Harvey Norman
HOLDINGS LIMITED

ABN 54 003 237 545

ANNUAL REPORT
YEAR ENDED 30 JUNE 2009

Key Dates

28 August 2009	Announcement of Profit for Year-Ended 30 June 2009 Announcement of Final 2009 Dividend
6 November 2009	Record date for determining entitlement to Final 2009 Dividend
30 November 2009	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.
7 December 2009	Payment of Final 2009 Dividend
26 February 2010	Announcement of Half-Year Profit to 31 December 2009 Announcement of Interim 2010 Dividend
16 April 2010	Record date for determining entitlement to Interim 2010 Dividend
3 May 2010	Payment of Interim 2010 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 7, 207 Kent 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

Contents

	FY2005	FY2006	FY2007	FY2008	FY2009
no. of franchised outlets in Australia[1]	163	174	192	194	195
no. of company-owned stores[2]	38	41	53	66	69
franchisee sales revenue[1]	$3.53bn	$3.96bn	$4.50bn	$4.86bn	$5.06bn
company-owned sales revenue[2]	$968.05m	$1,103.90m	$1,329.43m	$1,428.85m	$1,440.65m
other revenues and other income items from continuing operations	$667.04m	$788.35m	$1,005.46m	$1,058.16m	$1,035.10m
earnings before interest and tax (EBIT) from continuing operations	$317.06m	$367.39m	$522.27m	$555.11m	$382.95m
profit from continuing operations after tax attributable to members	$182.65m	$217.75m	$324.10m	$358.45m	$214.35m
profit from discontinued operations after tax attributable to members	$8.98m	$11.81m	$83.15m	$0m	$0m
net profit for the year attributable to members[4]	**$191.63m**	**$229.56m**	**$407.25m**	**$358.45m**	**$214.35m**
Underlying Business Operations	**$176.04m**	**$203.40m**	**$260.35m**	**$295.14m**	**$250.42m**
market capitalisation at 30 June	$2.64bn	$4.17bn	$5.60bn	$3.28bn	$3.51bn
basic earnings per share[3]	16.20c	20.59c	30.63c	33.76c	20.18c
dividends per share (fully franked)	6.5c	8.0c	11.0c	14.0c	11.0c

1 Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity.
2 Includes the “Harvey Norman” and “Norman Ross” branded company-owned stores in New Zealand, Ireland, Northern Ireland, Singapore, Malaysia, 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 Net profit for FY2007 included the final dividend received from FlexiGroup Limited of $28.69m after tax and the profit from the sale of Rebel of $83.15m after tax.

- *Total revenues and other income items from continuing operations was $2.50 billion for FY2009 compared to $2.53 billion for FY2008, a decrease of $32.55 million or 1.3%.*
- *Net profit from continuing operations attributable to members after tax was $214.35 million for FY2009 compared to $358.45 million for FY2008, a decrease of $144.10 million or 40.2%.*
- *Net profit after tax and minority interests of the “underlying business operations” was $250.42 million for FY2009 compared to $295.14 million for FY2008, a decrease of $44.72 million or 15.2%, calculated as follows:*

Underlying Business Operations	YTD June 2009	YTD June 2008	Increase / (Decrease)	%
Profit After Tax From Continuing Operations	**214,351**	**358,448**	**(144,097)**	**(40.2%)**
Adjustments: Add back/(deduct)				
(1) net property revaluation adjustments for investment properties in Australia	4,620	(64,709)	69,329	
(2) net property revaluation increments for share of joint venture properties	(14,304)	(37,572)	23,268	
(3) revaluation decrement recognised in relation to a property in Slovenia	5,538	-	5,538	
(4) impairment expense – write-down of Irish fixed assets	27,289	-	27,289	
(5) impairment expense – write-down of assets held within joint venture entities	1,419	6,410	(4,991)	
(6) impairment expense – write-down of several IT assets	1,635	1,485	150	
(7) OFIS store closure expenses	4,000	-	4,000	
(8) Provisions for onerous leases – store closures	3,072	-	3,072	
(9) Information technology costs – core global merchandise management system	5,208	3,947	1,261	
(10) Income tax effects of the above adjustments	(2,405)	27,132	(29,537)	
Net Profit from Underlying Business Operations	**250,423**	**295,141**	**(44,718)**	**(15.2%)**

- *There was a significant improvement in net profit from underlying business operations during the last 6 months of FY2009. Profit from underlying business operations was down by 29.1% for HY2009 compared with a reduction of only 15.2% for FY2009.*

Despite the challenging retail climate, the consolidated entity's integrated retail, franchise and property system has proven to be resilient in achieving strong results and growing market share in all key product categories. The consolidated entity's unique system and market leadership has us well placed to capitalise on any resurgence within the Australian economy and take advantage of stabilising global economic conditions.

Although trading conditions in Australia were, and remain, challenging and the product margins of our Harvey Norman, Domayne and Joyce Mayne franchisees continued to be under pressure, the franchising operations segment result improved significantly during the last six months of the financial year. The franchising operations segment recorded a solid result of $302.95 million for the current year relative to $291.41 million for the prior year, an increase of 4.0%. This is an outstanding result considering the franchising operations segment had contracted by 12.7% for the half-year ended 31 December 2008 relative to the previous corresponding period.

We have a strong balance sheet and cash flow and we are well placed to continue to grow our core business. We continue to maintain a low debt to equity ratio of 26.56% as at 30 June 2009 compared to 26.61% for the preceding financial year. Our prudent financial stewardship has ensured that our gearing, by any measure, is low. If cash and cash equivalents were to be deducted from total borrowings, the debt to equity ratio would be 18.89% for the year ended 30 June 2009 and 23.29% for the year ended 30 June 2008.

Business Performance

■ Net Profit from Continuing Operations After Tax and Minority Interests

Net profit from continuing operations attributable to members after tax was $214.35 million for the year ended 30 June 2009 compared with $358.45 million for the previous corresponding year, a decrease of 40.2%. This decrease is mainly attributable to:

- the inclusion of $102.28 million before tax ($71.60 million after tax) in net property revaluation increments for Australian investment properties and joint venture entities in the previous year compared to only $9.68 million before tax ($6.78 million after tax) for the current financial year;
- the revaluation decrement of $5.54 million before tax ($4.40 million after tax) in relation to a property in Slovenia;
- trading losses of $49.33 million incurred by the operations in Ireland and Northern Ireland due to the severe economic recession experienced in the Irish market and start-up investment costs associated with the expansion into Northern Ireland;
- impairment expenses of $27.29 million recorded in Ireland to reduce the carrying amount of plant and equipment assets to recoverable amount;
- a reduction in profitability of our retail operations in New Zealand by $8.28 million due to the recession in New Zealand which adversely affected consumer sentiment; and
- start-up investment costs and trading losses incurred by the five OFIS-branded stores in Australia of $6.71 million before tax ($4.70 million after tax) and OFIS store closure expenses of $4.00 million before tax ($2.80 million after tax).

■ Net Profit from Underlying Business Operations

The net profit from the underlying business operations of the consolidated group is calculated by excluding the one-off transactions and the net revaluation increments recorded in the group's property portfolio.

In determining the profit from underlying business operations, the following items have been excluded from profit for the year ended 30 June 2009:

1) *The impairment expense of $27.29 million recorded in respect of plant and equipment assets of stores located in the Republic of Ireland* - The collapse of the Irish property market, low consumer confidence and the significant rise in unemployment has resulted in large trading losses in Ireland in the current financial year. In light of these losses, the recoverable amount of plant and equipment assets in Ireland was reviewed. Based on the expectations of cash flows to be generated over the remaining useful life of these assets, an impairment charge has been recognised against plant and equipment to reduce the value to recoverable amount.
2) *The net property revaluation decrement of $4.62 million before tax ($3.23 million after tax) for investment properties in Australia* – The Australian investment property portfolio resulted in a net property revaluation decrement.
3) *The net property revaluation increment of $14.30 million before tax ($10.01 million after tax) for properties held under joint venture entities* – This increment has primarily resulted from the first-time valuation of a joint venture property completed during the year.
4) *The impairment expense of $1.42 million for assets held under joint venture entities* – This impairment expense relates to the write-down of joint venture assets in our New Zealand operations.
5) *The impairment expense of $1.64 million before tax ($1.14 million after tax) due to the write-down of several information technology ("IT") assets* – An internal review was conducted during the year to identify those IT assets that have been abandoned as a result of a strategic change in IT direction.

Net Profit from Underlying Business Operations (continued)

6) *Store closure expenses of $4.00 million before tax ($2.80 million after tax) incurred as a result of the closure of the five OFIS-branded stores in Australia* – In February 2009, the consolidated entity announced that the OFIS brand format had not achieved the requirement for ongoing investment and resolved to close all five OFIS stores during the last quarter of the 2009 financial year. By 30 June 2009, the closure of all five OFIS stores was completed thereby recognising losses relating to the write-down of plant and equipment assets that could not be redeployed and a small amount attributable to redundancy costs.
7) *The recognition of onerous lease costs of $3.07 million before tax ($2.15 million after tax) incurred as a result of the closure of several leased franchised complexes in Australia* – During the year ended 30 June 2009, the consolidated entity closed nine leased franchised stores in total: three small Harvey Norman franchised stores and five small franchised Joyce Mayne stores in regional locations and the leased Domayne franchised store located at Campbelltown (NSW). All of the franchised store closures were located in complexes leased from external landlords and therefore a provision was recognised equivalent to the expected value of rental payments until the end of the lease or until an appropriate sub-lease can be negotiated.
8) *Information technology costs of $5.21 million before tax ($3.65 million after tax) incurred in relation to the development of a core global merchandise management system to support the Harvey Norman, Domayne, Joyce Mayne and Norman Ross brands* – The costs incurred to date in respect of this system have been expensed in the income statement as part of the "solution definition" phase of the project.
9) *The revaluation decrement of $5.54 million before tax ($4.40 million after tax) in relation to a property located in Slovenia*

In determining net profit from underlying business operations for the preceding financial year, the following items have been excluded from profit for the year ended 30 June 2008:
- the total property revaluation uplift recognised for investment properties in Australia and properties held in joint venture entities of $102.28 million before tax ($71.60 million after tax);
- 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;
- information technology expenses of $3.95 million before tax ($2.76 million after tax) relating to the development of a core global merchandise management system; and
- impairment expenses of $1.48 million before tax ($1.04 million after tax) for the write-down of several IT assets.

Upon the basis of the assumptions set out above, the net profit after tax and minority interests of the underlying business operations would have been $250.42 million for the year ended 30 June 2009 compared to $295.14 million for the previous year, a decrease of 15.2%.

There was a substantial improvement in net profit from underlying business operations during the last 6 months of the current financial year. Profit from underlying business operations was down by 29.1% for half-year ended 31 December 2008 compared with a reduction of only 15.2% for year ended 30 June 2009.

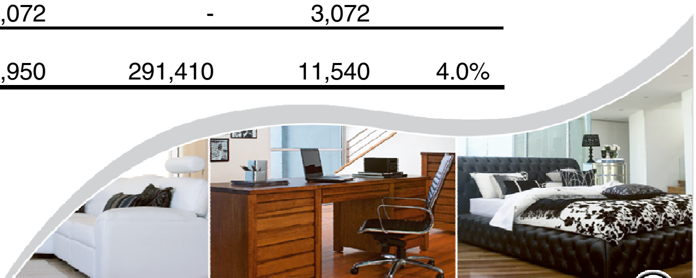
	HY to Dec-08	HY to Jun-09	FY to Jun-09	HY to Dec-07	HY to Jun-08	FY to Jun-08
Net Profit From Underlying Business Operations	$123.52m	$126.90m	**$250.42m**	$174.14m	$121.00m	**$295.14m**
% increase on previous corresponding period	*(29.1%)*	*4.9%*	*(15.2%)*			

■ Franchising Operations

The strong performance of the franchising operations segment, particularly in the last six months of the financial year, was the primary contributor to the improvement in net profit from underlying business operations for the year ended 30 June 2009. Harvey Norman, Domayne and Joyce Mayne franchisees in Australia have benefited from the fiscal stimulus measures in April and May 2009.

Franchising Operations Segment Result	YTD June 2009	YTD June 2008	Increase / (Decrease)	%
Segment Result Before tax	293,035	285,978	7,057	2.5%
Adjustments: Add back/(deduct)				
(1) Impairment expenses – write-down IT assets	1,635	1,485	150	
(2) IT costs – merchandise management system	5,208	3,947	1,261	
(3) Provisions for onerous leases	3,072	-	3,072	
Revised Franchising Operations Segment Result	302,950	291,410	11,540	4.0%

The above table shows a rise in the franchising operations segment result of 4.0%.



Franchising Operations (continued)

The table below shows the franchising operations margin, calculated as the franchising operations segment result before tax over franchisee aggregate sales revenue, for the following half-year ("HY") and full-year ("FY") periods. The franchising operations margin was 6.0% for the year ended 30 June 2009 compared to 6.0% for the previous corresponding year.

Franchising Operations Margin	FY June 2007		FY June 2008		FY June 2009	
no. of franchised outlets in Australia[1]	192		194		195	
franchising operations segment result before tax	$242.62m		$291.41m		$302.95m	
franchisee sales revenue[1]	$4.50bn		$4.86bn		$5.06bn	
franchising operations margin (%)	5.4%		6.0%		6.0%	
	HY to Dec-06	**HY to Jun-07**	**HY to Dec-07**	**HY to Jun-08**	**HY to Dec-08**	**HY to Jun-09**
no. of franchised outlets in Australia[1]	174	192	193	194	198	195
franchising operations segment result before tax	$127.00m	$115.62m	$171.24m	$120.17m	$149.42m	$153.53m
franchisee sales revenue[1]	$2.28bn	$2.22bn	$2.54bn	$2.32bn	$2.61bn	$2.45bn
franchising operations margin (%)	5.55%	5.22%	6.73%	5.18%	5.72%	6.27%

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

■ Overseas Controlled Entities:

New Zealand

Despite the recession experienced in New Zealand and the devaluation of the NZ dollar, the NZ company-owned stores grew market share. However, this was achieved at the expense of product margins. The retail segment result in New Zealand was $44.42 million for the year ended 30 June 2009 compared to $52.70 million for the previous financial year.

Asia

The segment result of our Asian operations for the year ended 30 June 2009 has been negatively impacted by the closure of the export and distribution businesses in Singapore and Malaysia during the second half of the June 2008 financial year. The Harvey Norman branded stores in Singapore and Malaysia continue to perform to expectations and the Malaysian operations have grown market share due to increased brand awareness in the Malaysian market. The segment result for the Asian operations was $8.43 million for the current year relative to $10.19 million for the previous financial year.

Slovenia

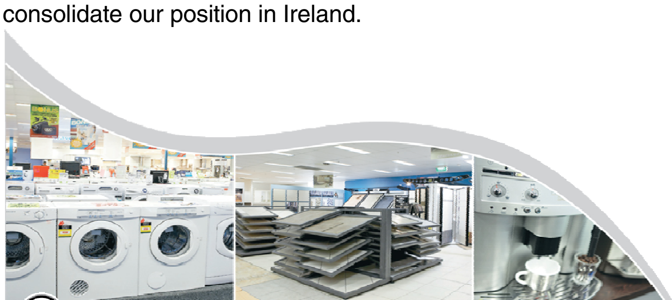
The segment result for our two company-owned stores in Slovenia was $3.12 million for the year ended 30 June 2009 compared to $2.43 million for the preceding year, an increase of 28.2%, assisted by an appreciation of the Euro relative to the Australian dollar and the strong brand recognition in the Slovenian retail market.

Republic of Ireland and Northern Ireland

The economic situation in Ireland has continued to deteriorate during the year ended 30 June 2009 and the severe recession has impacted all Irish retailers. The Board is committed to Ireland and has established strong roots in the Irish market. The Harvey Norman brand is now well-known in Ireland and is respected by both suppliers and customers. Harvey Norman currently employs more than 800 Irish nationals and the Board is committed to Ireland for the long-term.

Negative sales growth (in local currency) and a significant decline in product margins has resulted in a trading loss of $49.33 million for the year ended 30 June 2009. This figure includes start-up investment and trading losses of $7.59 million relating to the expansion into Northern Ireland. In addition, there was an impairment loss of $27.29 million to reduce the carrying amount of plant and equipment to recoverable amount. The appreciation of the Euro and the UK Pound Sterling relative to the Australian dollar for the purposes of translation in this report has further exacerbated this loss.

We have expanded into Northern Ireland and have opened two stores during the current year in the face of economic downturn in Europe. This is an important move into a new territory which, after a period of expansion, we anticipate will consolidate our position in Ireland.



■ New Store Openings and Store Closures

During the year ended 30 June 2009, six (6) new Harvey Norman and four (4) new Joyce Mayne franchised complexes commenced trading, a total of ten (10) new franchised complexes in Australia. The majority of the new stores that opened during the year are large, full-format complexes. Three (3) small Harvey Norman and five (5) small Joyce Mayne leased stores in regional locations ceased trading during the year and the leased Domayne franchised store located at Campbelltown, NSW was closed. The total number of franchised complexes in Australia as at 30 June 2009 was 195 compared with 194 franchised complexes at the end of June 2008.

Four (4) new Harvey Norman company-owned stores were opened in offshore markets, including one (1) store in New Zealand, one (1) store in The Republic of Ireland and the establishment of two (2) new stores in Northern Ireland. Two (2) Norman Ross stores commenced trading in New Zealand bringing the total number of Norman Ross stores to four (4).

In March 2008, the OFIS brand was launched in the Australian market as a discount retailer of stationery and home office products. As at 30 June 2008, there were three (3) OFIS stores located in New South Wales. A further two (2) OFIS stores were opened in Cambridge Park (Tasmania) and Mentone (Victoria) during the current financial year. In February 2009, the consolidated entity announced that all five (5) company-owned OFIS stores will be closed during the last quarter of the June 2009 financial year. The closure of all five (5) OFIS stores was completed prior to balance date.

There were a total of 69 company-owned stores in offshore markets as at 30 June 2009 compared with 66 company-owned stores at the end of June 2008.

■ Property Portfolio

Composition of the Property Portfolio
The Harvey Norman property portfolio consists of Harvey Norman, Domayne and Joyce Mayne complexes in Australia, Harvey Norman and Norman Ross stores in New Zealand, property located at Singapore, 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 2009 was $1.82 billion, broken down as follows:
- investment properties in Australia and Singapore of $1.32 billion;
- owned land and buildings in New Zealand, Singapore and Slovenia of $214.18 million;
- investment properties under construction recorded as property, plant and equipment of $80.17 million;
- joint venture properties accounted for using the equity method of $189.57 million; and
- properties held for resale accounted for as current inventory of $20.06 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. The Harvey Norman and Domayne branded complexes are very attractive to retail tenants. Harvey Norman complexes are well-maintained and well-located. Generally, tenants are of good quality, including Harvey Norman franchisees. There is a low vacancy rate in Harvey Norman complexes.

The benefits flowing from the property investment portfolio include:
- capital appreciation;
- control of rental obligations, and avoidance of potentially crippling opportunistic rental escalations by landlords;
- flexibility and freedom to adjust franchisee store layout and configuration to deal with changing market retail trends; and
- capacity to attract quality third party tenants to the complex location.

Revaluation of the Property Portfolio
Investment properties relate to owned land and buildings in Australia and Singapore that are fully operational, earning investment income and are leased to external franchisees (i.e. not physically occupied by the consolidated entity) and other quality third-party tenants. All property owned by the consolidated entity in New Zealand and Slovenia is owner-occupied.

The net revaluation increment recognised in the income statement for the year ended 30 June 2009 was $9.68 million before tax and minority interests (2008: $102.28 million), of which a decrement of $4.60 million was attributable to investment properties in Australia (2008: increment of $64.71 million) and an increment of $14.30 million relates to the consolidated entity's share of property held under joint venture agreements (2008: $37.57 million). The net increment recognised for the current year primarily relates to the first-time valuation of a joint venture property completed during the year. A further revaluation decrement of $5.54 million was recognised in relation to a property located in Slovenia (2008: nil).

The property portfolio in New Zealand was subject to revaluation in the current year. A revaluation increment of $0.30 million after tax was recognised as an increase to the asset revaluation reserve for the year ended 30 June 2009 (2008: $5.52 million after tax).

Property Portfolio (continued)

The property portfolio in Slovenia was subject to revaluation during the current year. A revaluation increment of $15.24 million before tax ($12.12 million after tax) was recognised as an increase to the asset revaluation reserve for the current year following a rise in the fair value of the property. A revaluation decrement of $5.54 million before tax ($4.40 million after tax) was recorded in the income statement with respect to another owned property in Slovenia.

Composition of Harvey Norman, Domayne, Joyce Mayne and Norman Ross branded complexes as at 30 June 2009:

30 June 2009	Owned	Leased*	Total
Australia – franchised complexes	73	122	**195**
New Zealand	16	15	**31**
Slovenia	2	0	**2**
Ireland & Nth Ireland	0	16	**16**
Asia	0	20	**20**
TOTAL	**91**	**173**	**264**

* 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, Northern Ireland, 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 and the company-run OFIS stores in Australia.

Sales made by franchisees in Australia do not form part of the financial results of the consolidated entity. Retail sales in Harvey Norman, Domayne and Joyce Mayne complexes in Australia are made by independently owned franchised business entities that are not consolidated with group results.

Consolidated sales revenue for the year ended 30 June 2009 was $1.44 billion compared to $1.43 billion for the year ended 30 June 2008, an increase of 0.83%.

Sales Revenue - New Zealand

Sales revenue from the New Zealand company-owned stores increased by $14.51 million New Zealand dollars (increase of 1.9%). When sales in New Zealand were translated into Australian dollars for the purposes of this report, sales revenue actually decreased by $21.31 million Australian dollars (decrease of 3.2%). This decrease is due a decline of 5.0% in the New Zealand dollar relative to the Australian dollar used for translation purposes.

Despite the recession in New Zealand and the negative impact on consumer confidence, we were able to grow both market share and sales in New Zealand dollars. Sales were assisted by the opening of three new stores during the year - Norman Ross at Botany (October 2008) and Palmerston North (November 2008) and Harvey Norman at Nelson (June 2009) – and a full year's trading of the four stores that commenced trading during the preceding year.

Sales Revenue – Republic of Ireland and Northern Ireland

Sales revenue from the company-owned stores in the Republic of Ireland decreased by €11.04 million (decrease of 8.1%). When sales in Ireland were translated into Australian dollars for the purposes of this report, sales revenue actually increased by $7.78 million Australian dollars (increase of 3.5%). The appreciation of the Euro relative to the Australian dollar supported the sales increase for this report. In local currency, the reduction in sales is reflective of the extremely challenging retail trading conditions and lack of consumer confidence in the Irish market. Sales have decreased despite a full year's trading of three stores that commenced trading in the previous year and the opening of the new store at Waterford in July 2008. This decrease has been offset by the sales generated by the two new stores in Northern Ireland of $18.38 million for the year ended 30 June 2009.

