINT**  
1 Jurong West Central 2  
#03-37 Jurong Point  
Shopping Centre  
Singapore 648886  
Phone: 0011 65 6795 2135

**HARVEY NORMAN  
MILLENNIA WALK**  
No. 9 Raffles Boulevard  
#02-27 Millenia Walk  
Singapore 039596  
Phone: 0011 65 6311 9988

**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  
SQUARE TWO**  
Square 2, B1 – 06t o 75  
10 Sinaran Drive  
Singapore  
Phone: 0011 65 6397 6190

**HARVEY NORMAN  
TAMPINES MART**  
No. 9 Tampines Mart  
#02-01 Tampines Street 32  
Singapore 529286  
Phone: 0011 65 6789 3818

SINGAPORE (CONTINUED)

HARVEY NORMAN THE CENTRAL 6 Eu Tong Sen Street Singapore Phone: 0011 65 6327 5581	HARVEY NORMAN WESTMALL No. 1 Bt Batok Central Link #03-06/09 West Mall Singapore 658713 Phone: 0011 65 6794 2812
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MALAYSIA

HARVEY NORMAN IKANO POWER CENTRE Unit F3 1 <sup>st</sup> Floor Ikano Ctr No 2 Jalan PJU 7/2 Mutiar Damansara 47800 Petaling Jaya Selangor 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	HARVEY NORMAN PAVILION Lot 5.24.04 Level 5 Pavilion Kuala Lumpur No. 168 Jalan Bukit Bintang 55100 Kuala Lumpur Phone: 0011 963 2142 3735
HARVEY NORMAN SUNWAY PYRAMID LG2.140 Lower Ground Two Sunway Pyramid S/Centre No. 3 Jalan PJS 11/15 Bandar Darul Ehsan Malaysia Phone: 0011 963 5622 1300	HARVEY NORMAN BUKIT TINGGI Lot F42 first Floor AEON Bukit Tinggi S/Centre No. 1 Persiaran Batu Nilam 1/KS 6 Bandar Bukit Tinggi 2 41200 Klang, Selangor D.E. Malaysia Phone: 0011 963 3326 2630		