Sales Revenue - Slovenia

Sales revenue from the company-owned stores in Slovenia increased by €0.23 million (increase of 0.7%). When sales in Slovenia were translated into Australian dollars for the purposes of this report, the increase in sales was $7.06 million (increase of 13.4%).

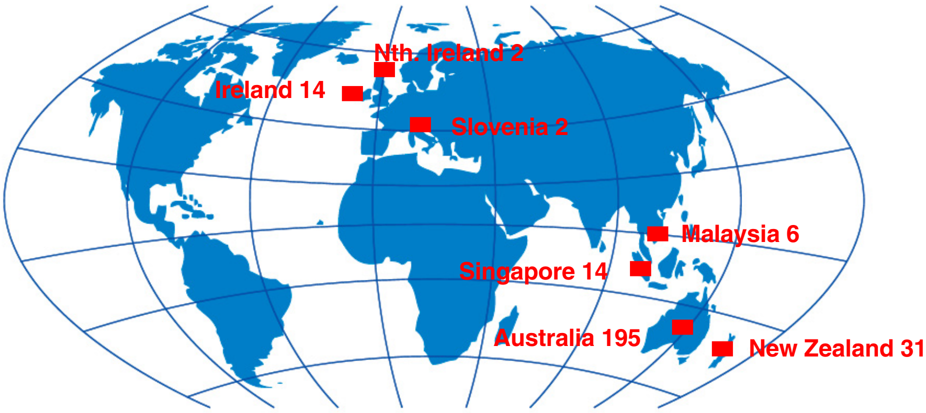
Sales Revenue - Asia

Sales revenue from the controlled entity Pertama Holdings Limited, Singapore, trading as "Harvey Norman" decreased by $45.60 million Singaporean dollars (decrease of 10.4%). When sales in Singapore were translated into Australian dollars for the purposes of this report, the result was an increase in sales by $19.36 million Australian dollars (an increase of 5.7%). This increase is due to an appreciation of 17.9% 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 June 2008 financial year thereby negatively impacting sales revenue for the current year. The closure of the export and distribution businesses contributed $57.20 million to the reduction in sales revenue during the year.

Geographic Spread

This diagram displays the geographic spread of the franchised Harvey Norman ("HN"), Domayne ("DM") and Joyce Mayne ("JM") franchised complexes in the Australian market and the Harvey Norman and Norman Ross ("NR") branded company-owned stores in New Zealand, Ireland, Northern Ireland, Singapore, Malaysia and Slovenia as at 30 June 2009.



Australia

Franchised Complexes

- 195 franchised complexes in total
- 10 new franchised complexes opened during the year:
  - HN Woodville (SA)
  - HN Capalaba (QLD)
  - HN Frankston (VIC)
  - HN Kingaroy (QLD)
  - HN Mentone (VIC)
  - HN Gympie (QLD)
  - JM Warrawong (NSW)
  - JM Ballina (NSW)
  - JM Maroochydore (QLD)
  - JM West Gosford (NSW)
- closure of 9 leased franchised stores:
  - 3 HN closures and 5 JM closures in regional locations
  - closure of DM Campbelltown

Company-Owned OFIS Stores

- Consistent with the announcement to the market in February 2009, the consolidated entity closed all 5 company-owned OFIS stores during the last quarter of the June 2009 financial year.

	Location of Franchised Complexes			
	Harvey Norman	Domayne	Joyce Mayne	TOTAL
NSW	56	11	10	77
QLD	34	2	4	40
VIC	36	1	0	37
WA	20	0	0	20
SA	9	0	0	9
ACT	2	1	0	3
NT	2	0	0	2
TAS	7	0	0	7
TOTAL	166	15	14	195

Overseas Controlled Entities

New Zealand

- 31 stores in total: 27 Harvey Norman, 4 Norman Ross
- 3 new stores opened during the year:
  - NR Botany
  - NR Palmerston North
  - HN Nelson

Ireland

- 14 stores in total
- 1 new store opened during the year:
  - HN Waterford

Northern Ireland

- 2 new stores opened during the year:
  - HN Newtownabbey
  - HN Holywood

Slovenia

- 2 stores in total

Singapore

- 14 stores in total

Malaysia

- 6 stores in total

■ Future Prospects

The integrated retail, franchise and property system will again be the base for robust and solid business performance. Whilst we hold the number one position in the markets of whitegoods and technology products, our market data confirms that we are dominant in the key product areas of audio, computers and visual products such as notebooks and flat panel televisions. Strategies and directions are in place to maintain and grow this position in the 2010 financial year. Our far-sighted and strategic support for Australian furniture and bedding manufacturers has continued our domination of that segment.

The dominant market positions coupled with the strong focus on productivity and business efficiencies have led to the outstanding result posted by the franchising operations segment. This remains our focus for the 2010 financial year and beyond.

Trading conditions in Ireland continue to be challenging. We are constantly striving for further improvements to the operational performance to shore up the platform for future growth and profitability.

The New Zealand operation has, and will continue, to outperform the market despite the recession in New Zealand. Increased share in key growth categories combined with the brand strength of the Company in that market should ensure future growth.

The strategic focus on increasing operational efficiencies, both in the consolidated entity and Harvey Norman franchisees, and increased market share in critical categories has resulted in a significant improvement in our franchising operations margins and net cash flows from operating activities.

The underlying strength and stability of the franchising operations segment, a strong balance sheet, our clear and distinct number one market position, our brands and our key supplier relationships are core factors in our "cautiously optimistic" outlook for a positive future.

■ Equity

Consolidated equity as at 30 June 2009 was $2.06 billion compared to $1.95 billion at 30 June 2008 – an increase of $112.03 million or 5.8%. Of the total equity of $2.06 billion, an amount of $53.14 million (2008: $47.25 million) is attributable to minority interests in the controlled entities mainly relating to Pertama Holdings Limited, Singapore.

■ Dividend

The recommended final dividend is 6.0 cents per share fully franked (7.0 cents per share fully franked for the year ended 30 June 2008). This final dividend will be paid on 7 December 2009. No provision has been made in the Balance Sheet for this recommended final dividend. The total dividend for the year will be 11.0 cents per share fully franked.

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

G. HARVEY
Chairman
Sydney, 14 October 2009

Your directors submit their report for the year ended 30 June 2009.

■ 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 70, 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 Pertama Holdings Limited, a company listed on the Stock Exchange of Singapore.

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

Ms. Page, aged 52, 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:

- Pertama Holdings Limited, Singapore
- National Rugby League Limited

■ *Arthur Bayly Brew - Director*

Mr. Brew, aged 59, 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 Evyn Slack-Smith – Director and Chief Operating Officer*

Mr. Slack-Smith, aged 40, 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 49, 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 43, 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 22 years experience in financial accounting. Mr. Mentis has overall executive responsibility for the accounting and financial matters of the consolidated entity.

Mr. Mentis is an alternate director on the Board of Pertama Holdings Limited, Singapore.

■ *Ian John Norman - Non-Executive Director*

Mr. Norman, aged 70, was co-founder of Harvey Norman with Mr. G. Harvey in 1982.

- *Michael John Harvey - Non-Executive Director*

Mr. M. Harvey, aged 44, 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 59, 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.

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

Mr. Gunderson-Briggs, aged 47, 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 64, 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.

Mr Paton is 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	10
Audit	9
Remuneration	11
Nomination	2

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

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

Director	Board of Directors	Audit Committee
G. Harvey	10 [10]	n/a
K.L. Page	10 [10]	n/a
A.B. Brew	10 [10]	n/a
J.E. Slack-Smith	10 [10]	n/a
D.M. Ackery	10 [10]	n/a
M.J. Harvey	10 [10]	n/a
C.H. Brown	10 [10]	9 [9]
I.J. Norman	9 [10]	n/a
K.W. Gunderson-Briggs	10 [10]	9 [9]
G.C. Paton	10 [10]	9 [9]
C. Mentis	10 [10]	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 Corporate Governance Statement.

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	900,000
I.J. Norman	175,249,660	-
K.L. Page	16,995,133	1,000,000
M.J. Harvey	2,845,553	-
A.B. Brew	1,169,871	300,000
C.H. Brown	103,467	-
J.E. Slack-Smith	259,999	800,000
D.M. Ackery	146,667	800,000
K. W. Gunderson-Briggs	3,000	-
G.C. Paton	15,000	-
C. Mentis	-	350,000
TOTAL	508,747,882	4,150,000

Beneficial Interest

Included in the Directors' Interests table on page 13 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 2,204,000 shares held by K. Page Pty Limited in Pertama Holdings Limited, Singapore. She also has a beneficial interest in 8,132,068 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 59,999 shares held by HVN Share Plan Pty Limited and 200,000 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 13,333 shares held by D.M. Ackery as Trustee for Ackery 2005 Option Trust (Shares).
M.J. Harvey	has a beneficial interest in 678,735 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

As at the date of this report, there were 4,150,000 unissued ordinary shares under options (4,150,000 at the reporting date). Details of share options are set out in Note 28 and Note 30 to the financial statements and form part of this report.

Option holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any related body corporate.

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, Republic of Ireland and Northern Ireland
- Property investment
- Lessor of premises to Harvey Norman franchisees and other third parties
- Media placement
- Provision of consumer finance and other commercial advances

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.

Results

The profit after tax from continuing operations attributable to members for the year ended 30 June 2009 was $214.35 million. This represents a decrease of 40.2% on the profit after tax from continuing operations attributable to members for the year ended 30 June 2008.

Dividends

The directors recommend a fully franked dividend of 6.0 cents per share to be paid on 7 December 2009 (total dividend, fully franked - $63,739,007). The following fully franked dividends of the parent entity have also been paid, declared or recommended since the end of the preceding financial year:

Dividend	Payment Date	$
2008 final fully franked dividend	8 December 2008	74,362,175
2009 interim fully franked dividend	4 May 2009	53,115,839

The dividend payment in respect of the year ended 30 June 2009 represents 50.91% (2008: 46.79%) of net profit from underlying business operations, as set out on page 3 of the financial statements.

Review of Group Operations

The total equity of the consolidated entity for the year ended 30 June 2009 increased over the previous financial year due to the following:

- Profit attributable to increased franchise fee revenue from franchisees; and
- Profit attributable to increased rental income from franchisees and external tenants.

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

Subsequent to the lodgement of the 2009 Annual Report on 30 September 2009, a calculation error relating to the parent entity's financial results and an error in Table 4 of the Remuneration Report was identified and amended in this report as disclosed in Note 1(xxx) on page 61.

There have been no other 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 2009 and up to the date of this report.

Company Secretary

Mr Chris Mentis, aged 43, became Company Secretary on 20 April 2006. Mr. Mentis has over 22 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 consolidated entity in accordance with the requirements of the Corporations Act 2001 and its Regulations. For the purposes of this report, Key Management Personnel (KMP) of the consolidated entity are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the parent company, and includes the five executives in the consolidated entity 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. All executive remuneration has been benchmarked against comparable executive rewards in comparable companies. Executive rewards must have a balance between fixed components (base salary and benefits) and variable components (short-term and long-term incentives). Any variable components, particularly when offered in the form of shares or options, must be subject to performance conditions and service conditions.

The Board strives to ensure that operations of the Company are linked to the strategic objectives of the Company, to create long term value for shareholders. The Board has determined that in the future, variable "at risk" remuneration in the form of equity awards to executive directors will require members of the executive director team to achieve and execute measures, targets and initiatives, critical to the execution of the strategic objectives of the Company.

■ 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 Board 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 not all of the members of the remuneration committee are independent directors.

■ 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 strategic objectives 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 salary of each executive is determined with reference to the duties and responsibilities of the executive, 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. On 17 December 2008, the Remuneration Committee met to review the remuneration packages of each of the executive directors, having regard to changed circumstances of the Company, arising out of the global financial crisis. The review included a comparison of the remuneration of each of the executive directors against the remuneration of executive directors of other comparable organisations. As a result of this review, the Remuneration Committee resolved to recommend to the Board, and the Board subsequently resolved to revise the remuneration package of each executive director with effect from 1 July 2008, so that the remuneration of each executive director for the year ending 30 June 2009 would consist of base salary, superannuation and any rights to equity granted in previous years remaining unexercised.

■ *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. There was no PCI paid to any executive director in respect of the year ended 30 June 2009. The aggregate amount of PCI paid to executive directors in respect of the preceding year ending 30 June 2008 was $1,775,000.

■ *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*
In previous years the Board 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 complied 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 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.

At the annual general meeting of the Company held on 20 November 2007:

- the Board 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

- *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**
Option price	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
Financial years measured (Qualifying Period)	Three years ending 30/06/2010	Three years ending 30/06/2011	Three years ending 30/06/2012
Compound Average Growth ('CAGR') in Earnings per Share ('EPS') FYE 2007 is the base year	**% of options that will vest on 31/08/2010, subject to satisfying Performance Condition 2**	**% of options that will vest on 31/08/2011, subject to satisfying Performance Condition 2**	**% of options that will vest on 31/08/2012, subject to satisfying Performance Condition 2**
10%	25%	25%	25%
12%	50%	50%	50%
15%	100%	100%	100%
First Exercise Date	01/09/2010	01/09/2011	01/09/2012
Last Exercise Date	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.

Remuneration Report (Audited) (continued)

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
Option price	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
Financial year measured (Qualifying Period)	Issue date to 31/08/2010	Issue date to 31/08/2011	Issue date to 31/08/2012
HVN TSR measured against equivalent TSR of other entities included ASX 200 Industrial Accumulation Index	**% of options that will vest on 31/08/2009, subject to satisfying Performance Condition 1**	**% of options that will vest on 31/08/2010, subject to satisfying Performance Condition 1**	**% of options that will vest on 31/08/2011, subject to satisfying Performance Condition 1**
Achieved 75th percentile	100	100	100
Each percentile above the median	2	2	2
Achieve Median	50	50	50
Below Median	-	-	-
First Exercise Date	01/09/2010	01/09/2011	01/09/2012
Last Exercise Date	25/11/2012	25/11/2012	25/11/2012

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).

- *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.

The shares issued pursuant to DEIP have been as follows:

(i) *Shares Issued on 25 November 2003 ("2003 DEIP Allocation")* - 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. 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.

(ii) *Shares Issued on 28 September 2004 ("2004 DEIP Allocation")* - 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. The conditions for vesting of the 2004 DEIP Allocation were not satisfied.

(iii) *Shares Issued on 29 June 2005 ("2005 DEIP Ackery Shares")* - 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. 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.

(iv) *Reallocation of 2004 DEIP Allocation on 4 November 2005 ("2005 DEIP Allocation")* - 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, 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.

There have been no further shares issued pursuant to DEIP subsequent to the 2005 DEIP Allocation on 4 November 2005.

Remuneration Report (Audited) (continued)

- *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.

The options issued pursuant to EOP have been as follows:

(i) *Options Issued on 25 November 2003 ("2003 EOP Allocation")* - 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. 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 at a value of $0.5326 per option or $2,102,705 in total. The 2003 EOP Options were not capable of exercise prior to 1 September 2005 and will lapse, if not exercised, no later than 30 November 2008. On 30 November 2008, 2,080,000 unexercised options had lapsed in respect of the 2003 EOP Allocation.

(ii) *Options Issued on 28 September 2004 ("2004 EOP Allocation")* – 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. The qualifying period for the 2004 EOP Allocation was the year ended 30 June 2005. The 2004 EOP Options were valued at grant date using the recognised Black-Scholes-Merton valuation methodology at a value of $0.4258 per option or $1,680,207 in total. The conditions for vesting of the 2004 EOP Allocation were not satisfied. The performance conditions under EOP are cumulative and all options are available up to the last exercise date. During the year ended 30 June 2006, a reassessment was performed for the 2004 EOP Allocation and, based on the financial performance of the consolidated entity for the year ended 30 June 2006, the performance conditions were satisfied. The 2004 EOP Options were not capable of exercise prior to 1 September 2006 and will lapse, if not exercised, no later than 30 November 2008. On 30 November 2008, 2,080,000 unexercised options had lapsed in respect of the 2004 EOP Allocation.

(iii) *Options Issued on 29 June 2005 ("2005 EOP Ackery Options")* – 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 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 at a value of $0.434 per option or $231,467 in total. 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.

(iv) *Options Issued on 4 November 2005 ("2005 EOP Allocation")* – 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. The qualifying period for the 2005 EOP Allocation was the year ended 30 June 2006. The 2005 EOP Options were valued at grant date using the Black Scholes-Merton valuation methodology at a value of $0.5147 per option or $1,756,671 in total. The 2005 EOP Options were not capable of exercise prior to 1 September 2007 and will lapse, if not exercised, no later than 30 November 2008. On 30 November 2008, 2,080,000 unexercised options had lapsed in respect of the 2005 EOP Allocation.

(v) *Options Issued on 26 November 2007 ("2007 EOP Allocation*") - 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. The qualifying period for the 2007 EOP Allocation is the three years ending 30 June 2010. The 2007 EOP Options were 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 22 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 2009, 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.

The proposed grant of 4,150,000 options to executive directors prior to 30 November 2008 in respect of the three years ending 30 June 2011 ("2008 EOP Allocation") did not take place. No options were issued to executive directors during the year ended 30 June 2009.

Remuneration Report (Audited) (continued)

■ 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 2009 - *Directors of Harvey Norman Holdings Limited:***

		Short Term Benefits				Post-Employment	Share-Based Payments					
		Salary & fees $	Performance Cash Incentive $	Other Short-Term $	Non monetary benefits $	Superannuation $	Shares Granted (number)	Value of Shares $	Options Granted (number)	Value of Options $	TOTAL $	% of options
G. Harvey	**2009**	**736,855**	**-**	**10,400**	**-**	**13,745**	**-**	**-**	**-**	**281,807**	**1,042,807**	**27.0%**
Chairman	2008	626,471	350,000	10,400	-	13,129	-	-	900,000	162,067	1,162,067	13.9%
K.L. Page	**2009**	**947,375**	**-**	**-**	**38,880**	**13,745**	**-**	**-**	**-**	**313,119**	**1,313,119**	**23.8%**
Chief Executive Officer	2008	694,215	500,000	-	42,656	13,129	-	-	1,000,000	176,524	1,426,524	12.4%
A.B. Brew	**2009**	**386,838**	**-**	**-**	**24,417**	**13,745**	**-**	**-**	**-**	**93,936**	**518,936**	**18.1%**
Executive Director	2008	288,152	100,000	-	23,719	13,129	-	-	300,000	45,929	470,929	9.8%
J.E. Slack-Smith	**2009**	**964,740**	**-**	**-**	**21,515**	**13,745**	**-**	**-**	**-**	**250,495**	**1,250,495**	**20.0%**
Executive Director	2008	595,842	350,000	-	41,928	12,231	-	-	800,000	132,690	1,132,691	11.7%
D.M. Ackery	**2009**	**968,242**	**-**	**18,000**	**-**	**13,745**	**-**	**-**	**-**	**250,495**	**1,250,482**	**20.0%**
Executive Director	2008	623,371	350,000	13,500	-	13,129	-	-	800,000	127,907	1,127,907	11.3%
C. Mentis	**2009**	**663,809**	**-**	**-**	**22,446**	**13,745**	**-**	**-**	**-**	**109,592**	**809,592**	**13.5%**
Executive Director	2008	353,585	125,000	-	31,412	13,129	-	-	350,000	50,602	573,728	8.8%
M.J. Harvey	**2009**	**74,167**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**74,167**	**-**
Non-Executive	2008	20,000	-	-	-	-	-	-	-	-	20,000	-
C.H. Brown	**2009**	**121,092**	**-**	**-**	**-**	**9,908**	**-**	**-**	**-**	**-**	**131,000**	**-**
Non-Executive	2008	67,956	-	-	-	9,908	-	-	-	-	77,864	-
I.J. Norman	**2009**	**18,349**	**-**	**-**	**-**	**1,651**	**-**	**-**	**-**	**-**	**20,000**	**-**
Non-Executive	2008	18,349	-	-	-	1,651	-	-	-	-	20,000	-
K.W. Gunderson – Briggs	**2009**	**131,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**131,000**	**-**
Non-Executive	2008	107,667	-	-	-	28,333	-	-	-	-	136,000	-
G.C.Paton	**2009**	**123,000**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**123,000**	**-**
Non-Executive	2008	80,000	-	-	-	40,000	-	-	-	-	120,000	-
TOTAL	**2009**	**5,135,467**	**-**	**28,400**	**107,258**	**94,029**	**-**	**-**	**-**	**1,299,444**	**6,664,598**	**19.5%**
TOTAL	2008	3,475,608	1,775,000	23,900	139,715	157,768	-	-	4,150,000	695,719	6,267,710	11.1%

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

Remuneration Report (Audited) (continued)

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

	Options Granted as Remuneration During the Year								Options Lapsed During the Year		
	Grant Date	Grant Number	Value per option at Grant Date $	Total Value of Options Granted During the Year $	First Exercise Date	Last Exercise Date	Number of Options Vested During the Year	Value of Options Exercised During the Year	Number of Options Lapsed During the Year	Value of Options Lapsed During the Year $	Total Value of Options Granted, Exercised & Lapsed During the Year
G. Harvey	-	-	-	-	-	-	-	-	3,000,000	$1,473,100	$1,473,100
K.L. Page	-	-	-	-	-	-	-	-	3,000,000	$1,473,100	$1,473,100
J.E. Slack-Smith	-	-	-	-	-	-	-	-	-	-	-
D.M. Ackery	-	-	-	-	-	-	-	-	-	-	-
C. Mentis	-	-	-	-	-	-	-	-	-	-	-
A.B. Brew	-	-	-	-	-	-	-	-	240,000	$117,848	$117,848
TOTAL		**-**		**-**			**-**	**-**	**6,240,000**	**$3,064,048**	**$3,064,048**

For details on the valuation of options, including models and assumptions used, please refer to information on page 20 and Note 30.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date.

Remuneration Report (Audited) (continued)

■ **TABLE 3: Compensation of Key Management Personnel for the Year Ended 30 June 2009 - *Executives of Harvey Norman Holdings Limited:***

		Short-Term Benefits			Post-Employment	Shares Granted (number)				Other		
		Salary & fees $	Performance Cash Incentive $	Non monetary benefits $	Superannuation $	Shares Granted (number)	Value of Shares $	Options Granted (number)	Value of Options $	Termination Benefits $	TOTAL $	% of options
R. Orrock	**2009**	**321,692**	**334,499**	**21,162**	**13,745**	**-**	**-**	**-**	**-**	**-**	**691,098**	**-**
General Manager: Domayne	2008	296,764	442,095	19,106	13,129	-	-	-	-	-	771,094	-
M.L. Anderson	**2009**	**320,086**	**-**	**24,642**	**13,953**	**-**	**-**	**-**	**-**	**-**	**358,681**	**-**
General Manager: Advertising	2008	295,000	-	29,175	16,240	-	-	-	-	-	340,415	-
L.R. Greeff (a)	**2009**	**604,190**	**-**	**-**	**13,745**	**-**	**-**	**-**	**-**	**-**	**617,935**	**-**
Chief Information Officer	2008	-	-	-	-	-	-	-	-	-	-	-
K. Escott (b)	**2009**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Chief Information Officer	2008	412,228	45,000	24,226	12,036	-	-	-	-	-	493,490	-
M. Stephen (c)	**2009**	**300,000**	**50,000**	**39,489**	**10,309**	**-**	**-**	**-**	**-**	**230,000**	**629,798**	
Chief Information Officer	2008	114,231	-	-	2,188	-	-	-	-	-	116,419	-
T.J. Scott	**2009**	**385,702**	**50,000**	**-**	**13,745**	**-**	**-**	**-**	**-**	**-**	**449,447**	**-**
General Manager: Property	2008	363,868	-	-	14,223	-	-	-	-	-	378,091	-
R. F. Smith (d)	**2009**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
General Manager: Computers	2008	176,325	3,263	-	5,622	-	-	-	-	-	185,210	-
S.L Naish (e)	**2009**	**486,870**	**158,334**	**-**	**13,129**	**-**	**-**	**-**	**-**	**-**	**658,333**	**-**
General Manager: Computers	2008	284,008	-	-	7,659	-	-	-	-	-	291,667	-
TOTAL KEY MANAGEMENT PERSONNEL 2009		**2,418,540**	**592,833**	**85,293**	**78,626**	**-**	**-**	**-**	**-**	**230,000**	**3,405,292**	**-**
TOTAL KEY MANAGEMENT PERSONNEL 2008		1,942,424	490,358	72,507	71,097	-	-	-	-	-	2,576,386	-

(a) L.R. Greeff was appointed as Project Director on 4 February 2008 to lead the team to develop the global merchandise management system. On 1 March 2009, L.R. Greeff was promoted to Chief Information Officer.

(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 and resigned his position on 28 February 2009.

(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 Six Named Executives Who Receive the Highest Remuneration in the Consolidated Entity for the Year Ended 30 June 2009**

	Short Term Benefits				Post Employment	Share-Based Payments				
	Salary & fees $	Performance Cash Incentive $	Other Short-Term $	Non monetary benefits $	Super $	Shares Granted number	Value of Shares $	Options Granted number	Value of Options $	TOTAL $
B. Callard * *Joint Chief Executive Officer: Harvey Norman Slovenia*	649,800	168,205	23,094	-	-	-	-	-	-	841,099
J. Weiden * *Joint Chief Executive Officer: Harvey Norman Slovenia*	633,468	168,205	7,196	-	-	-	-	-	-	808,869
G. Scott *General Manager - Ireland Electrical*	693,055	-	-	23,052	-	-	-	-	-	716,107
A.A. Augustus (a) *Managing Director: Pertama Holdings Limited, Singapore*	549,551	-	6,948	-	2,390	-	-		19,013	577,902
S. Taylor *Managing Director: Arisit Pty Ltd*	183,486	296,948	-	27,042	13,423	-	-	-	-	520,899
J. Elmasri *General Manager - Ireland Furniture and Bedding*	409,871	-	-	24,304	-	-	-	-	-	434,175
TOTAL	**3,119,231**	**633,358**	**37,238**	**74,398**	**15,813**	**-**	**-**	**-**	**19,013**	**3,899,051**

(a) Mr A. A. Augustus was issued 4,000,000 options on 25 October 2005 to subscribe for 4,000,000 ordinary shares in Pertama Holdings Limited, Singapore. Options have been valued at grant date, using the Black-Scholes option pricing model which takes account of factors such as the option exercise price, the current level and volatility of the underlying share price and the time to maturity of the option. The value of the options has been apportioned over the vesting period. The amortisation amount disclosed in the above table represents the current year amortisation amount for the year ended 30 June 2009, 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 28 to the financial statements for further details of these options.

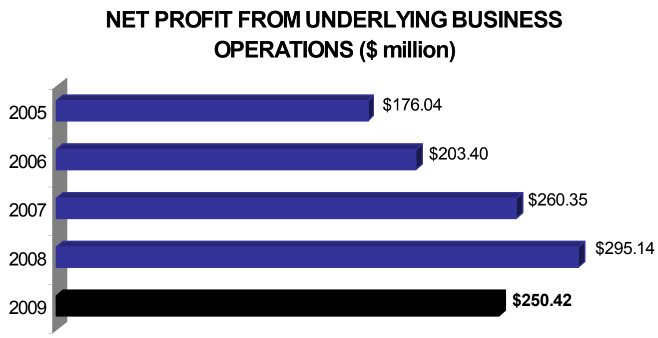
* The remuneration disclosed in respect of these individuals has been amended subsequent to the lodgement of the original 2009 Annual Report on 30 September 2009.

Remuneration Report (Audited) (continued)

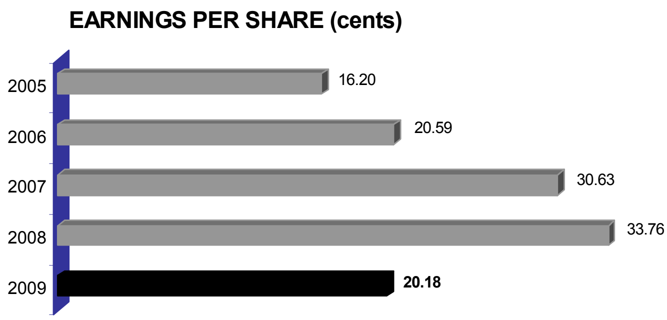
■ Relationship between Remuneration and the Performance of the Company

The remuneration policies of the Company are intended to motivate directors and employees to pursue relevant 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.

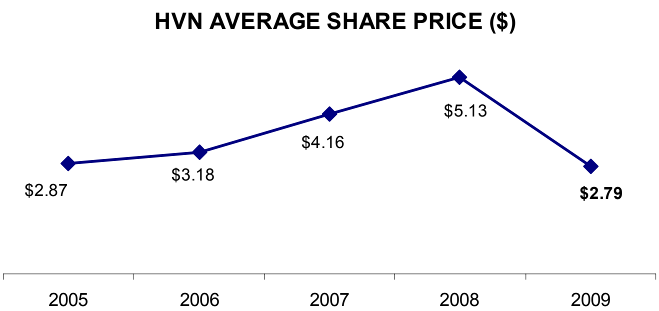
The graphs below illustrate the Company's performance for the past five financial periods.



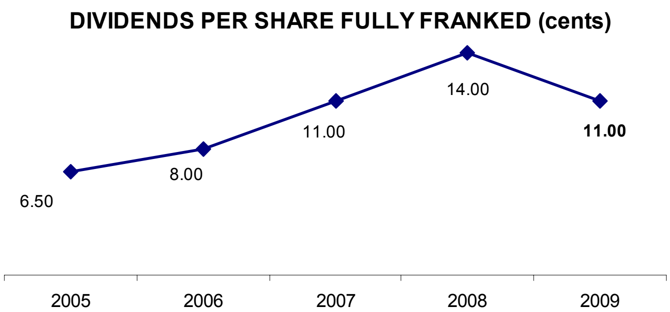
Net Profit from Underlying Business Operations ($ million) for the past five years



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



Average Share Price ($) for the past five years



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 the 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 2009 are as follows:

- Tax compliance services $167,923 (2008: $161,976);
- Other services $128,855 (2008: $87,912)

■ Auditor Independence and Non-Audit Services

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

ERNST & YOUNG

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

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 2009, 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

Ernst & Young

Christopher George
Partner
Sydney
14 October 2009

Liability limited by a scheme approved under Professional Standards Legislation

Signed in accordance with a resolution of directors.

G. HARVEY
Chairman
Sydney
14 October 2009

K.L. PAGE
Director / Chief Executive Officer
Sydney
14 October 2009

The board of directors of Harvey Norman Holdings Limited ("Company") is responsible for establishing the corporate governance framework of the consolidated entity having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Recommendation		Comply Yes	Comply No	Reference/ Explanation in Annual Report	ASX Listing Rule/ Recommendation
■	**Principle 1 – Lay solid foundations for management and oversight**				
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes		Page 31	ASXLR 1.1
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes		Pages 16, 17 & 32	ASXLR 1.2
1.3	Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes			ASXLR 1.3
■	**Principle 2 – Structure the board to add value**				
2.1	A majority of the board should be independent directors.		No	Pages 31	ASXLR 2.1
2.2	The chair should be an independent director.		No	Page 31 & 32	ASXLR 2.2
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes		Page 32	ASXLR 2.3
2.4	The board should establish a nomination committee.	Yes		Pages 32 & 33	ASXLR 2.4
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes		Pages 16, 17, 21 & 32	ASXLR 2.5
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes			ASXLR 2.6
■	**Principle 3 – Promote ethical and responsible decision-making**				
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: ▪ The practices necessary to maintain confidence in the company's integrity. ▪ The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders. ▪ The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes		Please refer to the website of the Company.	ASXLR 3.1
3.2	Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.	Yes		Page 32	ASXLR 3.2
3.3	Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes			ASXLR 3.3
■	**Principle 4 – Safeguard integrity in financial reporting**				
4.1	The board should establish an audit committee.	Yes		Page 33	ASXLR 4.1
4.2	The audit committee should be structured so that it: ▪ Consists only of non-executive directors ▪ Consists of a majority of independent directors ▪ Is chaired by an independent chair, who is not chair of the board ▪ Has at least three members	Yes		Page 33	ASXLR 4.2 ASXLR 12.7
4.3	The audit committee should have a formal charter.	Yes		Page 33	ASXLR 4.3
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes			ASXLR 4.4

Recommendation		Comply Yes	Comply No	Reference/ Explanation in Annual Report	ASX Listing Rule/ Recommendation
■	**Principle 5 – Make timely and balanced disclosures**				
5.1	Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes		Please refer to the website of the Company.	ASXLR 5.1
5.2	Companies should provide the information indicated in the guide to reporting on Principle 5.				ASXLR 5.1
■	**Principle 6 – Respect the rights of shareholders**				
6.1	Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.	Yes		Page 35	ASXLR 6.1
6.2	Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes			ASXLR 6.2
■	**Principle 7 – Recognise and manage risk**				
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes		Page 33 & 34	ASXLR 7.1
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	Yes		Page 33 & 34	ASXLR 7.2
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes		Page 34	ASXLR 7.3
7.4	Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes			ASXLR 7.4
■	**Principle 8 – Remunerate fairly and responsibly**				
8.1	The board should establish a remuneration committee.	Yes		Page 16, 34 & 35	ASXLR 8.1
8.2	Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	Yes		Pages 16-21, 34 & 35	ASXLR 8.2
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes			ASXLR 8.3

	ASX Listing Rule/ Recommendation
The corporate governance practices of the Company were in place throughout the year ended 30 June 2009.	ASXLR 4.10.3
Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by the Company, refer to the website: www.harveynorman.com.au, in the corporate information section.	

	ASX Listing Rule/ Recommendation

■ Board functions

The board seeks to identify the expectations of the shareholders, as well as other regulatory and ethical expectations and obligations. In addition, the board is responsible for identifying areas of significant business risk and ensuring arrangements are in place to adequately manage those risks. ASX Rec 1.1

To ensure that the board is well equipped to discharge its responsibilities it has established guidelines for the nomination and selection of directors and for the operation of the board.

The responsibility for the operation and administration of the Company is delegated, by the board, to the CEO and the executive management team. The board ensures that this team is appropriately qualified and experienced to discharge their responsibilities and has in place procedures to assess the performance of the CEO and the executive management team.

Whilst at all times the board retains full responsibility for guiding and monitoring the Company, in discharging its stewardship it makes use of sub-committees. Specialist committees are able to focus on a particular responsibility and provide informed feedback to the board.

To this end the board has established the following committees: Audit, Nomination, Remuneration and Risk.

The roles and responsibilities of these committees are discussed throughout this corporate governance statement.

The board is responsible for ensuring that management's objectives and activities are aligned with the expectations and risk identified by the board. The board has a number of mechanisms in place to ensure this is achieved including:

(i) Board approval of strategic plans designed to meet stakeholders' needs and manage business risk.
(ii) Ongoing development of strategic plans and approving initiatives and strategies designed to ensure the continued growth and success of the entity.
(iii) Implementation of budgets by management and monitoring progress against budget – via the establishment and reporting of both financial and non financial key performance indicators.

Other functions reserved to the board include:

(i) Approval of the annual and half-yearly financial reports.
(ii) Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures.
(iii) Ensuring that any significant risks that arise are identified, assessed, appropriately managed and monitored.
(iv) Reporting to shareholders.

■ Structure of the board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with – or could reasonably be perceived to materially interfere with – the exercise of their unfettered and independent judgement. ASX Rec 2.6

In accordance with the definition of independence above, and the materiality thresholds set, the following directors of the Company are considered to be independent: ASX Rec 2.6

Name	Position
Kenneth William Gunderson-Briggs	Director
Graham Charles Paton	Director

A majority of the board does not consist of independent directors. The majority of the board consists of executive directors. The board recognises the Corporate Governance Council's recommendation that a majority of the board should consist of independent directors.

The board believes that each executive director is able to and does bring quality and independent judgement to all relevant issues falling within the scope of the role of that executive director and that the Company as a whole benefits from the long-standing experience of that director in relation to the operations and business relationships of the Company.

The board recognises the Corporate Governance Council's recommendation that the Chair should be an independent director. The board further recognises that it can be argued that Mr Gerald Harvey does not meet the definition of independence. ASX Rec 2.1

The board believes that Mr Gerald Harvey is the most appropriate person to lead the board as

	ASX Listing Rule/ Recommendation
executive Chairman and that he is able to and does bring quality and independent judgement to all relevant issues falling within the scope of the role of Chairman and that the Company as a whole benefits from his long standing experience of its operations and business relationships.	
There are procedures in place, agreed by the board, to enable directors in furtherance of their duties to seek independent professional advice at the expense of the Company.	ASX Rec 2.6
The term in office held by each director in office at the date of this report is as follows:	ASX Rec 2.6

Name	Position	Appointed to Board of Company
Gerald Harvey	Executive Chairman	1987
Kay Lesley Page	Director and CEO	1987
Arthur Bayly Brew	Executive Director	1994
John Evyn Slack-Smith	Executive Director and COO	2001
David Matthew Ackery	Executive Director	2005
Chris Mentis	Director and CFO	2007
Ian John Norman	Non-Executive Director	1987
Michael John Harvey	Non-Executive Director	1993
Christopher Herbert Brown	Non-Executive Director	1987
Kenneth William Gunderson-Briggs	Independent Non-Executive Director	2003
Graham Charles Paton	Independent Non-Executive Director	2005

For additional details regarding board appointments, please refer to our website.

■ Performance

The performance of the board and key executives is reviewed regularly against both measurable and qualitative indicators. During the reporting period, the nomination committee conducted performance evaluations that involved an assessment of the performance of each board member against specific and measurable qualitative and quantitative performance criteria. (ASX Rec 2.5)

The performance criteria against which directors and executives are assessed are aligned with the financial and non-financial objectives of the Company.

Directors whose performance is consistently unsatisfactory may be asked to retire.

■ Trading policy

Under the Share Trading Policy of the Company, an executive or director must not trade in any securities of the Company at any time when they are in possession of unpublished, price-sensitive information in relation to those securities. (ASX Rec 3.2)

Before commencing to trade, an executive must first obtain the approval of the Company Secretary or CEO to do so and a director must first obtain approval of the chairman.

Only in exceptional circumstances will approval be forthcoming outside of the period which is 30 days after:
(i) One day following the announcement of the half yearly and full year results as the case may be
(ii) One day following the holding of the Annual General Meeting

As required by the ASX listing rules, the Company notifies the ASX of any transaction conducted by directors in the securities of the Company.

■ Nomination committee

The board has established a nomination committee, which meets at least annually, to ensure that the board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of director. The nomination committee comprised non-executive directors, Christopher Herbert Brown (Chairman), Kenneth William Gunderson-Briggs and Graham Charles Paton through the year ending 30 June 2009. (ASX Rec 2.6)

The nomination committee recognises the Corporate Governance Council's recommendation that the Chair should be an independent director. The nomination committee further recognises that it can be argued that Mr Christopher Herbert Brown does not meet the definition of independence.

	ASX Listing Rule/ Recommendation
The nomination committee believes that Mr Christopher Herbert Brown is the most appropriate person to lead the nomination committee as non-executive Chairman and that he is able to and does bring quality and independent judgement to all relevant issues falling within the scope of the role of Chairman and that the Company as a whole benefits from his long standing experience of its operations and business relationships.	
For details of directors' attendance at meetings of the nomination committee, refer to the directors' report.	ASX Rec 2.6
For additional details regarding the nomination committee including its charter please refer to the website of the Company.	

■ Audit committee

The board has established an audit committee, which operates under a charter approved by the board. It is the board's responsibility to ensure that an effective internal control framework exists within the Company. This includes internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial information as well as non-financial considerations such as the benchmarking of operational key performance indicators. The board has delegated responsibility for oversight of the framework of internal control and ethical standards to the audit committee.

The committee also provides the board with additional assurance regarding the reliability of financial information for inclusion in the financial reports. All members of the audit committee are non-executive directors.

The members of the audit committee during the year were:
- Graham Charles Paton (Chairman)
- Christopher Herbert Brown
- Kenneth William Gunderson-Briggs

Qualifications of audit committee members — ASX Rec 4.4

Graham Charles Paton is an experienced certified practising accountant, financially literate and Chairman of the audit committee.

Christopher Herbert Brown is an experienced solicitor, financially literate and has been a Non-Executive Director of the Company since 1987.

Kenneth William Gunderson-Briggs is an experienced chartered accountant, financially literate and has been an Independent Non-Executive Director of the Company since 2003.

For details on the number of meetings of the audit committee held during the year and the attendees at those meetings, refer to the directors' report. — ASX Rec 4.4

For additional details regarding the audit committee, including a copy of its charter, please refer to the website of the Company.

■ Risk

The board acknowledges the *Revised Supplementary Guidance to Principle 7* issued by the ASX in June 2008 and has continued its proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the approach of the Company to creating long-term shareholder value. — ASX Rec 7.1

In recognition of this, the board determines the risk profile of the Company and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The board has established a separate risk committee, to assist the board.

The board oversees an annual assessment of the effectiveness of risk management and internal compliance and control. The tasks of undertaking and assessing risk management and internal control effectiveness are delegated to management through the Chief Executive Officer, including responsibility for the day to day design and implementation of the risk management and internal control system of the Company. Management reports to the board on the key risks of the Company and the extent to which it believes these risks are being adequately managed.

Management is required by the board to carry out risk specific management activities in core areas, including strategic risk, operational risk, reporting risk and compliance risk. It is then required to assess risk management and associated internal compliance and control procedures and report back on the efficiency and effectiveness of these efforts by benchmarking performance in substantially accordance with Australian/New Zealand Standard for Risk Management (AS/NZS 4360 Risk Management).

	ASX Listing Rule/ Recommendation
The board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the board. These include the following: (i) Board approval of strategic plans designed to meet stakeholders' needs and manage business risk. (ii) Implementation of board approved operating plans and budgets and board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.	
As part of its duties, the internal audit function of the Company is responsible for the objective assessment of: (i) the systems of internal control; (ii) the risk and control framework; and (iii) generally, objective assessment of compliance by the Company with risk management protocols of the Company.	
In order to ensure the independence of the internal audit function, the head of internal audit meets privately with the audit committee without management present on a regular basis and is responsible for making the final decision on the head of internal audit's tenure.	
Underpinning these efforts is a comprehensive set of policies and procedures directed towards achieving the following objectives in relation to the requirements of Principle 7: (i) Effectiveness and efficiency in the use of the resources of the Company (ii) Compliance with applicable laws and regulations (iii) Preparation of reliable published financial information	
■ CEO and CFO certification	
In accordance with section 295A of the *Corporations Act*, the chief executive officer and chief financial officer have provided a written statement to the board that: (i) Their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the board (ii) The Company's risk management and internal compliance and control system is operating effectively in all material respects	ASX Rec 7.3
The board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.	
In response to this, internal control questions are required to be answered and completed by the key management personnel of all significant business units, including finance managers, in support of these written statements.	
■ Remuneration	
It is the Company's objective to provide maximum stakeholder benefit from the retention of a high quality board and executive team by remunerating directors and key executives fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the remuneration committee links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are: (i) Retention and motivation of key executives. (ii) Attraction of high quality management to the Company. (iii) Performance incentives that allow executives to share in the success of Harvey Norman Holdings Limited.	ASX Rec 8.2
For a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current period please refer to the remuneration report, which is contained with the directors' report.	ASX Rec 8.3
There is no scheme to provide retirement benefits to non-executive directors.	ASX Rec 8.3

	ASX Listing Rule/ Recommendation
The board is responsible for determining and reviewing compensation arrangements for the directors themselves, the chief executive officer and executive team. The board has established a remuneration committee, comprising three non-executive directors. Members of the remuneration committee throughout the year were Christopher Herbert Brown (Chairman), Kenneth William Gunderson-Briggs and Graham Charles Paton.	ASX Rec 8.1
The remuneration committee recognises the Corporate Governance Council's recommendation that the Chair should be an independent director. The remuneration committee further recognises that it can be argued that Mr Christopher Herbert Brown does not meet the definition of independence.	
The remuneration committee believes that Mr Christopher Herbert Brown is the most appropriate person to lead the remuneration committee as non-executive Chairman and that he is able to and does bring quality and independent judgement to all relevant issues falling within the scope of the role of Chairman and that the Company as a whole benefits from his long standing experience of its operations and business relationships.	
For details on the number of meetings of the remuneration committee held during the year and the attendees at those meetings, refer to the directors' report.	ASX Rec 8.3
For additional details regarding the remuneration committee, including a copy of its charter, please refer to website of the Company.	

■ Shareholder communication policy

Pursuant to Principle 6, the objective of the Company is to promote effective communication with its shareholders at all times. — ASX Rec 6.2

The Company is committed to:
(i) Ensuring that shareholders and the financial markets are provided with full and timely information about the activities of the Company in a balanced and understandable way.
(ii) Complying with continuous disclosure obligations contained in applicable the ASX listing rules and the *Corporations Act 2001* in Australia.
(iii) Communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company.

To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:
(i) Through the release of information to the market via the ASX
(ii) Through the distribution of the annual report and Notices of Annual General Meeting
(iii) Through shareholder meetings and investor relations presentations
(iv) Through letters and other forms of communications directly to shareholders
(v) By posting relevant information to the website of the Company

The Company's website www.harveynorman.com.au has a dedicated Investor Relations section and for the purpose of publishing all important company information and relevant announcements made to the market (refer to the corporation information section of the website).

The external auditors are required to attend the Annual General Meeting and are available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.

	NOTE	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Current Assets					
Cash and cash equivalents	27(a)	**157,907**	64,660	**-**	-
Trade and other receivables	5	**1,076,465**	1,001,426	**-**	-
Other financial assets	6	**25,874**	29,936	**-**	-
Inventories	7	**259,877**	226,005	**-**	-
Other assets	8	**15,068**	18,508	**-**	-
Intangible assets	9	**537**	861	**-**	-
Total current assets		**1,535,728**	1,341,396	**-**	-
Non-Current Assets					
Trade and other receivables	10	**18,615**	19,879	**1,382,781**	1,239,850
Investments accounted for using equity method	37	**189,571**	187,222	**-**	-
Other financial assets	11	**5,513**	6,903	**80,150**	63,395
Property, plant and equipment	12	**548,615**	587,149	**-**	-
Investment properties	13	**1,316,572**	1,178,784	**-**	-
Intangible assets	14	**18,675**	22,098	**-**	-
Deferred income tax assets	4(d)	**22,897**	21,599	**7,053**	6,277
Total non-current assets		**2,120,458**	2,023,634	**1,469,984**	1,309,522
Total Assets		**3,656,186**	3,365,030	**1,469,984**	1,309,522
Current Liabilities					
Trade and other payables	15	**739,484**	601,439	**547**	457
Interest–bearing loans and borrowings	16	**574,966**	416,580	**-**	-
Income tax payable		**40,798**	43,542	**35,853**	26,965
Other liabilities	17	**3,066**	4,022	**-**	-
Provisions	18	**21,247**	13,684	**-**	-
Total current liabilities		**1,379,561**	1,079,267	**36,400**	27,422
Non-Current Liabilities					
Interest-bearing loans and borrowings	19	**11,714**	150,363	**-**	-
Provisions	18	**9,616**	9,880	**-**	-
Deferred income tax liabilities	4(d)	**170,101**	161,372	**16,719**	12,884
Other liabilities	21	**26,012**	16,996	**-**	-
Total non-current liabilities		**217,443**	338,611	**16,719**	12,884
Total Liabilities		**1,597,004**	1,417,878	**53,119**	40,306
NET ASSETS		**2,059,182**	1,947,152	**1,416,865**	1,269,216
Equity					
Contributed equity	22	**259,610**	259,610	**259,610**	259,610
Reserves	23	**52,545**	33,274	**-**	-
Retained profits	24	**1,693,888**	1,607,015	**1,157,255**	1,009,606
Parent entity interest		**2,006,043**	1,899,899	**1,416,865**	1,269,216
Minority interest	25	**53,139**	47,253	**-**	-
TOTAL EQUITY		**2,059,182**	1,947,152	**1,416,865**	1,269,216

The above balance sheet should be read in conjunction with the accompanying notes.

	NOTE	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Continuing Operations					
Sales revenue	2	**1,440,651**	1,428,848	**-**	-
Cost of sales		**(1,043,231)**	(1,046,745)	**-**	-
Gross profit		**397,420**	382,103	**-**	-
Revenues and other income items	2	**1,035,101**	1,058,160	**319,743**	420,719
Distribution expenses		**(10,319)**	(8,071)	**-**	-
Marketing expenses		**(320,405)**	(307,869)	**-**	-
Occupancy expenses		**(213,595)**	(167,937)	**-**	-
Administrative expenses		**(403,431)**	(367,918)	**-**	-
Other expenses from ordinary activities		**(121,767)**	(74,608)	**(430)**	(382)
Finance costs	3	**(34,706)**	(33,105)	**-**	-
Share of equity accounted entities:					
- Share of net profit of joint venture entities	37	**5,645**	3,673	**-**	-
- Share of joint venture property revaluation	37	**14,304**	37,572	**-**	-
Profit from continuing operations before income tax		**348,247**	522,000	**319,313**	420,337
Income tax expense	4(a)	**(128,907)**	(158,541)	**(44,186)**	(37,159)
Profit from continuing operations after tax		**219,340**	363,459	**275,127**	383,178
Profit from continuing operations attributable to minority interests		**(4,989)**	(5,011)	**-**	-
Profit from continuing operations attributable to members of the parent		**214,351**	358,448	**275,127**	383,178
Earnings Per Share					
From continuing and discontinued operations:					
Basic earnings per share (cents per share)	26	**20.18**	33.76	**-**	-
Diluted earnings per share (cents per share)	26	**20.18**	33.67	**-**	-
From continuing operations:					
Basic earnings per share (cents per share)	26	**20.18**	33.76	**-**	-
Diluted earnings per share (cents per share)	26	**20.18**	33.67	**-**	-
Dividends per share (cents per share)		**11.0 cents**	14.0 cents	**-**	-

The above income statement should be read in conjunction with the accompanying notes.

	Attributable to Equity Holders of the Parent				
	Contributed Equity	Retained Profits	Reserves	Minority Interest	TOTAL EQUITY
	$000	$000	$000	$000	**$000**
AT 1 JULY 2007	248,991	1,386,668	56,925	49,568	**1,742,152**
Revaluation of land and buildings	-	-	5,519	-	**5,519**
Currency translation differences	-	-	(26,528)	(2,463)	**(28,991)**
Fair value of interest rate swaps	-	-	(1,234)	-	**(1,234)**
Fair value of forward foreign exchange contracts	-	-	932	-	**932**
Fair value of available for sale financial assets	-	-	(3,122)	-	**(3,122)**
Net income recognised directly in equity	-	-	(24,433)	(2,463)	**(26,896)**
Profit attributable to members	-	358,448	-	5,011	**363,459**
Total recognised income and expense for the period	**-**	**358,448**	**(24,433)**	**2,548**	**336,563**
Shares issued	10,619	-	-	-	**10,619**
Change in shareholding of controlled entity	-	-	-	(2,494)	**(2,494)**
Cost of share based payments	-	-	782	-	**782**
Dividends paid	-	(138,101)	-	(2,369)	**(140,470)**
AT 30 JUNE 2008	**259,610**	**1,607,015**	**33,274**	**47,253**	**1,947,152**
AT 1 JULY 2008	259,610	1,607,015	33,274	47,253	**1,947,152**
Revaluation of land and buildings	-	-	12,420	-	**12,420**
Reverse expired or realised cash flow hedge reserves	-	-	(3,105)	-	**(3,105)**
Currency translation differences	-	-	8,983	1,051	**10,034**
Fair value of interest rate swaps	-	-	(109)	-	**(109)**
Ineffective interest rate swaps	-	-	(335)	-	**(335)**
Fair value of forward foreign exchange contracts	-	-	(450)	-	**(450)**
Fair value of available for sale financial assets	-	-	549	-	**549**
Net income recognised directly in equity	-	-	17,953	1,051	**19,004**
Profit attributable to members	-	214,351	-	4,989	**219,340**
Total recognised income and expense for the period	**-**	**214,351**	**17,953**	**6,040**	**238,344**
Change in control of controlled entity	-	-	-	(154)	**(154)**
Cost of share based payments	-	-	1,318	-	**1,318**
Dividends paid	-	(127,478)	-	-	**(127,478)**
AT 30 JUNE 2009	**259,610**	**1,693,888**	**52,545**	**53,139**	**2,059,182**

	PARENT		
	Contributed Equity	Retained Profits	TOTAL EQUITY
	$000	$000	$000
AT 1 JULY 2007	248,991	764,529	**1,013,520**
Net income/(expense) recognised directly in equity	-	-	**-**
Profit attributable to members	-	383,178	**383,178**
Total recognised income and expense for the period	-	383,178	**383,178**
Shares issued	10,619	-	**10,619**
Dividends paid	-	(138,101)	**(138,101)**
AT 30 JUNE 2008	259,610	1,009,606	**1,269,216**
AT 1 JULY 2008	259,610	1,009,606	**1,269,216**
Net income recognised directly in equity	-	-	**-**
Profit attributable to members	-	275,127	**275,127**
Total recognised income and expense for the period	-	275,127	**275,127**
Shares issued	-	-	**-**
Dividends paid	-	(127,478)	**(127,478)**
AT 30 JUNE 2009	259,610	1,157,255	**1,416,865**

	NOTE	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Cash Flows from Operating Activities		Inflows/(Outflows)			
Net receipts from franchisees	A	**966,728**	903,954	**-**	-
Receipts from customers	B	**1,492,374**	1,451,631	**-**	-
Payments to suppliers and employees	C	**(1,869,286)**	(1,876,689)	**(340)**	(224)
Distributions received from joint ventures	D	**29,369**	7,091	**-**	-
GST paid		**(36,621)**	(36,819)	**-**	-
Interest received		**5,977**	8,481	**-**	-
Interest and other costs of finance paid	E	**(34,125)**	(31,465)	**-**	-
Income taxes paid	F	**(126,106)**	(160,318)	**(116,957)**	(145,630)
Dividends received		**1,889**	1,415	**-**	-
Trust distributions received		**-**	-	**146,866**	122,230
		430,199	267,281	**29,569**	(23,624)
Consumer finance related cash flows:					
Consumer finance loans granted by consolidated entity	G	**(2,267)**	(3,483)	**-**	-
Proceeds of sale of FAST No. 1 Trust consumer finance loans	G	**1,769**	2,422	**-**	-
Accommodation fees paid	G	**(578)**	(1,568)	**-**	-
Repayments received from consumers on FAST No. 1 Trust consumer finance loans granted by consolidated entity and not sold to commercial investors	G	**13,379**	24,800	**-**	-
		12,303	22,171	**-**	-
Net Cash Flows from Operating Activities	27(b)	**442,502**	289,452	**29,569**	(23,624)

The above cash flow statement should be read in conjunction with the accompanying notes.

	NOTE	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Cash Flows from Investing Activities			Inflows/(Outflows)		
Payment for purchases of property, plant and equipment and intangible assets		**(122,269)**	(109,679)	**-**	-
Payment for the purchase of Investment properties		**(107,691)**	(126,087)	**-**	-
Proceeds from sale of property, plant and Equipment		**5,781**	5,478	**-**	-
Payment for the purchase of other investments		**(1,050)**	-	**(8)**	-
Payment for purchase of units in unit trusts		**(153)**	-	**-**	-
Proceeds from sale of units in unit trusts		**-**	5,911	**-**	-
Payments for purchase of equity investments	H	**(12,994)**	(39,065)	**(15,992)**	-
Proceeds from sale of listed securities		**-**	500	**-**	-
Payments for purchase of listed securities		**(1,375)**	(24,903)	**-**	-
Loans repaid from other entities		**-**	8,251	**113,909**	151,106
Loans granted to other entities		**(511)**	-	**-**	-
Net Cash Flows Used In Investing Activities		**(240,262)**	(279,594)	**97,909**	151,106
Cash Flows from Financing Activities					
Proceeds from short-term borrowings	I	**243,647**	63,558	**-**	-
Proceeds from the issue of shares	J	**-**	10,619	**-**	10,619
Dividends paid		**(127,478)**	(138,101)	**(127,478)**	(138,101)
Proceeds of loans from directors and other persons		**3,684**	7,762	**-**	-
Repayment of amounts owing to commercial investors - FAST	K	**(13,402)**	-	**-**	-
Retirement of interest rate swaps		**-**	100	**-**	-
Repayment of borrowings	I	**(225,978)**	(80,974)	**-**	-
Net Cash Flows Used In Financing Activities		**(119,527)**	(137,036)	**(127,478)**	(127,482)
Net increase/(decrease) in cash and cash equivalents		**82,713**	(127,178)	**-**	-
Cash and Cash Equivalents at Beginning of Year		**(21,338)**	105,840	**-**	-
Cash and Cash Equivalents at End of Year	27(a)	**61,375**	(21,338)	**-**	-

Commentary to the Cash Flow Statement:

<A> Net receipts from franchisees increased relative to the previous corresponding period as a result of increased franchise fees and rent received from franchisees. Receipts from franchisees increased as a result of a full year's trading of the seven (7) franchised complexes opened during the year ended 30 June 2008 and the opening of six (6) new Harvey Norman complexes and four (4) new Joyce Mayne complexes during the current year.

<B> Receipts from customers have increased due to three (3) new store openings in New Zealand, the new Irish store at Waterford, the commencement of trade in Northern Ireland with two (2) new stores at Newtownabbey and Holywood. The appreciation of the Euro, UK pound sterling and the Singaporean dollar relative to the Australian dollar used for the purposes of translation in this report has had the effect of increasing the receipts from customers. This increase has been offset by reduced sales revenue recognised in the Asian operations following the closure of the export and distribution businesses in the previous financial year.

<C> The decrease in payments to suppliers and employees is attributable to inventory management and a reduction in operating costs.

<D> The increase in distributions received from joint venture entities during the year is due to the proceeds received from the sale of an office building pursuant to a development agreement negotiated by the joint venture in Cambridge Park, Tasmania.

<E> For the previous year ended 30 June 2008, interest and other costs of finance paid were lower due to one-off cash receipts resulting in a large reduction in the secured bank bill facility. During the current year, the consolidated entity has increased the utilisation of the secured bank bill facility by $30.40 million in order to fund working capital and capital expenditure acquisitions. This has resulted in an increase in interest and other costs of finance paid despite a reduction in the interest rate payable on the facility.

<F> The large reduction in income taxes paid is because the prior year figure included 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 in 30 March 2007.

<G> 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. Repayment of loans from customers has decreased as the receivables portfolio contracts.

<H> The reduction in payments for the purchase of equity investments is because the prior year figure included capital contributions to the joint venture in Cambridge Park, Tasmania for the building of office complex of $28.49 million and additional capital contributions to the Perth City joint venture of $8.17 million.

<I> The Commercial Mortgage Backed Securities ("CMBS") Facility expired on 19 May 2009 and was repaid on that date. The consolidated entity repaid the CMBS facility utilising the proceeds of facilities provided by the Australia and New Zealand Banking Group Limited ("ANZ").

<J> The proceeds from issue of new shares received during the year ended 30 June 2008 relate to the exercise of options granted under the Harvey Norman Executive Option Plan.

<K> The amounts owing to commercial investors in relation to the FAST No. 1 Trust of $13.40 million was repaid in April 2009 following the decision to temporarily suspend operations of the FAST securitisation vehicle. This repayment was made by utilising the existing commercial bank facility.

■ PRIMARY SEGMENT – Business Segments – 30 June 2009

	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
	2009 $000	2009 $000	2009 $000	2009 $000	2009 $000
Continuing Operations					
FRANCHISING OPERATIONS	-	914,743	-	-	914,743
Retail – New Zealand	642,712	3,987	-	-	646,699
Retail – Asia	361,432	3,095	-	-	364,527
Retail – Slovenia	59,802	406	-	-	60,208
Retail – Ireland & Northern Ireland	249,780	927	-	-	250,707
Other Non-Franchised Retail	119,979	4,284	-	-	124,263
TOTAL RETAIL	1,433,705	12,699	-	-	1,446,404
Retail Property	-	128,444	6,280	5,082	139,806
Property Under Construction for Retail	-	113	8,024	503	8,640
Property Development for Resale	6,946	1	-	60	7,007
TOTAL PROPERTY	6,946	128,558	14,304	5,645	155,453
Financial Services	-	7,159	-	-	7,159
Share Trading	-	1,884	-	-	1,884
TOTAL OTHER	-	9,043	-	-	9,043
Eliminations	-	(29,942)	-	-	(29,942)
Total from continuing operations	**1,440,651**	**1,035,101**	**14,304**	**5,645**	**2,495,701**

Business Segments – 30 June 2009 (continued)

	SEGMENT RESULT				
	Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense	Amortisation & Impairment Expense	Segment Result Before Tax
	2009 $000	2009 $000	2009 $000	2009 $000	2009 $000
Continuing Operations					
FRANCHISING OPERATIONS (a)	370,532	(12,801)	(55,784)	(8,912)	293,035
Retail – New Zealand	53,435	(1,714)	(7,300)	(5)	44,416
Retail – Asia	13,106	(128)	(4,433)	(118)	8,427
Retail – Slovenia	5,034	(1,022)	(800)	(94)	3,118
Retail – Ireland & Northern Ireland (b)	(36,628)	(3,391)	(9,314)	(27,289)	(76,622)
Other Non-Franchised Retail	(6,906)	(1,470)	(2,770)	(313)	(11,459)
TOTAL RETAIL	28,041	(7,725)	(24,617)	(27,819)	(32,120)
Retail Property	93,630	(13,731)	(2,606)	(1,419)	75,874
Property Under Construction for Retail	7,344	(998)	-	-	6,346
Property Development for Resale	896	(157)	-	-	739
TOTAL PROPERTY (c)	101,870	(14,886)	(2,606)	(1,419)	82,959
Financial Services	4,769	(1,073)	(225)	-	3,471
Share Trading	1,146	(244)	-	-	902
TOTAL OTHER	5,915	(1,317)	(225)	-	4,373
Eliminations	(2,023)	2,023	-	-	-
Total from continuing operations	**504,335**	**(34,706)**	**(83,232)**	**(38,150)**	**348,247**
Income tax expense					(128,907)
Profit from continuing operations attributable to minority interests					(4,989)
Net profit for the year attributable to members of the parent					**214,351**

(a)

Franchising Operations Segment Result	293,035
Adjustments: Add back/(deduct)	
(1) Impairment expenses – write-down IT assets	1,635
(2) IT costs – merchandise management system	5,208
(3) Provisions for onerous leases	3,072
Revised Franchising Operations Segment Result	302,950

(b) Included in the Ireland & Northern Ireland segment is the impairment expense of $27.29 million in respect of the write-down of plant and equipment assets to recoverable amount.

(c) Included in the Total Property segments is the revaluation increments and decrements recognised in the income statement as follows: increment of $14.30 million in respect of properties held under several joint venture entities, decrement of $4.60 million attributable to investment properties in Australia and a decrement of $5.54 million in respect of a property held in Slovenia.

Business Segments – 30 June 2009 (continued)

	SEGMENT ASSETS			SEGMENT LIABILITIES		
	Segment Assets	Eliminations	Segment Assets After Eliminations	Segment Liabilities	Eliminations	Segment Liabilities After Eliminations
	2009 $000	2009 $000	2009 $000	2009 $000	2009 $000	2009 $000
FRANCHISING OPERATIONS	4,348,178	(3,090,343)	1,257,835	2,637,052	(1,838,842)	798,210
Retail – New Zealand	176,533	(16,093)	160,440	69,418	(924)	68,494
Retail – Asia	137,484	-	137,484	47,040	(3,605)	43,435
Retail – Slovenia	19,899	-	19,899	34,017	(3,169)	30,848
Retail – Ireland & Northern Ireland	75,629	-	75,629	159,373	(24,978)	134,395
Other Non-Franchised Retail	68,663	(1,854)	66,809	115,313	(50,293)	65,020
TOTAL RETAIL	478,208	(17,947)	460,261	425,161	(82,969)	342,192
Retail Property	1,702,387	(27,595)	1,674,792	1,285,150	(1,058,890)	226,260
Property Under Construction for Retail	127,745	(604)	127,141	133,109	(117,331)	15,778
Property Development for Resale	30,554	(10,499)	20,055	21,855	(19,366)	2,489
TOTAL PROPERTY	1,860,686	(38,698)	1,821,988	1,440,114	(1,195,587)	244,527
Financial Services	111,519	(48,439)	63,080	79,205	(78,029)	1,176
Share Trading	30,125	-	30,125	-	-	-
TOTAL OTHER	141,644	(48,439)	93,205	79,205	(78,029)	1,176
CONSOLIDATED	**6,828,716**	**(3,195,427)**	**3,633,289**	**4,581,532**	**(3,195,427)**	**1,386,105**
Unallocated			22,897			210,899
TOTAL			**3,656,186**			**1,597,004**

- **Business Segments Comparative – 30 June 2008**
- *PRIMARY SEGMENT – Comparative 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
TOTAL RETAIL	1,428,848	24,122	-	-	1,452,970
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
TOTAL PROPERTY	-	185,579	37,572	3,673	226,824
Financial Services	-	10,373	-	-	10,373
Share Trading	-	1,415	-	-	1,415
TOTAL OTHER	-	11,788	-	-	11,788
Eliminations	-	(29,165)	-	-	(29,165)
Total from continuing operations	**1,428,848**	**1,058,160**	**37,572**	**3,673**	**2,528,253**

Business Segments Comparative – 30 June 2008 (continued)

	SEGMENT RESULT				
	Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense	Amortisation & Impairment Expense	Segment Result Before Tax
	2008 $000	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
TOTAL RETAIL	89,879	(8,794)	(20,819)	(490)	59,776
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
TOTAL PROPERTY (c)	198,954	(13,615)	(7,601)	-	177,738
Financial Services	4,242	(2,290)	(196)	-	1,756
Share Trading	(2,988)	(260)	-	-	(3,248)
TOTAL OTHER	1,254	(2,550)	(196)	-	(1,492)
Eliminations	(3,558)	3,558	-	-	-
Total from continuing operations	**640,983**	**(33,105)**	**(79,043)**	**(6,835)**	**522,000**
Income tax expense					(158,541)
Profit from continuing operations attributable to minority interests					(5,011)
Net profit for the year attributable to members of the parent					**358,448**

(a)

Franchising Operations Segment Result	285,978
Adjustments: Add back/(deduct)	
(1) Impairment expenses – write-down IT assets	1,485
(2) IT costs – merchandise management system	3,947
Revised Franchising Operations Segment Result	291,410

(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 Comparative – 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
TOTAL RETAIL	458,594	(1,854)	456,740	361,945	(1,854)	360,091
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
TOTAL PROPERTY	1,721,550	(37,215)	1,684,335	1,318,048	(1,078,227)	239,821
Financial Services	152,621	(52,286)	100,335	114,449	(97,909)	16,540
Share Trading	29,172	-	29,172	-	-	-
TOTAL OTHER	181,793	(52,286)	129,507	114,449	(97,909)	16,540
CONSOLIDATED	**6,047,885**	**(2,704,454)**	**3,343,431**	**3,917,418**	**(2,704,454)**	**1,212,964**
Unallocated			21,599			204,914
TOTAL			**3,365,030**			**1,417,878**

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

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

■ 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	
	2009	2008	**2009**	2008	**2009**	2008
% of Consolidated Revenue	**5.6%**	8.7%	**0.3%**	0.02%	**0.3%**	0.2%
% of Consolidated Result	**21.8%**	33.5%	**1.8%**	(0.4%)	**0.2%**	1.0%
Yield % [Revenue/Segment Assets After Eliminations]	**8.3%**	15.0%	**6.8%**	0.3%	**34.9%**	32.1%
Return on Assets % [Result/Segment Assets After Eliminations]	**4.5%**	11.8%	**5.0%**	(1.2%)	**3.7%**	31.3%

SECONDARY SEGMENT – Geographic Segments

	Segment Revenue		Segment Assets		Acquisition of Property, Plant and Equipment, Intangible Assets and other Non-current Assets	
	2009 $000	2008 $000	**2009 $000**	2008 $000	**2009 $000**	2008 $000
Continuing Operations						
Australia	**1,167,701**	1,230,606	**3,022,901**	2,736,017	**209,012**	241,748
New Zealand	**651,838**	674,261	**324,482**	290,060	**23,826**	11,727
Asia	**365,491**	345,844	**172,633**	155,064	**2,339**	33,090
Slovenia	**60,343**	53,044	**84,556**	62,149	**8,576**	3,179
Republic of Ireland and Northern Ireland	**250,328**	224,498	**75,629**	91,227	**17,106**	24,328
	2,495,701	2,528,253	**3,680,201**	3,334,517	**260,859**	314,072
Eliminations	**-**	-	**(46,912)**	8,914	**-**	-
Total	**2,495,701**	2,528,253	**3,633,289**	3,343,431	**260,859**	314,072
Unallocated	**-**	-	**22,897**	21,599	**-**	-
Total from continuing operations	**2,495,701**	2,528,253	**3,656,186**	3,365,030	**260,859**	314,072

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 2009 was authorised for issue in accordance with a resolution of the directors on 29 September 2009.

(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 2009. For details on the impact of future accounting standards, refer to page 62.

(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 13 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 13 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 18.

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
- non-reliance on turnover rent

For the properties valued using the capitalisation method of valuation during the year, management also undertook a discounted cash flow valuation of the same properties. There were no material differences between the capitalisation method result and the discounted cash flow method result.

(viii) Discontinued operation

A discontinued operation is a component of an entity that has been disposed of or is classified as held for sale and that represents a single major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a 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.

(xxx) Amendments to the Annual Report Subsequent to Lodgement Date

Subsequent to the lodgement of the 2009 Annual Report on 30 September 2009 with the ASX and the Australian Securities and Investments Commission ("ASIC"), additional information has come to light highlighting the following:

1) A calculation error has been identified in the preparation of the financial statements of the parent entity, Harvey Norman Holdings Limited. The correction of this error has reduced the parent entity's profit from continuing operations after tax by $41.74 million. This error did not impact the consolidated results and disclosures within this report. The error identified in the parent entity's financial results related to transactions between entities within the Group that were eliminated on consolidation. The profit from continuing operations after tax as reported by the consolidated entity remains unchanged. The pages of the annual report which have been affected by the amendments to the parent entity's financial statements are as follows: pages 36, 37, 39, 40, 41, 61, 64, 66, 67, 73, 86, 88, 107 and 108.

2) A calculation error in the preparation of Table 4 of the Remuneration Report "Compensation of the Five Named Executives Who Receive the Highest Remuneration in the Consolidated Entity for the Year Ended 30 June 2009". Table 4 on page 25 of this report has been amended to rectify this error.

(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 2009.

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 *Operating Segments*.	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 *Segment Reporting*.	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 *Borrowing Costs*.	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 *Segment Reporting*, 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 101	Presentation of Financial Statements	Refer to AASB 2007-6 above.	1 January 2009	Refer to AASB 2007-6 above.	1 July 2009
AASB 2007-8 AASB 2007-10	Amendments to Australian Accounting Standards arising from AASB 101	Amending standard issued as a consequence of revisions to AASB 101 *Presentation of Financial Statements.*	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	1 July 2009

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
				3) disclose reclassification adjustments relating to components of other comprehensive income. The amendments will have an impact on the group's Income Statement disclosures.	
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 *Presentation of Financial Statements* and AASB 132 *Financial Instruments: Presentation*	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

2 ■ Revenues from Continuing Operations

	Note	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Revenues from Continuing Operations:					
Revenue from the sale of products		**1,440,651**	1,428,848	**-**	-
Gross revenue from franchisees:					
- Franchise fees		**755,384**	718,411	**-**	-
- Rent		**187,481**	174,356	**-**	-
- Interest		**33,749**	35,377	**-**	-
Total revenue received from franchisees		**976,614**	928,144	**-**	-
Rent received from other third parties		**26,614**	27,390	**-**	-
Interest received from other unrelated parties		**5,978**	8,481	**-**	-
Dividends from:					
- Other unrelated parties		**1,889**	1,415	**-**	-
- Related parties (wholly owned group)		**-**	-	**172,121**	298,489
Total other revenues from continuing operations		**34,481**	37,286	**172,121**	298,489
Share of net profit of joint venture entities	37	**5,645**	3,673	**-**	-
Share of joint venture property revaluation	37	**14,304**	37,572	**-**	-
Total revenues from continuing operations		**2,471,695**	2,435,523	**172,121**	298,489
Other Income Items:					
Increase in fair value of investment properties		**-**	64,709	**-**	-
Trust distribution received from other unrelated parties		**604**	198	**-**	-
Trust distribution received from controlled entities		**-**	-	**146,866**	122,230
Net foreign exchange gains		**156**	1,511	**-**	-
Realised gain on crystallisation of cash flow hedge		**-**	100	**-**	-
Unrealised gain on interest rate swaps		**-**	2,507	**-**	-
Other revenue		**23,246**	23,705	**756**	-
Total other income items		**24,006**	92,730	**147,622**	122,230
Total revenues and other income items from continuing operations		**2,495,701**	2,528,253	**319,743**	420,719
Total revenues from continuing operations is disclosed on the Income Statement as follows:					
Sales revenue		**1,440,651**	1,428,848	**-**	-
Other revenues from continuing operations		**1,011,095**	965,430	**172,121**	298,489
Other income items		**24,006**	92,730	**147,622**	122,230
Total other revenues and income items		**1,035,101**	1,058,160	**319,743**	420,719
Share of net profit of joint venture entities		**5,645**	3,673	**-**	-
Share of joint venture property revaluation		**14,304**	37,572	**-**	-
Total revenues and other income items from continuing operations		**2,495,701**	2,528,253	**319,743**	420,719

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000

3 ■ Expenses and Losses from Continuing Operations

In arriving at profit from continuing operations before Income tax, the following items were taken into account:

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Depreciation, amortisation and impairment:				
Depreciation of:				
- Buildings	**2,606**	2,657	**-**	-
- Plant and equipment	**80,626**	76,386	**-**	-
Amortisation of:				
- Leased plant and equipment	**122**	262	**-**	-
- Computer software	**7,685**	5,088	**-**	-
Impairment of (included in administrative and other expenses line in the Income Statement):				
- Plant and equipment – Ireland	**27,289**	-	**-**	-
- Capitalised IT projects	**1,635**	1,485	**-**	-
- Other assets	**1,419**	-	**-**	-
Total depreciation and amortisation	**121,382**	85,878	**-**	-
Finance costs:				
Interest paid or payable:				
- Loans from directors and director-related entities	**1,531**	1,904	**-**	-
- Bank interest paid to financial institutions	**19,361**	13,161	**-**	-
- Interest paid on non-trade amounts owing to Commercial Mortgage Backed Securities	**12,610**	16,157	**-**	-
- Other	**1,204**	1,883	**-**	-
Total finance costs	**34,706**	33,105	**-**	-
Employee benefits expense:				
- Wages and salaries	**193,936**	167,623	**-**	-
- Workers' compensation costs	**551**	966	**-**	-
- Superannuation contributions expense	**9,392**	8,073	**-**	-
- Payroll tax expense	**9,246**	7,296	**-**	-
- Share-based payment expense	**1,318**	782	**-**	-
- Other employee benefit expense	**6,430**	6,379	**-**	-
Total employee benefits expense	**220,873**	191,119	**-**	-
Property revaluation decrements:				
- Net revaluation decrement for Australian investment properties	**4,620**	-	**-**	-
- Revaluation decrement attributable to a property in Slovenia	**5,538**	-	**-**	-
Total property revaluation decrements	**10,158**	-	**-**	-
Other expense items:				
- Net Loss on the revaluation of equity investments	**598**	4,403	**-**	-
- Net bad debts – provided for or written off	**2,845**	6,569	**-**	-
- Net charge to provision for doubtful debts	**(602)**	(2,926)	**-**	-
- Net loss on disposal of plant and equipment	**5,181**	823	**-**	-
- Minimum lease payments	**151,244**	129,070	**-**	-
- Provision for obsolescence of inventories	**2,357**	65	**-**	-
- Provision for employee benefits	**2,260**	2,199	**-**	-
- Included in cost of sales is the cost of inventories recognised as an expense	**1,207,965**	1,193,652	**-**	-

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
4 ■ Income Tax				
(a) ■ *Income tax recognised in the Income Statement*				
The major components of income tax expense are:				
Current income tax:				
Current income tax charge	**123,041**	124,467	**41,134**	32,383
Adjustments in respect of current income tax of previous years	**477**	755	**34**	135
Deferred income tax:				
Relating to the origination and reversal of temporary differences	**3,702**	33,319	**3,018**	4,641
Write-downs (reversals of previous write-downs) of deferred tax assets	**1,687**	-	**-**	-
Total income tax expense reported in the income statement	**128,907**	158,541	**44,186**	37,159
(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 (loss) / gain on revaluation of cash flow hedges	**(52)**	176	**-**	-
Net gain on revaluation of land and buildings	**3,602**	581	**-**	-
Net (loss) / gain on revaluation of forward foreign Exchange contracts	**(193)**	1	**-**	-
Total income tax expense reported in equity	**3,357**	758	**-**	-

4 ■ Income Tax (continued)

(c) ■ *Reconciliation between income tax expense and prima facie income tax:*

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:

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Accounting profit before tax from continuing operations	**348,247**	522,000	**319,313**	420,337
At the consolidated entity's statutory income tax rate of 30% (2008: 30%)	**104,474**	156,600	**95,794**	126,101
Adjustments to arrive at total income tax expense recognised for the year:				
Adjustments in respect of current income tax of previous years	**477**	755	**34**	135
Share-based payment expenses	**390**	216	**-**	-
Expenditure not allowable for income tax purposes	**600**	139	**16**	27
Income not assessable for income tax purposes	**-**	(87)	**-**	-
Unrecognised tax losses	**23,751**	2,674	**-**	-
Previously unrecognised and unused tax losses now recognised as deferred tax assets	**-**	(1,439)	**-**	-
Reversal of deferred tax balances raised in previous periods	**1,687**	-	**-**	-
Tax concession for research and development expenses	**(365)**	-	**(365)**	-
Investment allowance on eligible assets	**(777)**	-	**(777)**	-
Non-allowable building and motor vehicle depreciation	**75**	79	**145**	78
Receipt of fully franked dividends	**(567)**	(435)	**(567)**	435
Sundry items	**(333)**	(353)	**1,542**	(70)
Effect of different rates of tax on overseas income and exchange rate differences	**(505)**	392	**-**	-
Dividends received	**-**	-	**(51,636)**	(89,547)
	24,433	1,941	**(51,608)**	(88,942)
Total income tax expense reported in the income statement	**128,907**	158,541	**44,186**	37,159

4 ■ Income Tax (continued)

(d) ■ *Deferred income tax assets and liabilities:*

Deferred income tax at 30 June relates to the following:

	BALANCE SHEET 2009 $000	BALANCE SHEET 2008 $000	INCOME STATEMENT 2009 $000	INCOME STATEMENT 2008 $000
CONSOLIDATED				
Deferred tax liabilities:				
Revaluations of investment properties to fair value	**(143,847)**	(140,455)	**2,905**	30,684
Revaluations of owner-occupied land and buildings to fair value	**(6,080)**	(3,990)	**-**	-
Reversal of building depreciation expense for investment properties	**(14,203)**	(9,887)	**3,795**	3,590
Differences between accounting carrying amount and tax cost base of computer software assets	**(979)**	(1,047)	**(69)**	56
Unrealised profits on investments	**-**	41		(120)
Adjustments in respect of deferred tax liabilities of previous years	**(1,053)**	1,049	**-**	(1,409)
Accretion of FAST receivables	**(3,330)**	(3,045)	**285**	614
Unrealised foreign exchange gains	**(407)**	(269)	**138**	684
Cash flow hedge reserves	**(18)**	(2,143)	**(780)**	696
Other items	**(184)**	(1,626)	**(1)**	104
	(170,101)	(161,372)		
CONSOLIDATED				
Deferred tax assets:				
Employee provisions	**4,859**	3,825	**(881)**	(719)
Unused tax losses and tax credits	**1,918**	1,445	**910**	(1,445)
Other provisions	**2,573**	4,126	**(357)**	(527)
Provision for lease makegood	**286**	380	**94**	85
Provision for deferred lease expenses	**1,368**	1,211	**(157)**	(183)
Inventory valuation adjustments	**1,565**	2,020	**466**	2,137
Unearned income for accounting purposes	**242**	2,730	**1,855**	1,418
Differences between accounting carrying amount and tax cost base of investment properties	**-**	1,475	**-**	-
Unrealised profits on investments	**1,256**	1,185	**(222)**	(1,079)
Unrealised losses on foreign exchange transactions	**145**	(153)	**(346)**	-
Finance leases	**213**	(1,133)	**(248)**	1,104
Discount interest-free receivables	**3,467**	3,422	**(45)**	(143)
Adjustments in respect of deferred tax assets of previous years	**1,053**	416	**-**	-
Equity-accounted investments	**1,965**	-	**(7)**	-
Provisions for onerous leases	**922**	-	**(922)**	
Other items	**1,065**	650	**(1,024)**	(2,228)
	22,897	21,599		
			5,389	33,319

4 ■ Income Tax (continued)

The consolidated entity has not recognised deferred tax assets relating to tax losses of $103.97 million (2008: $24.37 million) and that are available for offset against taxable profits of the companies in which the losses arose.

At 30 June 2009, there is no recognised or unrecognised deferred income tax liability (2008: $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.

	BALANCE SHEET		INCOME STATEMENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
PARENT				
Deferred tax liabilities:				
Building depreciation allowable for tax purposes	**(13,693)**	(9,898)	**3,795**	3,603
Unrealised profits on investment	**1,472**	(80)	**(1,552)**	-
Other items	**(4,498)**	(2,906)	**1,551**	2,479
	(16,719)	(12,884)		
Deferred tax assets:				
Unearned income for accounting purposes	**765**	2,224	**1,459**	-
Employee provisions	**2,278**	1,875	**(403)**	(302)
Other provisions	**1,290**	500	**(790)**	(30)
Unrealised profit on investments	**1,652**	1,425	**(227)**	(1,319)
Other items	**1,068**	253	**(815)**	210
	7,053	6,277		
			3,018	4,641

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000

5 ■ Trade and Other Receivables (Current)

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Trade debtors (a)	**1,036,273**	952,217	**-**	-
Provision for doubtful debts (a)	**(4,336)**	(4,701)	**-**	-
Trade debtors, net	**1,031,937**	947,516	**-**	-
Consumer finance loans (b)	**5,795**	17,814	**-**	-
Amounts receivable in respect of finance leases (c)	**10,419**	9,101	**-**	-
Non-trade debts receivable from: (d)				
- Related parties	**1,378**	2,141	**-**	-
- Other unrelated persons	**32,683**	30,805	**-**	-
- Provision for doubtful debts (d)	**(5,747)**	(5,951)	**-**	-
Non-trade debts receivable, net	**28,314**	26,995	**-**	-
Total trade and other receivables (current)	**1,076,465**	1,001,426	**-**	-

(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 $2,605,000 (2008: $3,129,000) 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 $8,270,000 (2008: $14,960,000) 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 current and non-current 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**
2009 ($000)	**1,025,159**	**3,726**	**1,527**	**3,017**	**71**	**11**	**4,254**	**1,037,765**
2008 ($000)	932,557	7,377	2,521	5,062	16	7	4,677	952,217

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Reconciled to:				
Trade debtors (Current)	**1,036,273**	952,217	**-**	-
Trade debtors (Non- Current – Note 10)	**1,492**	-	**-**	-
	1,037,765	952,217	**-**	-

5 ■ Trade and Other Receivables (Current) (continued)

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

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	**2009 $000**	2008 $000
At 1 July	**4,701**	10,754	**-**	-
Charge for the year	**2,605**	3,129	**-**	-
Foreign exchange translation	**391**	16	**-**	-
Amounts written off	**(3,361)**	(9,198)	**-**	-
At 30 June	**4,336**	4,701	**-**	-

(b) ■ *Consumer finance loans*

For terms and conditions, allowance for doubtful debts and collateral held for consumer finance loans refer to note 10.

(c) ■ *Finance lease receivables*

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	**2009 $000**	2008 $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	**12,286**	10,705	**-**	-
Later than one year but not later than five years	**15,499**	14,941	**-**	-
	27,785	25,646	**-**	-
Future finance revenue:				
Not later than one year	**(1,867)**	(1,604)	**-**	-
Later than one year but not later than five years	**(1,203)**	(1,027)	**-**	-
Net finance lease receivables	**24,715**	23,015	**-**	-
Reconciled to:				
Trade and other receivables (Current)	**10,419**	9,101	**-**	-
Trade and other receivables (Non-current – Note 10)	**14,296**	13,914	**-**	-
	24,715	23,015	**-**	-

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 $208,319 (2008:$3,376,291) 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.

5 ■ Trade and Other Receivables (Current) (continued)

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

Included in the consolidated entity's non trade receivable balance are debtors with a carrying amount of $3,879,000 (2008: $5,572,000) 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 (2008: $2,200,000).

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:

		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
2009 ($000)	**24,435**	**-**	**-**	**3,879**	**-**	**-**	**5,747**	**34,061**
2008 ($000)	21,423	-	-	5,572	-	-	5,951	32,946

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

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	**2009 $000**	2008 $000
At 1 July	**5,951**	2,775	**-**	-
Charge for the year	**208**	3,376	**-**	-
Amounts written off	**(412)**	(200)	**-**	-
At 30 June	**5,747**	5,951	**-**	-

6 ■ Other Financial Assets (Current)

Listed shares held for trading at fair value	**24,824**	23,524	**-**	-
Derivatives receivable	**-**	6,412	**-**	-
Other investments	**1,050**	-	**-**	-
Total other financial assets (current)	**25,874**	29,936	**-**	-

7 ■ Inventories (Current)

Finished goods at cost	**265,526**	229,297	**-**	-
Provision for obsolescence	**(5,649)**	(3,292)	**-**	-
Total current inventories, net	**259,877**	226,005	**-**	-

8 ■ Other Assets (Current)

Prepayments	**12,971**	15,100	**-**	-
Other current assets	**2,097**	3,408	**-**	-
Total other assets (current)	**15,068**	18,508	**-**	-

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
9 ■ Intangible Assets (Current)				
Net Licence Property	**537**	861	**-**	-
10 ■ Trade and Other Receivables (Non-Current)				
Trade debtors (a)	**1,492**	-	**-**	-
Consumer finance loans (b)	**2,857**	6,028	**-**	-
Provision for doubtful debts (b)	**(30)**	(63)	**-**	-
	4,319	5,965	**-**	-
Amounts receivable in respect of finance leases	**14,296**	13,914	**-**	-
Non-trade debts receivable from wholly owned entities (c)	**-**	-	**926,153**	912,125
Tax related receivable balances with controlled entities (c)	**-**	-	**456,628**	327,725
Total trade and other receivables (non-current)	**18,615**	19,879	**1,382,781**	1,239,850

(a) ■ *Trade debtors*

For terms and conditions, allowance for doubtful debts and collateral held for trade debtors refer to note 5.

(b) ■ *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 $30,000 (2008:$63,000) 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, $595,000 (2008: $2,233,000) are past due at the reporting date for which the consolidated entity has not provided for. 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
2009 ($000)	**8,027**	**228**	**119**	**248**	**-**	**-**	**30**	**8,652**
2008 ($000)	21,546	1,346	434	453	-	-	63	23,842

10 ■ Trade and Other Receivables (Non-Current) (continued)

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

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Reconciled to:				
Consumer finance loans (Current – Note 5)	**5,795**	17,814	**-**	-
Consumer finance loans (Non – Current)	**2,857**	6,028	**-**	-
	8,652	23,842	**-**	-

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

At 1 July	**63**	112	**-**	-
Charge for the year	**30**	63	**-**	-
Amounts written off	**(63)**	(112)	**-**	-
At 30 June	**30**	63	**-**	-

(c) ■ *Non-trade debts receivable and tax related receivables*

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	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
11 ■ Other Financial Assets (Non-Current)				
Securities not quoted on prescribed Stock Exchanges – at cost (in wholly owned controlled entities - Note 38)	**-**	-	**71,329**	54,581
Units in unit trusts not quoted on prescribed Stock Exchanges – at cost	**-**	-	**8,821**	8,814
Listed shares held as available for trading	**950**	1,900	**-**	-
Listed shares held as available for sale	**4,351**	3,747	**-**	-
Units in unit trusts held as available for sale	**212**	204	**-**	-
Derivatives	**-**	1,052	**-**	-
Total other financial assets (non-current)	**5,513**	6,903	**80,150**	63,395

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000

12 ■ Property, Plant and Equipment (Non-Current)

■ *Summary*

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Land				
- At fair value	**96,208**	83,544	**-**	-
- Investment properties under construction, at cost	**55,636**	95,373	**-**	-
Total Land	**151,844**	178,917	**-**	-
Buildings				
- At fair value	**117,976**	99,956	**-**	-
- Investment properties under construction, at cost	**24,537**	39,456	**-**	-
Total buildings	**142,513**	139,412	**-**	-
Net land and buildings	**294,357**	318,329	**-**	-
Plant and equipment				
- At cost	**670,860**	641,979	**-**	-
- Accumulated depreciation	**(417,697)**	(374,731)	**-**	-
Net plant and equipment, at cost	**253,163**	267,248	**-**	-
Lease make good asset				
- At cost	**3,604**	3,362	**-**	-
- Accumulated depreciation	**(2,509)**	(1,790)	**-**	-
Net lease make good asset, at cost	**1,095**	1,572	**-**	-
Total plant and equipment	**254,258**	268,820	**-**	-
Total property, plant and equipment				
- Land and buildings at cost and fair value	**294,357**	318,329	**-**	-
- Plant and equipment at cost	**674,464**	645,341	**-**	-
Total Property, plant and equipment	**968,821**	963,670	**-**	-
Accumulated depreciation and amortisation	**(420,206)**	(376,521)	**-**	-
Total written down amount	**548,615**	587,149	**-**	-

■ *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 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Land:				
Fair value				
Opening balance	**83,544**	98,201	**-**	-
Additions	**3,674**	-	**-**	-
Increase resulting from revaluation	**6,872**	4,163	**-**	-
Transfers to investment properties	**(15)**	(10,734)	**-**	-
Net foreign currency differences arising from self-sustaining foreign operations	**2,133**	(8,086)	**-**	-
Closing balance	**96,208**	83,544	**-**	-

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

■ *Reconciliations (continued)*

	CONSOLIDATED		PARENT	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Land under construction:				
Fair value				
Opening balance	**95,373**	71,067	**-**	-
Additions	**864**	24,645	**-**	-
Transfers to inventories	**(12,074)**			
Transfers to investment properties	**(28,527)**	(339)	**-**	-
Closing balance	**55,636**	95,373	**-**	-
Buildings:				
Fair value				
Opening balance	**99,956**	108,888	**-**	-
Additions	**13,337**	11,870	**-**	-
Increase resulting from revaluation	**476**	1,935	**-**	-
Reversal of depreciation upon revaluation	**876**	(2,634)	**-**	-
Transfers to buildings under construction	**-**	(8,971)	**-**	-
Transfers to investment properties	**(21)**	(2,711)	**-**	-
Net foreign currency differences arising from self-sustaining foreign operations	**3,352**	(8,421)	**-**	-
Closing balance	**117,976**	99,956	**-**	-
Accumulated Depreciation				
Opening balance	**-**	-	**-**	-
Depreciation for the year	**15,336**	14,624	**-**	-
Disposals	**2**	-	**-**	-
Reversal upon revaluation	**(15,291)**	(14,460)	**-**	-
Net foreign currency differences arising from self-sustaining foreign operations	**(47)**	(164)	**-**	-
Closing balance	**-**	-	**-**	-
Net book value	**117,976**	99,956	**-**	-
Buildings under construction (fair value):				
Opening balance	**39,456**	8,553	**-**	-
Additions	**14,670**	23,373	**-**	-
Transfers from buildings (fair value)	**-**	8,971	**-**	-
Transfers to inventories	**(10,188)**			
Transfers to investment property	**(19,401)**	(1,441)	**-**	-
Closing balance	**24,537**	39,456	**-**	-
Total land and buildings	**294,357**	318,329	**-**	-

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 $229.14 million (2008: $271.67 million).

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

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Plant and equipment (at cost):				
Opening balance	**640,552**	566,594	**-**	-
Additions	**99,612**	107,740	**-**	-
Disposals	**(48,084)**	(27,664)	**-**	-
Transfers from / (to) leased plant and equipment	**328**	(149)	**-**	-
Transfers	**(315)**	124	**-**	-
Transfers to other assets	**(1,641)**	-	**-**	-
Impairment (a)	**(29,511)**	-	**-**	-
Net foreign currency differences arising from foreign operations	**9,099**	(6,093)	**-**	-
Closing balance	**670,040**	640,552	**-**	-
Accumulated Depreciation				
Opening balance	**374,042**	321,976	**-**	-
Depreciation for the year	**79,813**	75,635	**-**	-
Disposals	**(34,427)**	(19,746)	**-**	-
Transfers from / (to) leased plant and equipment	**255**	(51)	**-**	-
Transfers (to) / from computer software	**(1,872)**	79	**-**	-
Transfers to plant and equipment at cost	**(315)**	-	**-**	-
Transfers to other assets	**(245)**	-	**-**	-
Impairment (a)	**(2,222)**	-	**-**	-
Net foreign currency differences arising from foreign operations	**2,380**	(3,851)	**-**	-
Closing balance	**417,409**	374,042	**-**	-
Net book value	**252,631**	266,510	**-**	-
Lease make good asset (at cost):				
Opening balance	**3,362**	2,713	**-**	-
Additions	**260**	1,241	**-**	-
Disposals	**(279)**	(547)	**-**	-
Net foreign currency differences arising from foreign operations	**261**	(45)	**-**	-
Closing balance	**3,604**	3,362	**-**	-
Accumulated Depreciation				
Opening balance	**1,790**	1,441	**-**	-
Amortisation for the year	**813**	751	**-**	-
Disposals	**(232)**	(367)	**-**	-
Net foreign currency differences arising from foreign operations	**138**	(35)	**-**	-
Closing balance	**2,509**	1,790	**-**	-
Net book value	**1,095**	1,572	**-**	-

(a) Impairment of Fixed Assets – Republic of Ireland

The economic situation in Ireland has continued to deteriorate during the year ended 30 June 2009 and the severe recession has impacted all Irish retailers resulting in large trading losses in Ireland during the year. The recoverable amount of plant and equipment assets in Ireland was reviewed because of these losses.

Management determined the cash generating unit to be each of the 14 retail stores in the Republic of Ireland. Within each of the Irish retail store cash generating units, the recoverable amount was estimated for plant and equipment assets. As a result, an impairment loss of $27.29 million was recognised to reduce the carrying amount of plant and equipment to recoverable amount. This has been recognised in the income statement in the “other expenses” line item and in “Retail – Ireland & Northern Ireland” reportable segment. The recoverable amount has been determined based on a value in use calculation using cash flow projections as at 30 June 2009 based on financial budgets approved by senior management.

The pre-tax discount rates applied to the cash flow projections were within a range of 11.36% to 13.60%. The terminal growth rates applied to the cash flow projections were within a range of 2.20% to 2.55%.

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

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Capitalised Leased Plant and Equipment (at cost):				
Opening balance	**1,427**	1,028	**-**	-
Additions	**6**	273	**-**	-
Disposals	**(53)**	(5)	**-**	-
Transfers (to) / from owned plant and equipment	**(328)**	132	**-**	-
Transfers from accumulated depreciation	**(240)**	-	**-**	-
Net foreign currency differences arising from foreign operations	**8**	(1)	**-**	-
Closing balance	**820**	1,427	**-**	-
Accumulated Depreciation				
Opening balance	**689**	402	**-**	-
Amortisation for the period	**122**	262	**-**	-
Disposals	**(29)**	(2)	**-**	-
Transfers (to) / from owned plant and equipment	**(255)**	32	**-**	-
Transfers to capitalised leased plant and equipment at cost	**(240)**	-	**-**	-
Net foreign currency differences arising from foreign operations	**1**	(5)	**-**	-
Closing balance	**288**	689	**-**	-
Net book value	**532**	738	**-**	-
Total plant and equipment	**254,258**	268,820	**-**	-
Total property, plant and equipment	**548,615**	587,149	**-**	-

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 to the financial statements.

13 ■ Investment Properties (Non-Current)

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Opening balance at beginning of the period, at fair value	**1,178,784**	1,020,906	**-**	-
Additions	**92,574**	78,256	**-**	-
Disposals	**(960)**	(393)	**-**	-
Transfers from property under construction	**47,928**	1,860	**-**	-
Transfers from land and buildings	**36**	13,446	**-**	-
Net (decrease)/increase from fair value adjustments	**(4,620)**	64,709	**-**	-
Net foreign currency differences arising from foreign operations	**2,830**	-	**-**	-
Closing balance at end of the period, at fair value	**1,316,572**	1,178,784	**-**	-

■ *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
- non-reliance on turnover rent

For the properties valued using the capitalisation method of valuation during the year, management also undertook a discounted cash flow valuation of the same properties. There were no material differences between the capitalisation method result and the discounted cash flow method result.

13 ■ Investment Properties (Non-Current) (continued)

Primary sites (as determined by management), which have been operating for greater than a twelve-month period, totalling $1.02 billion generally have capitalisation rates within the range of 8.0% to 9.5% (2008: 7.5% to 9.0%). Secondary sites (as determined by management), which have been operating for greater than a twelve-month period, totalling $188.20 million generally have capitalisation rates within the range of 8.25% to 10.25% (2008: 8.0% to 10.0%).

The consolidated entity has a strict property maintenance program to ensure that all investment properties are continuously maintained to a high standard. The vacancy rate of the investment property portfolio in Australia is 3.75% (2008: 1.12%).

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 $115.94 million for the year ended 30 June 2009 (2008: $107.87 million). Operating expenses recognised in the income statement in relation to investment properties amounted to $25.83 million for the year ended 30 June 2009 (2008: $18.53 million).

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
14 ■ Intangible Assets (Non-Current)				
Computer Software (summary)				
Cost (gross carrying amount)	**46,705**	41,938	**-**	-
Accumulated amortisation and impairment	**(28,933)**	(20,101)	**-**	-
Net carrying amount	**17,772**	21,837	**-**	-
Computer Software:				
Net of accumulated amortisation and impairment				
Opening balance	**21,837**	20,587	**-**	-
Additions	**6,477**	9,328	**-**	-
Disposals	**(70)**	(1,341)	**-**	-
Impairment	**(943)**	(1,485)	**-**	-
Amortisation	**(7,685)**	(5,088)	**-**	-
Transfers to licence property	**-**	(107)	**-**	-
Transfers to plant and equipment	**(1,872)**	(49)	**-**	-
Net foreign currency differences arising from foreign operations	**28**	(8)	**-**	-
Net book value	**17,772**	21,837	**-**	-
Goodwill:				
Opening balance	**10**	10	**-**	-
Net foreign currency differences arising from foreign operations	**1**	-	**-**	-
Carrying value	**11**	10	**-**	-
Licence property:				
Net book value	**892**	251	**-**	-
Total intangible assets	**18,675**	22,098	**-**	-

■ *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 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000

15 ■ Trade and Other Payables (Current)

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Trade creditors	**657,391**	513,258	**547**	457
Accruals	**30,745**	43,292	**-**	-
Other creditors	**51,348**	44,889	**-**	-
Total trade and other payables (current)	**739,484**	601,439	**547**	457

16 ■ Interest-Bearing Loans and Borrowings (Current)

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Secured:				
Non trade amounts owing to:				
- Other related parties	**-**	988	**-**	-
- Commercial bills payable (b)	**185,874**	23,793	**-**	-
- Commercial investors F.A.S.T	**-**	9,283	**-**	-
- Commercial Mortgage Backed Securities (a)	**-**	221,579	**-**	-
- Other short-term borrowings (a)	**253,009**	-	**-**	-
- Bank overdraft (b)	**96,532**	-	**-**	-
Unsecured:				
Bank overdraft	**-**	85,998	**-**	-
Other short-term borrowings	**-**	39,765	**-**	-
Derivatives payable	**1,097**	-	**-**	-
Lease liabilities (c) Note 32 (b)(i)	**148**	552	**-**	-
Non trade amounts owing to:				
- Directors (d)	**28,878**	30,840	**-**	-
- Other related parties (d)	**9,180**	3,020	**-**	-
- Other unrelated persons	**248**	762	**-**	-
Total interest-bearing loans and borrowings (current)	**574,966**	416,580	**-**	-

(a) Commercial Mortgage Backed Securities (CMBS) and Other Short-Term Borrowings

The CMBS facility in Australia expired on 19 May 2009 and the $220 million facility was repaid on that date. The consolidated entity repaid the CMBS facility utilising the proceeds of facilities provided by Australia and New Zealand Banking Group Limited ("ANZ") to certain controlled entities of Harvey Norman Holdings Limited (each a "Customer") ("ANZ Facility"). The ANZ Facility is secured by the following securities ("ANZ Securities"):

- a fixed and floating charge granted in favour of ANZ Fiduciary Services Pty Limited ("Security Trustee") by each of Harvey Norman Holdings Limited ("Parent") and certain controlled entities of the Parent ("Guarantors"); and
- real estate mortgages over various real properties owned by certain Guarantors.

Under the terms of the ANZ Facility the Customer and each Guarantor must ensure that at all times, unless ANZ otherwise consents:

- the Parent is a Guarantor;
- the persons which are Guarantors must represent at least 85% of :
  (i) the Total Tangible Assets; and
  (ii) the net cash flow of the Harvey Norman Group (that is, Parent and each subsidiary of the Parent).

The ANZ Facility is repayable on 19 November 2009. The Company is negotiating with ANZ for an extension and variation of the terms of the ANZ Facility.

(b) Commercial Bills Payable and Bank Overdraft

The commercial bills payable and bank overdraft ("Other ANZ Facilities") are secured by the ANZ Securities, and subject to annual review by ANZ. The Other ANZ Facilities are repayable on demand by the ANZ, upon the occurrence of any event of default under the ANZ Securities, or after any annual review date.

(c) Lease Liabilities

The implicit interest rate on lease liabilities is 9.0% over a term of 3 years.

16 ■ Interest-Bearing Loans and Borrowings (Current) (continued)

(d) Directors and Other Related Parties

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.

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
17 ■ Other Liabilities (Current)				
Lease incentives	**2,144**	1,199	**-**	-
Unearned revenue	**922**	2,823	**-**	-
Total other liabilities (Current)	**3,066**	4,022	**-**	-

Unearned revenue mainly refers to unearned interest on lease receivables.

18 ■ Provisions

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Current				
- Employee benefits (note 28)	**15,372**	12,835	**-**	-
- Make good provision	**1,397**	155	**-**	-
- Deferred lease expenses	**832**	694	**-**	-
- Onerous lease costs	**3,072**	-		
- Other	**574**	-	**-**	-
Total provisions (current)	**21,247**	13,684	**-**	-
Non – Current				
- Employee benefits (note 28)	**1,983**	2,260	**-**	-
- Make good provision	**2,246**	3,295	**-**	-
- Deferred lease expenses	**5,387**	4,325	**-**	-
Total provisions (non- current)	**9,616**	9,880	**-**	-

Movements in the provisions for the year are as follows:

CONSOLIDATED	Make Good Provision $000	Deferred Lease Expenses $000	Onerous Lease Costs $000	Other $000	Total $000
At 1 July 2008	3,450	5,019	-	-	8,469
Arising during the year	268	1,699	3,072	580	5,619
Utilised / unused amounts reversed	(356)	(520)	-	-	(876)
Discount rate adjustment	27	-	-	-	27
Exchange rate variance	254	21	-	(6)	269
At 30 June 2009	3,643	6,219	3,072	574	13,508
Current 2009	1,397	832	3,072	574	5,875
Non-current 2009	2,246	5,387	-	-	7,633
Total provisions 2009	3,643	6,219	3,072	574	13,508
Current 2008	155	694	-	-	849
Non-current 2008	3,295	4,325	-	-	7,620
Total provisions 2008	3,450	5,019	-	-	8,469

18 ■ Provisions (current) (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 2009 was $3,643,000 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.

■ *Onerous lease costs*
During the year ended 30 June 2009, the consolidated entity closed nine leased franchised stores in total: three small Harvey Norman franchised stores and five small Joyce Mayne franchised stores in regional locations and the leased Domayne franchised store located at Campbelltown (NSW). All of the franchised store closures were located in complexes leased from external landlords and therefore a provision was recognised equivalent to the expected value of rental payments until the end of the lease or until an appropriate sub-lease can be negotiated.

■ *Other*
The other provisions relates to provisions for employees' day in lieu incurred by a controlled entity within the consolidated entity.

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000

19 ■ Interest-Bearing Loans and Borrowings (Non-current)

	2009 $000	2008 $000	**2009 $000**	2008 $000
Secured:				
Non trade amounts owing to:				
Commercial Mortgage Backed Securities (a)	**-**	3,966	**-**	-
Commercial investors F.A.S.T	**-**	3,131	**-**	-
Secured bills payable	**11,402**	143,080	**-**	-
Derivatives payable	**151**	-	**-**	-
Lease liabilities – Note 32 (b)(i)	**161**	186	**-**	-
Total interest-bearing liabilities (non-current)	**11,714**	150,363	**-**	-

(a) Commercial Mortgage Backed Securities (CMBS) and Other Short-Term Borrowings

The CMBS facility in New Zealand of $3.97 million was repaid prior to 30 June 2009, in advance of the repayment date of 19 August 2009, out of existing cash reserves.

(b) 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.

20 ■ Financing Facilities Available

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

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Total facilities:				
- bank overdraft	**89,700**	85,998	**-**	-
- other short term borrowings	**297,702**	58,848	**-**	-
- bank bills	**332,577**	234,334	**-**	-
- Commercial mortgage backed securities	**-**	249,337	**-**	-
Total Available Facilities	**719,979**	628,517	**-**	-
Facilities used at balance date:				
- bank overdraft (i)	**85,114**	85,998	**-**	-
- other short term borrowings	**253,009**	39,764	**-**	-
- bank bills – current	**185,874**	23,793	**-**	-
- bank bills - non-current	**11,402**	143,080	**-**	-
- Commercial mortgage backed securities	**-**	225,545	**-**	-
Total Used Facilities	**535,399**	518,180	**-**	-
Facilities unused at balance date:				
- bank overdraft	**4,586**	-	**-**	-
- other short term borrowings	**44,693**	19,083	**-**	-
- bank bills	**135,301**	67,462	**-**	-
- Commercial mortgage backed securities	**-**	23,792	**-**	-
Total facilities	**719,979**	628,517	**-**	-
Facilities used at reporting date	**535,399**	518,180	**-**	-
Facilities unused at reporting date	**184,580**	110,337	**-**	-

■ *Commercial Bills and Bank overdrafts*

The commercial bills payable and bank overdraft ("Other ANZ Facilities") are secured by the ANZ Securities (refer to Note 16(a)) and subject to annual review by ANZ. The Other ANZ Facilities are repayable on demand by the ANZ, upon the occurrence of any event of default under the ANZ Securities, or after any annual review date.

For additional financing facilities not disclosed above, refer to Notes 16 and 29(f)(i) for details in relation to loans by directors to Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited).

(i) Bank overdraft (Note 16)	96,532
Deduct: bank overdraft due to unpresented cheque payments	(11,418)
Bank overdraft disclosed as facilities used at balance date	85,114

The bank overdraft balance of $11,418,000 incurred in one controlled entity was due to unpresented cheque payments at balance date. The bank overdraft is not a true facility utilised at balance date, as such it is excluded from the financing facilities available disclosure.

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000

21 ■ Other Liabilities (Non-Current)

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Lease incentives	**22,749**	12,725	**-**	-
Unearned revenue	**3,263**	4,271	**-**	-
Total other liabilities (non-current)	**26,012**	16,996	**-**	-

22 ■ Contributed Equity

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Ordinary shares	**259,610**	259,610	**259,610**	259,610
Total contributed equity	**259,610**	259,610	**259,610**	259,610

	2009 Number	2008 number	**2009 number**	2008 number
Ordinary shares				
Issued and fully paid	**1,062,316,784**	1,062,316,784	**1,062,316,784**	1,062,316,784

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

	CONSOLIDATED No.	CONSOLIDATED $'000	PARENT No.	PARENT $'000
Movements in ordinary shares on issue				
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 1 July 2008	1,062,316,784	259,610	1,062,316,784	259,610
Issue of shares under executive share option plan	-	-	-	-
At 30 June 2009	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 4,150,000 (2008: 10,390,000) options to subscribe for 4,150,000 fully paid ordinary shares in the Company, pursuant to the Harvey Norman Executive Option Plan ("EOP"), outstanding as at 30 June 2009. On 30 November 2008, 6,240,000 unexercised options had lapsed in respect of the 2003, 2004 and 2005 EOP Allocations.

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 (2008: 4,000,000) options over unissued ordinary shares outstanding at 30 June 2009. 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. These options are exercisable from 1 October 2008 and must be exercised before 1 October 2010.

Refer to Note 28 to the financial statements for further information.

23 ■ Reserves

	CONSOLIDATED					
	Asset revaluation reserve	Foreign currency translation reserve	Available for sale reserve	Cash flow hedge reserve	Employee equity benefits	Total
At 1 July 2007	46,989	(4,135)	2,946	3,841	7,284	**56,925**
Revaluation of land and buildings	6,100	-	-	-	-	**6,100**
Tax effect of revaluation of land and buildings	(581)	-	-	-	-	**(581)**
Unrealised loss on available-for-sale investments	-	-	(3,122)	-	-	**(3,122)**
Transfer realised gains on interest rate swaps to other income	-	-	-	(1,642)	-	**(1,642)**
Transfer realised loss on forward foreign exchange contracts to inventories	-	-	-	927	-	**927**
Unrealised gains on interest rate swaps	-	-	-	584	-	**584**
Tax effect of unrealised gains on interest rate swaps	-	-	-	(176)	-	**(176)**
Unrealised gains on forward foreign exchange contracts	-	-	-	6	-	**6**
Tax effect of unrealised gains on forward foreign exchange contracts	-	-	-	(1)	-	**(1)**
Currency translation differences	-	(26,528)	-	-	-	**(26,528)**
Share based payment	-	-	-	-	782	**782**
At 30 June 2008	52,508	(30,663)	(176)	3,539	8,066	**33,274**
At 1 July 2008	52,508	(30,663)	(176)	3,539	8,066	**33,274**
Revaluation of land and buildings	16,022	-	-	-	-	**16,022**
Tax effect of revaluation of land and buildings	(3,602)	-	-	-	-	**(3,602)**
Unrealised gain on available-for-sale investments	-	-	549	-	-	**549**
Net loss on interest rate swaps	-	-	-	(161)	-	**(161)**
Tax effect of net loss on interest rate swaps	-	-	-	52	-	**52**
Ineffective interest rate swaps	-	-	-	(335)	-	**(335)**
Reverse expired or realised cash flow hedge reserves	-	-	-	(3,105)	-	**(3,105)**
Net losses on forward foreign exchange contracts	-	-	-	(643)	-	**(643)**
Tax effect of net losses on forward foreign exchange contracts	-	-	-	193	-	**193**
Currency translation differences	-	8,948	-	-	35	**8,983**
Share based payment	-	-	-	-	1,318	**1,318**
At 30 June 2009	64,928	(21,715)	373	(460)	9,419	**52,545**

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.

(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 2009 $000	June 2008 $000	**June 2009 $000**	June 2008 $000

24 ■ Retained Profits and Dividends

Movements in retained earnings were as follows:

Balance 1 July	**1,607,015**	1,386,668	**1,009,606**	764,529
Profit for the year	**214,351**	358,448	**275,127**	383,178
Dividends	**(127,478)**	(138,101)	**(127,478)**	(138,101)
Balance 30 June	**1,693,888**	1,607,015	**1,157,255**	1,009,606

Dividends declared and paid during the year:

Dividends on ordinary shares:				
Final franked dividend for 2008: 7.0 cents (2007: 6.0 cents)	**74,362**	63,739	**74,362**	63,739
Interim franked dividend for 2009: 5.0 cents (2008: 7.0 cents)	**53,116**	74,362	**53,116**	74,362
Total dividends paid	**127,478**	138,101	**127,478**	138,101

The final dividend for the year ended 30 June 2008 was paid on 8 December 2008.

The interim divided for the year ended 30 June 2009 was paid on 4 May 2009.

■ *Proposed for approval at AGM*
(not recognised as a liability as at 30 June):

Dividends on ordinary shares:				
Final franked dividend for 2009: 6.0 cents (2008: 7.0 cents)	**63,739**	74,362	**63,739**	74,362

The proposed final dividend for the year ended 30 June 2009 is to be paid on 7 December 2009 to shareholders registered at 5:00 pm, 6 November 2009.

■ *Franking credit balance*
The amount of franking credits available for the subsequent financial years are:

- franking account balance as at the end of the financial year at 30% (2008: 30%)	**558,093**	495,180	**558,093**	495,180
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	**35,852**	44,789	**35,852**	44,789
- franking credits that will be utilised in the payment of proposed final dividend	**(27,317)**	(31,869)	**(27,317)**	(31,869)
The amount of franking credits available for future reporting periods:	**566,628**	508,100	**566,628**	508,100

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	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
25 ■ Minority Interest				
Interest in:				
Ordinary shares	**35,050**	35,204	**-**	-
Reserves	**(2,194)**	(7,469)	**-**	-
Retained earnings	**20,283**	19,518	**-**	-
Total minority interests	**53,139**	47,253	**-**	-

26 ■ Earnings Per Share

	CONSOLIDATED	
	2009	2008
	$000	$000
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	**219,340**	363,459
Profit attributable to minority interests	**(4,989)**	(5,011)
Profit from continuing operations after tax	**214,351**	358,448
	Number of Shares	
	2009	2008
Weighted average number of ordinary shares used in calculating basic earnings per share (a)	**1,062,316,784**	1,061,611,893
Effect of dilutive securities (b):		
- Share Options	**-**	3,019,265
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**1,062,316,784**	1,064,631,158

(a) Weighted Average Number of Ordinary Shares

The number of ordinary shares on issue at 30 June 2009 was 1,062,316,784 (2008: 1,062,316,784).

There has been no movement in the weighted average number of ordinary shares used in calculating basic earnings per share as no share options have been granted pursuant to the Executive Option Plan ("EOP") during the current year.

There has been no exercise of share options granted under the EOP in respect of previous years.

(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 2009.

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 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000

27 ■ Cash and Cash Equivalents

(a) ■ *Reconciliation to Cash Flow Statement*

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Cash and cash equivalents comprise the following at end of the year:				
Cash at bank and on hand	**125,269**	35,640	**-**	-
Short term money market deposits	**32,638**	29,020	**-**	-
	157,907	64,660	**-**	-
Bank overdraft	**(96,532)**	(85,998)	**-**	-
Cash and cash equivalents at end of year	**61,375**	(21,338)	**-**	-

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

	CONSOLIDATED 2009 $000	CONSOLIDATED 2008 $000	PARENT 2009 $000	PARENT 2008 $000
Profit after tax	**219,340**	363,459	**275,127**	383,178
Adjustments for:				
Net foreign exchange (gain)/loss	**(156)**	(1,511)	**-**	-
Bad and doubtful debts	**2,845**	3,193	**-**	-
Provision for inventory obsolescence	**2,357**	65	**-**	-
Share of joint ventures	**(23,724)**	(2,527)	**-**	-
Depreciation of property, plant and equipment	**83,232**	79,043	**-**	-
Amortisation	**7,807**	5,350	**-**	-
Impairment of fixed assets	**28,924**	1,485	**-**	-
Impairment of assets held in joint venture entities	**1,419**	6,410	**-**	-
Revaluation of investment properties and properties held under joint ventures	**(4,146)**	(102,281)	**-**	-
Deferred lease expenses	**522**	611	**-**	-
Provision for onerous leases	**3,072**	-	**-**	-
Other provisions	**574**	-	**-**	-
Discount on interest-free long term receivables	**152**	475	**-**	-
Accretion of interest-free long term receivables	**(951)**	(2,043)	**-**	-
Shares and options expense	**1,318**	782	**-**	-
Realised / unrealised gain on interest rate swap	**3,137**	(2,507)	**-**	-
Dividend income classified as investing cash flow	**-**	-	**(172,121)**	(298,489)
Net gain on acquisition of investments	**-**	-	**(756)**	-
Transfers to provisions:				
- Employee entitlements	**2,260**	2,199	**-**	-
- Doubtful debts	**(602)**	(2,926)	**-**	-
Profit on disposal and revaluation of:				
- Property, plant and equipment, and listed Securities	**5,779**	5,226	**-**	-
Changes in assets and liabilities net of effects from purchase and sale of controlled entities:				
(Increase)/decrease in assets:				
Receivables	**(77,009)**	25,192	**(84,718)**	(68,197)
Inventory	**(16,166)**	(3,599)	**-**	-
Other current assets	**2,986**	11,736	**-**	-
Deferred tax assets	**(1,298)**	1,380	**(776)**	(1,441)
Increase/(decrease) in liabilities:				
Payables and other current liabilities	**204,562**	(60,285)	**90**	159
Non trade amounts owing to FAST	**(988)**	8	**-**	-
Income tax payable	**(2,744)**	(39,483)	**12,723**	(38,834)
Net cash from operating activities	**442,502**	289,452	**29,569**	(23,624)

	CONSOLIDATED		PARENT	
	2009 number	2008 number	**2009 number**	2008 number

28 ■ Employee Benefits

	2009 number	2008 number	**2009 number**	2008 number
The number of full-time equivalent employees employed as at 30 June are:	**4,684**	4,760	**-**	-

	2009 $000	2008 $000	**2009 $000**	2008 $000
The aggregate employee benefit liability is comprised of:				
Accrued wages, salaries and on-costs	**6,050**	5,408	**-**	-
Provisions (current – Note 18)	**15,372**	12,835	**-**	-
Provisions (non-current – Note 18)	**1,983**	2,260	**-**	-
Total employee benefit provisions	**23,405**	20,503	**-**	-

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	
			2009	2008	**2009**	2008
26/11/2003	30/11/2008	$3.00	**-**	2,080,000	**-**	2,080,000
28/09/2004	30/11/2008	$2.93	**-**	2,080,000	**-**	2,080,000
29/06/2005	30/11/2010	$2.62	**-**	-	**-**	-
04/11/2005	30/11/2008	$2.79	**-**	2,080,000	**-**	2,080,000
26/11/2007	25/11/2012	$6.77	**4,150,000**	4,150,000	**-**	-
			4,150,000	10,390,000	**-**	6,240,000

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	
			2009	2008	**2009**	2008
25/10/2005	01/10/2010	$SGD 0.365	**4,000,000**	4,000,000	**4,000,000**	-
			4,000,000	4,000,000	**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 5.479 cents per option in Australian dollars, translated at an average exchange rate for the year ended 30 June 2009. Thus at grant date, the total value of these options is $239,276 Singapore Dollars, or $219,157 Australian dollars.

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$	$	**$**	$
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	**1,650,934**	1,332,951	**-**	-
- tax services in relation to the entity and any other entity in the consolidated entity	**167,923**	161,976	**-**	-
- other services in relation to the entity and any other entity in the consolidated entity	**128,855**	87,912	**-**	-
	1,947,712	1,582,839	**-**	-
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	**31,900**	9,017	**-**	-
- tax services in relation to the entity and any other entity in the consolidated entity	**69,457**	41,351	**-**	-
- other services in relation to the entity and any other entity in the consolidated entity	**27,800**	43,570	**-**	-
	129,157	93,938	**-**	-
	2,076,869	1,676,777	**-**	-

30 ■ Key Management Personnel

(a) ■ *Details of Key Management Personnel*

(i) DIRECTORS	*Title*	*(ii) EXECUTIVES*	*Title*
Gerald Harvey	Executive Chairman	Martin Anderson	General Manager – Generic Publications Pty Limited
Kay Lesley Page	Chief Executive Officer	Rodney Orrock	General Manager – Domayne
John Evyn Slack-Smith	Executive Director and Chief Operating Officer	Leslie Robert Greeff	Chief Information Officer – appointed 1 March 2009
Arthur Bayly Brew	Executive Director	Marshall Stephen	Chief Information Officer – resigned 28 February 2009
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	Sasha Luke Naish	General Manager – Computers – appointed 3 December 2007
Christopher Herbert Brown	Non-Executive Director		
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	
	2009	2008	**2009**	2008
	$	$	**$**	$
Short – Term	**8,367,791**	7,919,512	**-**	-
Post Employment	**172,655**	228,865	**-**	-
Share – based Payment	**1,299,444**	695,719	**-**	-
Termination Payment	**230,000**	-	**-**	-
	10,069,890	8,844,096	**-**	-

30 ■ Key Management Personnel (continued)

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

30 June 2009	Balance at Beginning of Period 01/07/2008	Granted as Remuneration	Options Exercised	Net Change Other (a)	Balance at End of Period 30/06/2009	Vested at 30 June 2009 Total	Exercisable	Not Exercisable
Directors								
G. Harvey	3,900,000	-	-	(3,000,000)	900,000	-	-	-
K.L. Page	4,000,000	-	-	(3,000,000)	1,000,000	-	-	-
A.B. Brew	540,000	-	-	(240,000)	300,000	-	-	-
J.E. Slack-Smith	800,000	-	-	-	800,000	-	-	-
D.M. Ackery	800,000	-	-	-	800,000	-	-	-
C. Mentis	350,000	-	-	-	350,000	-	-	-
M.J. Harvey	-	-	-	-	-	-	-	-
C.H. Brown	-	-	-	-	-	-	-	-
I.J. Norman	-	-	-	-	-	-	-	-
K.W. Gunderson-Briggs	-	-	-	-	-	-	-	-
G.C. Paton	-	-	-	-	-	-	-	-
Executives								
R. Orrock	-	-	-	-	-	-	-	-
M.L. Anderson	-	-	-	-	-	-	-	-
L.R. Greeff	-	-	-	-	-	-	-	-
M. Stephen	-	-	-	-	-	-	-	-
T.J. Scott	-	-	-	-	-	-	-	-
S.L. Naish	-	-	-	-	-	-	-	-
	10,390,000	-	-	(6,240,000)	4,150,000	-	-	-

(a) The movements in the "Net Change Other" column are explained as follows:

- On 30 November 2008, 2,080,000 unexercised options with an exercise price of $3.00 per option had lapsed in respect of the 2003 EOP Allocation;
- On 30 November 2008, 2,080,000 unexercised options with an exercise price of $2.93 per option had lapsed in respect of the 2004 EOP Allocation; and
- On 30 November 2008, 2,080,000 unexercised options with an exercise price of $2.79 per option had lapsed in respect of the 2005 EOP Allocation.

30 June 2008	Balance at Beginning of Period 01/07/2007	Granted as Remuneration	Options Exercised	Net Change Other	Balance at End of Period 30/06/2008	Vested at 30 June 2008 Total	Exercisable	Not Exercisable
Directors								
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	-	-	-	-	-	-	-	-
Executives								
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 ■ Key Management Personnel (continued)

(d) ■ *Shareholdings of Key Management Personnel*

Shares held in Harvey Norman Holdings Limited (number):

30 June 2009	Balance 1 July 2008	Granted as Remuneration	On Exercise of Options	Net Change Other (a)	Balance 30 June 2009
Directors					
G. Harvey	311,959,532	-	-	-	311,959,532
K.L. Page	16,745,133	-	-	250,000	16,995,133
A.B. Brew	1,169,871	-	-	-	1,169,871
J.E. Slack-Smith	1,699,999	-	-	(40,000)	1,659,999
D. Ackery	666,667	-	-	(170,000)	496,667
C. Mentis	-	-	-	-	-
M.J. Harvey	2,845,553	-	-	-	2,845,553
C.H. Brown	103,467	-	-	-	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
Executives					
R. Orrock	-	-	-	-	-
M.L. Anderson	-	-	-	-	-
K. Escott	-	-	-	-	-
M. Stephen	-	-	-	-	-
J. Scott	-	-	-	-	-
R.F. Smith	-	-	-	-	-
S.L. Naish	2,000	-	-		2,000
Total	510,459,882	-	-	40,000	510,499,882

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

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 30 June 2009.

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.

On 26 June 2009, J.E. Slack-Smith sold 40,000 shares in the Company on market and, subsequent to year-end on 17 September 2009, J.E. Slack-Smith sold 1,400,000 shares in the Company on market reducing his shareholding to 259,999 ordinary shares in Harvey Norman Holdings Limited as at the date of this report.

Subsequent to year end, on 17 September 2009, D.M. Ackery sold 350,000 shares in the Company on market reducing his shareholding to 146,667 ordinary shares in Harvey Norman Holdings Limited as at the date of this report.

30 June 2008	Balance 1 July 2007	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2008
Directors					
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
Executives					
R. Orrock	-	-	-	-	-
M.L. Anderson	-	-	-	-	-
K. Escott	-	-	-	-	-
M. Stephen	-	-	-	-	-
J. Scott	-	-	-	-	-
R.F. Smith	-	-	-	-	-
S.L. Naish	-	-	-	2,000	2,000
Total	511,154,549	-	2,133,333	(2,828,000)	510,459,882

30 ■ Key Management Personnel (continued)

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

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

(e) ■ *Loans to Key Management Personnel*

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

	Balance at beginning of period	Interest charged	Interest not charged	Write-off	Balance at End of Period	Number in Group
	$000	$000	$000	$000	$000	No.
2009						
Directors	-	-	-	-	-	-
Executives	81	6	-	-	58	1
	81	6	-	-	58	1
2008						
Directors	-	-	-	-	-	-
Executives	-	2	-	-	81	1
	-	2	-	-	81	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.
2009						
Directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-
2008						
Directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-

Terms and Conditions of Loans

During the previous financial year, the consolidated entity has advanced a loan to one key management personnel 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. The loan advanced to this one executive has decreased during the current year due to repayments received in accordance with the signed loan agreement.

30 ■ Key Management Personnel (continued)

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

	CONSOLIDATED 2009 $	2008 $
(i) Loans from directors to subsidiaries of Harvey Norman Holdings Limited:		
Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited) borrowed money from entities associated with I.J. Norman, M.J. Harvey, A.B. Brew and G. Harvey. Interest is payable at commercial rates. These loans are unsecured and repayable at call.	**28,877,283**	31,176,701
Net amounts (repaid to)/received from entities associated with the above mentioned directors and their related parties.	**(2,299,418)**	7,245,105
Interest paid/payable	**1,242,680**	1,702,144
(ii) Legal fees paid to a director-related entity:		
Legal fees were paid to the firm of which Mr C.H. Brown is a partner for professional services rendered to the consolidated entity in the normal course of business.	**538,963**	786,807
(iii) Consulting fees paid to a director-related entity:		
Consulting fees were paid to a company of which Mr. K. Gunderson-Briggs was a director during the year ended 30 June 2009 for the professional services rendered to the consolidated entity in the normal course of business. The consulting fees related to corporate finance advice provided to the consolidated entity. Mr. K. Gunderson-Briggs did not direct, manage or otherwise deliver the services for which the consulting fees were paid.	**106,330**	-
(iv) Lease of business premises from Ruzden Pty Limited:		
The consolidated entity leases business premises at Bundall, Queensland from Ruzden Pty Limited. Mr G. Harvey, Ms K.L. Page, Mr M.J. Harvey, Mr I.J. Norman and Mr A.B. Brew have an equity interest in Ruzden Pty Limited. The lease arrangements were approved by shareholders in the General Meeting held 25 May 1993, and in the General Meeting held 31 August 1999. The lease is subject to normal commercial terms and conditions. Rent paid by the consolidated entity to Ruzden Pty Limited is as disclosed.	**3,714,710**	3,519,428
(v) Other income derived by related entities of key management personnel:		
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.	**1,715,826**	1,753,851

30 ■ Key Management Personnel (continued)

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

(vi) Perth City West Retail Complex

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 $26.60 million. In the financial report for the year ended 30 June 2009 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 2009 was $0.75 million each and for the year ended 30 June 2008 was $1.49 million.

(vii) The Byron at Byron Resort, Spa and Conference Centre

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 2009, 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 $0.61 million (2008: $0.51 million) and there were no additional capital contributions by either joint venture partner during the current year (2008: $0.05 million).

(viii) National Rugby League Limited

Ms. K.L. Page is a director of National Rugby League Limited. During the financial year, wholly owned subsidiaries of Harvey Norman Holdings Limited paid for advertising and sponsorships totalling $3.38 million (2008: $2.39 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.

(ix) Gazal Corporation Limited

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 $0.95 million as at 30 June 2009 (2008: $1.90 million). The consolidated entity received dividends from Gazal Corporation Limited amounting to $0.11 million for the year ended 30 June 2009 (2008: $0.14 million).

During the year ended 30 June 2009 Harvey Norman Shopfitting Pty Limited, a wholly-owned subsidiary of Harvey Norman Holdings Limited, provided shopfitting services on normal commercial terms and conditions to Gazal Corporation Limited. The value of the shopfitting sales to Gazal was $1.52 million (2008: nil). Mr. G.C. Paton did not direct, manage or otherwise participate in any of the arrangements between Harvey Norman Shopfitting Pty Limited and Gazal Corporation Limited.

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	
	2009 **$**	2008 $
(b) ■ *Transactions with other Related Parties*		
(i) Other related party transactions		
- 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:	**49,451,914**	14,691,095
- Network Consumer Finance Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited) acts as financier to several controlled partnerships and operates inter-company loan accounts with these controlled partnerships to facilitate the transfer and reimbursement of funds. The controlled partnerships request advances from Network Consumer Finance Pty Limited to pay for general working capital expenses including, but not limited to, wages, travel, rental and other operating costs. Inter-company loans are at normal terms and conditions and have been eliminated on consolidation.		
- The amount of inter-company loans with controlled partnerships at balance date was:	**48,384,178**	50,753,050
- 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:	**968,652**	2,049,264

■ *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.

32 ■ Commitments

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

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Not later than one year	**13,328**	39,963	**-**	-
Later than one year but not later than five years	**-**	-	**-**	-
	13,328	39,963	**-**	-

The consolidated entity had contractual obligations to purchase property, plant and equipment and investment properties of $13.33 million (2008: $39.96 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:

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Not later than one year	**162**	465	**-**	-
Later than one year but not later than five years	**176**	361	**-**	-
Minimum finance lease payments	**338**	826	**-**	-
Deduct future finance charges	**(29)**	(88)	**-**	-
Total finance lease liabilities	**309**	738	**-**	-
Disclosed as follows:				
Current liabilities (refer Note 16)	**148**	552	**-**	-
Non-current liabilities (refer Note 19)	**161**	186	**-**	-
	309	738	**-**	-

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 12 for net book value of capitalised lease assets).

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
32 ■ Commitments (continued)				
(b) *Lease expenditure commitments (continued)*				
(ii) Operating lease expenditure contracted for is payable as follows:				
Not later than one year	**144,320**	135,237	**-**	-
Later than one year but not later than five years	**414,292**	392,451	**-**	-
Later than five years	**482,684**	466,635	**-**	-
Total operating lease liabilities	**1,041,296**	994,323	**-**	-

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:*

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
Not later than one year	**3,753**	33,852	**-**	-
Later than one year but not later than five years	**402**	496	**-**	-
	4,155	34,348	**-**	-

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 $4.16 million at balance date (2008: $34.35 million). These capital expenditure commitments relate to new shopping complexes to be located in Gepps Cross (South Australia), Frankston (Victoria) and Lincoln (New Zealand), and an expansion to the existing shopping complex in Noarlunga (South Australia).

33 ■ Contingent Liabilities

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

	Consolidated 2009 $000	Consolidated 2008 $000	Parent 2009 $000	Parent 2008 $000
- Bank performance guarantees given to various councils and other third parties on behalf of the consolidated entity	**13,577**	13,464	**-**	-
- Other contingent liabilities relating to various line of credit facilities utilised	**8,822**	-	**-**	-
- Contingent liability in relation to a proposed joint venture development in New Zealand that is conditional on the successful rezoning of the development area	**48,278**	51,249	**-**	-
- The parent entity has guaranteed the performance of a number of controlled entities which have entered into operating leases and facilities with other parties	**-**	-	**598,646**	514,576
Total contingent liabilities	**70,677**	64,713	**598,646**	514,576

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; and
- 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; and
- 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)

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

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

At 30 June 2009, 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 2009 $000	June 2008 $000	**June 2009 $000**	June 2008 $000
Financial assets				
Cash and cash equivalents	**22,511**	17,166	**-**	-
Trade and other receivables	**2,774**	7,470	**-**	-
	25,285	24,636	**-**	-
Financial liabilities				
Trade and other payables	**12,384**	15,927	**-**	-
Interest bearing loans and borrowings	**16,093**	15,862		
Derivatives payable	**643**	-	**-**	-
	29,120	31,789	**-**	-
Net exposure	**(3,835)**	(7,153)	**-**	-

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 2009, 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)	
	2009 $000	2008 $000	**2009 $000**	2008 $000
Consolidated				
Australian subsidiaries				
AUD/NZD + 5% (2008: + 5%)	**483**	528	**-**	-
AUD/NZD - 15% (2008: - 10%)	**(1,789)**	(1,232)	**-**	-
AUD/EURO +15% (2008: + 5%)	**234**	153	**(566)**	(56)
AUD/EURO - 15% (2008: - 10%)	**(317)**	(358)	**766**	131
AUD/USD + 15% (2008: + 5%)	**1**	12	**(14)**	(1)
AUD/USD - 15% (2008: - 10%)	**(2)**	(27)	**19**	2
Ireland and Slovenia subsidiaries				
EURO/USD + 10% (2008: + 5%)	**1**	6	**-**	-
EURO/USD - 15% (2008: - 15%)	**(3)**	(23)	**-**	-
Singapore subsidiaries				
SGD/USD + 10% (2008: + 5%)	**(7)**	(87)	**-**	-
SGD/USD - 15% (2008: - 10%)	**14**	204	**-**	-
SGD/EURO +10% (2008: + 5%)	**35**	81	**-**	-
SGD/EURO - 10% (2008: - 10%)	**(43)**	(189)	**-**	-
SGD/MYR + 5% (2008: + 5%)	**(588)**	(494)	**-**	-
SGD/MYR - 10% (2008: - 10%)	**1,371**	1,153	**-**	-
SGD/AUD + 15% (2008: + 5%)	**-**	1	**-**	-
SGD/AUD - 15% (2008: - 10%)	**-**	(3)	**-**	-
New Zealand subsidiaries/branches				
NZ/EURO +15% (2008: +15%)	**37**	28	**-**	-
NZ/EURO - 15% (2008: - 5%)	**(50)**	(11)	**-**	-
NZ/USD + 15% (2008: +15%)	**1**	6	**-**	-
NZ/USD - 15% (2008: -5%)	**(1)**	(7)	**-**	-

34 ■ Financial Risk Management (continued)

(i) ■ *Foreign Currency 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 2009 are comparable with the movements in 2008. The movements in equity in 2009 are more sensitive than in 2008 because of the higher percentage movements in foreign currency rates being used in the sensitivity analysis.

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;
- 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.

		Fixed interest rate maturing in					Average interest rate	
30 June 2009	Principal Subject to Floating interest rate $000	1 year or less $000	Over 1 to 5 years $000	More than 5 years $000	Non-interest bearing $000	Total $000	Floating	Fixed
Financial assets								
Cash	95,426	32,638	-	-	29,843	157,907	0.00%-7.21%	0.10%-2.94%
Consumer finance loans	-	288	138	-	8,226	8,652	-	9.00%-14.50%
Finance lease receivables	-	10,419	14,296	-	-	24,715	-	8.00%-12.50%
Trade debtors	-	-	-	-	1,037,765	1,037,765	-	-
Other financial assets	-	-	-	-	31,387	31,387	-	-
Non-trade debtors & loans	25,820	6,271	-	-	1,970	34,061	3.62%-10.65%	8.00%-12.50%
	121,246	49,616	14,434	-	1,109,191	1,294,487		
Financial liabilities								
Bank overdraft	96,532	-	-	-	-	96,532	1.00%-12.65%	-
Borrowings (*)	253,009	-	-	-	-	253,009	2.15%-9.00%	-
Trade creditors	-	-	-	-	739,484	739,484	-	-
Finance lease liabilities	-	148	161	-	-	309	-	3.24%-9.25%
Other loans	37,557	577	-	-	172	38,306	3.12%-7.75%	4.18%-9.00%
Bills payable (*)								
- Australia	40,750	100,000	-	-	-	140,750	3.15%-7.68%	3.6%
- New Zealand	32,185	-	-	-	-	32,185	2.80%-8.98%	-
- Singapore	4,511	-	-	-	-	4,511	1.99%-4.00%	-
- Slovenia	19,830	-	-	-	-	19,830	1.48%-6.20%	-
Other financial liabilities	-	455	151	-	642	1,248	-	3.27%-6.80%
	484,374	101,180	312	-	740,298	1,326,164		

34 ■ Financial Risk Management (continued)

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

30 June 2008	Principal Subject to Floating interest rate $000	Fixed interest rate maturing in: 1 year or less $000	Over 1 to 5 years $000	More than 5 years $000	Non-interest bearing $000	Total $000	Average interest rate: Floating	Fixed
Financial assets								
Cash	28,795	29,020	-	-	6,845	64,660	0.00%-12.65%	0.55%-3.30%
Consumer finance loans	-	386	128	-	23,327	23,841	-	9.00%-12.50%
Finance lease receivables	-	9,105	13,911	-	-	23,016	-	8.00%-12.50%
Trade debtors	-	-	-	-	952,217	952,217	-	-
Other financial assets	-	6,412	1,052	-	29,375	36,839	-	3.27%-6.80%
Non-trade debtors & loans	25,524	5,055	-	-	2,367	32,946	6.89%-10.70%	8.00%-12.50%
	54,319	49,978	15,091	-	1,014,131	1,133,519		
Financial liabilities								
Bank overdraft	125,762	-	-	-	-	125,762	2.05%-8.85%	-
Trade creditors	-	-	-	-	601,439	601,439	-	-
Finance lease liabilities	-	552	186	-	-	738	-	3.24%-9.00%
Commercial investors FAST	12,414	-	-	-	-	12,414	6.44%-8.27%	-
Other loans	33,860	76	-	-	1,674	35,610	6.46%-8.42%	9.00%
Bills payable (*)								
- Australia	124,660	-	-	-	-	124,660	6.53%-8.42%	-
- New Zealand	23,793	-	-	-	-	23,793	-	6.80%
- Singapore	3,434	-	-	-	-	3,434	2.72%-2.95%	-
- Slovenia	14,987	-	-	-	-	14,987	4.60%-5.70%	-
CMBS (*)	1,579	220,000	3,965	-	-	225,544	6.74%-8.45%	6.21%-6.80%
	340,489	220,628	4,151	-	603,113	1,168,381		

* 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 50 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. 50 basis points shift would represent two (2) rate increases which is reasonably possible in the current environment.

At 30 June 2009, 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)

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

	CONSOLIDATED			
	Post Tax Profit increase/(decrease)		**Equity** increase/(decrease)	
	2009 $000	2008 $000	**2009 $000**	2008 $000
If there was 50 (2008: 100) basis points higher in interest rates with all other variables held constant	**(754)**	(578)	**215**	1,702
If there was 50 (2008: 100) basis points lower in interest rates with all other variables held constant	**754**	578	**(215)**	(1,702)

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 2009 are more sensitive than the movements in 2008 as more financial liabilities are subject to variable interest rates. The movements in equity in 2009 are less sensitive than the movements in 2008 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 $25.77 million as at 30 June 2009. The fair value of the equity investments publicly traded on the NZX was $4.35 million as at 30 June 2009.

As at 30 June 2009, 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 increase/(decrease)		**Equity** increase/(decrease)	
	2009 $000	2008 $000	**2009 $000**	2008 $000
If there was 10% increase movement in equity prices with all other variables held constant	**1,808**	1,778	**298**	252
If there was 10% decrease movement in equity prices with all other variables held constant	**(1,808)**	(1,778)	**(298)**	(252)

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 non-trade debtors, consumer finance loans and finance lease receivables. 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:

	CONSOLIDATED	
Location of credit risk	**2009 $000**	2008 $000
Australia	**1,053,439**	998,113
New Zealand	**25,291**	27,684
Asia	**11,234**	13,272
Slovenia	**1,623**	613
Ireland	**3,494**	3,825
Total	**1,095,081**	1,043,507

Parent entity
Credit risk arises from the financial assets of the Parent entity, which comprise trade and other receivables. 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)

(d) ■ *Liquidity Risk (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.

Year ended 30 June 2009 CONSOLIDATED	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Over 5 years $000	Total $000
Non derivative financial assets					
Cash and cash equivalents	157,907	-	-	-	157,907
Trade and other receivables	1,078,638	12,549	6,823	748	1,098,758
Other financial assets	25,874	-	-	5,513	31,387
Total financial assets	1,262,419	12,549	6,823	6,261	1,288,052
Non derivative financial liabilities					
Trade and other payables	739,484	-	-	-	739,484
Interest bearing loans and borrowings	574,043	6,840	5,299	-	586,182
Derivative financial liabilities					
Derivatives	1,097	151	-	-	1,248
Total financial liabilities	1,314,624	6,991	5,299	-	1,326,914
Net maturity	(52,205)	5,558	1,524	6,261	(38,862)

Year ended 30 June 2008 CONSOLIDATED	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Over 5 years $000	Total $000
Non derivative financial assets					
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
Derivative financial assets					
Derivatives	6,412	420	632	-	7,464
Total financial assets	1,098,565	13,709	8,566	5,851	1,126,691
Non derivative financial liabilities					
Trade and other payables	601,439	-	-	-	601,439
Interest bearing loans and borrowings	410,625	147,758	1,790	10,108	570,281
Total financial liabilities	1,012,064	147,758	1,790	10,108	1,171,720
Net maturity	86,501	(134,049)	6,776	(4,257)	(45,029)

34 ■ Financial Risk Management (continued)

(d) ■ *Liquidity Risk (continued)*

Year ended 30 June 2009 PARENT	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Over 5 years $000	Total $000
Non derivative financial assets					
Trade and other receivables	-	-	-	1,382,781	1,382,781
Other financial assets	-	-	-	80,150	80,150
Total financial assets	-	-	-	1,462,931	1,462,931
Non derivative financial liabilities					
Trade and other payables	547	-	-	-	547
Total financial liabilities	547	-	-	-	547
Net maturity	(547)	-	-	1,462,931	1,462,384

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
Non derivative financial assets					
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
Non derivative financial liabilities					
Trade and other payables	457	-	-	-	457
Total financial liabilities	457	-	-	-	457
Net maturity	(457)	-	-	1,303,245	1,302,788

For detailed information on financing facilities available as at 30 June 2009 refer to note 20.

(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 2009, 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 16 and 19, 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 2009 and 2008 were as follows:

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Borrowings (a)	**546,817**	518,181	**-**	-
Total equity	**2,059,182**	1,947,152	**1,416,865**	1,269,216
Debt to equity ratio	**26.56%**	26.6%	**-**	-

If cash and cash equivalents were to be deducted from total borrowings, the debt to equity ratio would have been 18.9% for the year ended 30 June 2009 and 23.3% for the year ended 30 June 2008.

(a) Borrowings for the purpose of calculating this debt to equity ratio consists of:

- Bank overdraft;
- Other short-term borrowings; and
- Commercial bills payable (current and non-current).

35 ■ Derivative Financial Instruments

(a) ■ *Financial Assets and Liabilities by Category*

At 30 June 2009 CONSOLIDATED	Total	Loans and receivables	Available for sale invest-ments	Held to maturity investment	Other financial assets and liabilities
	$000	$000	$000	$000	$000
Current Financial Assets					
Cash and cash equivalents (note 27 (a))	157,907	157,907	-	-	-
Trade and other receivables (note 5)	1,076,465	1,076,465	-	-	-
Other financial assets (note 6)	25,874	-	-	-	25,874
Total current financial assets	1,260,246	1,234,372	-	-	25,874
Non-Current Financial Assets					
Trade and other receivables (note 10)	18,615	18,615	-	-	-
Other financial assets (note 11)	5,513	-	4,351	-	1,162
Total non-current financial assets	24,128	18,615	4,351	-	1,162
Total Financial Assets	1,284,374	1,252,987	4,351	-	27,036
Current Financial Liabilities					
Trade and other payables (note 15)	739,484	-	-	-	739,484
Interest–bearing loans and borrowings (note 16)	574,966	-	-	-	574,966
Total current financial liabilities	1,314,450	-	-	-	1,314,450
Non-Current Financial Liabilities					
Interest-bearing loans and borrowings (note 19)	11,714	-	-	-	11,714
Total non-current financial liabilities	11,714	-	-	-	11,714
Total financial Liabilities	1,326,164	-	-	-	1,326,164

At 30 June 2008 CONSOLIDATED	Total	Loans and receivables	Available for sale invest-ments	Held to maturity investment	Other financial assets and liabilities
	$000	$000	$000	$000	$000
Current Financial Assets					
Cash and cash equivalents (note 27(a))	64,660	64,660	-	-	-
Trade and other receivables (note 5)	1,001,426	1,001,426	-	-	-
Other financial assets (note 6)	29,936	-	-	-	29,936
Total current financial assets	1,096,022	1,066,086	-	-	29,936
Non-Current Financial Assets					
Trade and other receivables (note 10)	19,879	19,879	-	-	-
Other financial assets (note 11)	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
Current Financial Liabilities					
Trade and other payables (note 15)	601,439	-	-	-	601,439
Interest–bearing loans and borrowings (note 16)	416,580	-	-	-	416,580
Total current financial liabilities	1,018,019	-	-	-	1,018,019
Non-Current Financial Liabilities					
Interest-bearing loans and borrowings (note 19)	150,363	-	-	-	150,363
Total non-current financial liabilities	150,363	-	-	-	150,363
Total financial Liabilities	1,168,382	-	-	-	1,168,382

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	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
Current Assets				
Interest swap contracts – cash flow hedges	**-**	6,412	**-**	-
Non-current Assets				
Interest rate swap contracts – cash flow hedges	**-**	1,046	**-**	-
Forward currency contracts – cash flow hedges	**-**	6	**-**	-
Current Liabilities				
Interest swap contracts – cash flow hedges	**454**	-	**-**	-
Forward currency contracts – cash flow hedges	**642**	-	**-**	-
Non-current Liabilities				
Interest swap contracts – cash flow hedges	**151**	-	**-**	-

(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:

			CONSOLIDATED			
			2009		2008	
Currency	Average Exchange Rate		Buy	Sell	Buy	Sell
	2009	2008	$000	$000	$000	$000
Euro						
6 months or less	**52.78**	61.14	**7,512**	**-**	1,675	-
US Dollar						
6 months or less	**70.86**	94.91	**197**	**-**	29	-
Total			**7,709**	**-**	1,704	-

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 (2008: 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.

35 ■ Derivative Financial Instruments (continued)

(i) ■ *Interest Rate Swap Contracts – cash flow hedges*

Movement in forward currency contract cash flow hedge reserve:

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
	Increase/(Decrease)		Increase/(Decrease)	
Opening balance	**5**	(927)	-	-
Transferred to inventory	**(5)**	927	-	-
Charged to equity	**(450)**	5	-	-
Closing balance	**(450)**	5	-	-

(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 (Loss)/Gain
30 June 2009			
Less than 1 year	5.20%	128,162,214	(454,666)
1 to 2 years	3.27%	26,810,792	(151,067)
30 June 2008			
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

The floating rate on the Australian interest rate swap is the Australian BBSW. The interest rate swap settles on a quarterly basis and the settlement dates coincide with the dates on which interest is payable on the underlying debt. The swap is matched directly against the appropriate loan and interest expense and as such is considered highly effective. The swap is settled on a net basis. The swap is measured at fair value and gain and loss attributable to the hedged risk is taken directly to equity and re-classified into profit and loss when the interest expense is recognised.

The interest rate swaps in New Zealand and Singapore do not qualify for hedge accounting as the hedges are not highly effective therefore gains or losses on the interest rate swaps are taken directly to the income statement.

Movement in interest rate swap contract cash flow hedge reserve:

	CONSOLIDATED		PARENT	
	2009	2008	**2009**	2008
	$000	$000	**$000**	$000
	Increase/(Decrease)		Increase/(Decrease)	
Opening balance	**3,534**	4,768	-	-
Transferred to interest expense/interest income	**(3,435)**	(1,642)	-	-
Charged to equity	**(109)**	408	-	-
Closing balance	**(10)**	3,534	-	-
Unrealised (loss) / gain on interest rate swaps recognised immediately in profit and loss	**(3,137)**	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	
	2009 $000	2008 $000	2009 $000	2008 $000	2009 $000	2008 $000
FRANCHISING OPERATIONS	**-**	-	**9,240**	2,807	**68,206**	69,866
Retail – New Zealand	**-**	-	**5,262**	2,718	**14,408**	10,546
Retail – Asia	**-**	-	**2,215**	3,078	**2,321**	5,377
Retail – Slovenia	**-**	-	**215**	563	**974**	793
Retail – Ireland	**-**	-	**33,485**	1,551	**17,106**	24,328
Other Non-Franchised Retail	**-**	-	**860**	2,179	**5,650**	8,585
TOTAL RETAIL	**-**	-	**42,037**	10,089	**40,459**	49,629
Retail Property	**142,622**	113,463	**5,082**	(2,072)	**120,424**	111,839
Property Under Construction for Retail	**46,969**	57,145	**503**	406	**17,695**	54,259
Property Development for Resale	**(20)**	16,614	**60**	5,338	**0**	11,112
TOTAL PROPERTY	**189,571**	187,222	**5,645**	3,672	**138,119**	177,210
Financial Services	**-**	-	**158**	3,525	**14,075**	17,768
Share Trading	**-**	-	**-**	-	**-**	(400)
TOTAL OTHER	**-**	-	**158**	3,525	**14,075**	17,368
Eliminations	**-**	-	**-**	-	**-**	-
CONSOLIDATED	**189,571**	187,222	**57,080**	20,093	**260,859**	314,073

	CONSOLIDATED Investment		CONSOLIDATED Share of net profit/(loss)	
	June 2009 $000	June 2008 $000	**June 2009 $000**	June 2008 $000
37 ■ Associates and Joint Venture Entities				
Joint venture entities	**189,571**	187,222	**5,645**	3,673
Total accounted for using equity method	**189,571**	187,222	**5,645**	3,673

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 2009 %	June 2008 %	**June 2009 $000**	June 2008 $000	**June 2009 $000**	June 2008 $000
NZ						
- Lincoln Junction	**50%**	50%	**(28)**	(40)	**-**	-
Noarlunga						
- Shopping complex	**50%**	50%	**302**	174	**(41)**	1,953
Perth City West						
- Shopping complex	**50%**	50%	**1,734**	1,662	**(210)**	27,597
Kelso						
- Development of land for resale	**50%**	50%	**104**	41	**-**	-
Tweed Heads – Stage 1						
- Shopping complex	**50%**	50%	**941**	971	**(59)**	8,234
Warrawong King St (a)						
- Shopping complex	**62.5%**	62.5%	**954**	934	**546**	(640)
Tweed Heads Traders Way						
- Building development	**50%**	50%	**89**	95	**-**	-
Sylvania						
- Residential development	**40%**	40%	**(44)**	(230)	**-**	-
Warrawong Homestarters (b)						
- Retail shop	**100%**	100%	**-**	55	**-**	(269)
Mentone						
- Shopping complex/residential	**50%**	50%	**(163)**	368	**-**	-
Byron Bay						
- Residential/convention development	**50%**	50%	**(888)**	(960)	**-**	-
Byron Bay (2)						
- Resort operations	**50%**	50%	**897**	(5,652)	**-**	-
Dubbo						
- Shopping complex / building	**50%**	50%	**533**	526	**(25)**	323
Cubitt						
- Showroom and warehouse	**50%**	50%	**79**	89	**5**	374
Cambridge (c)						
- Building and office complex/building	**50%**	50%	**1,135**	5,640	**14,088**	-
			5,645	3,673	**14,304**	37,572

(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.

(c) Included in this amount is the net property revaluation increment of $14.30 million before tax resulting from the first-time valuation of a joint venture property completed during the year.

37 ■ Associates and Joint Venture Entities (continued)

Aggregate carrying amounts of joint venture entities

	CONSOLIDATED 2009			
	Retained Profits $000	Other Reserves $000	Cost $000	Total carrying amount $000
Balance at the beginning of the year	-	43,591	143,631	187,222
Movements during the year:				
Capital contributions	-	-	13,061	13,061
Revaluation increment	-	14,640	-	14,640
Revaluation decrement	-	(1,755)	-	(1,755)
Distributions received	(5,645)	-	(23,724)	(29,369)
Share of net profit	5,645	-	-	5,645
Net foreign currency differences arising from self-sustaining foreign operations	-	127	-	127
Balance at the end of the year	-	56,603	132,968	189,571

	CONSOLIDATED 2008			
	Retained Profits $000	Other Reserves $000	Cost $000	Total carrying amount $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

Financial summary of joint venture entities

	CONSOLIDATED	
	2009 $000	2008 $000
Current assets	**4,589**	40,792
Non-current assets	**258,290**	248,008
Current liabilities	**(4,080)**	(8,019)
Non-current liabilities	**-**	-
Net Assets	**258,799**	280,781
Revenues	**32,107**	44,591
Expenses	**(20,447)**	(24,835)
Profit from ordinary activities before income tax expense	**11,660**	19,756
Income tax expense relating to ordinary activities	**-**	-
Net profit	**11,660**	19,756
Share of net profit of joint venture entities	**5,645**	3,673

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
A.C.N. 129 515 993 Pty Limited[8]
ABSC Online Pty Limited[28]
Achiever Computers Pty Ltd
Aloku Pty Limited[1]
Anwarah Pty Limited[1]
Arisit Pty Limited[1, 2]
Arlenu Pty Limited[1]
Armidale Holdings Pty Limited[22]
Arpayo Pty Limited[1]
Asian Connections International Pty Limited[8]
Aspley Furniture Pty Limited
Aubdirect Pty Limited
Australian Business Skills Centre Pty Limited[24]
Balwondu Pty Limited[1]
Barrayork Pty Limited
Becto Pty Limited[1]
Bellevue Hill Pty Limited
Bencoolen Properties Pte Limited [16]
Bestest Pty Limited[1]
Bossee Pty Limited
Bradiz Pty Limited[1]
Braxpine Pty Limited[1]
Byron Bay Facilities Pty Limited[25]
Byron Bay Management Pty Limited[26]
Caesar Mosaics Pty Limited
Calardu Albany Pty Limited
Calardu Albury Pty Limited
Calardu Alexandria DM Pty Limited[1]
Calardu Alexandria WH Pty Limited
Calardu Alice Springs Pty Limited
Calardu Armadale WA Pty Limited
Calardu Armidale Pty Limited
Calardu Auburn Pty Limited
Calardu Ballarat Pty Limited
Calardu Ballina No. 1 Pty Limited
Calardu Ballina Pty Limited
Calardu Bathurst Pty Limited
Calardu Beaufort Street Pty Limited
Calardu Belrose DM Pty Limited
Calardu Berri (SA) Pty Limited
Calardu Berrimah Pty Limited
Calardu Broadmeadow Pty Limited
Calardu Broadmeadows VIC Pty Limited
Calardu Browns Plains No. 1 Pty Limited
Calardu Browns Plains Pty Limited
Calardu Bunbury (WA) Pty Limited[1]
Calardu Bundall Pty Limited
Calardu Burnie Pty Limited
Calardu Cambridge Pty Limited
Calardu Campbelltown Pty Limited
Calardu Cannington Pty Limited[1]
Calardu Caringbah (Taren Point) Pty Limited
Calardu Caringbah Pty Limited
Calardu Chatswood Pty Limited
Calardu Crows Nest Pty Limited
Calardu Cubitt Pty Limited
Calardu Darwin Pty Limited
Calardu Devonport Pty Limited[7]
Calardu Dubbo Pty Limited
Calardu Emerald Pty Limited
Calardu Frankston Pty Limited
Calardu Frankston WH Pty Limited
Calardu Fyshwick DM Pty Limited
Calardu Gepps Cross Pty Limited
Calardu Gladstone Pty Limited
Calardu Gordon Pty Limited
Calardu Guildford Pty Limited
Calardu Gympie Pty Limited
Calardu Hervey Bay Pty Limited
Calardu Hobart Pty Limited
Calardu Hoppers Crossing Pty Limited
Calardu Horsham Pty Limited
Calardu Innisfail Pty Limited[7]
Calardu Jandakot No. 1 Pty Limited [7]
Calardu Jandakot Pty Limited
Calardu Joondalup Pty Limited[1]
Calardu Kalgoorlie Oswald St Pty Limited
Calardu Kalgoorlie Pty Limited
Calardu Karana Downs Pty Limited
Calardu Karratha Pty Limited
Calardu Kawana Waters Pty Limited
Calardu Kemblawarra Pty Limited
Calardu Kingaroy Pty Limited
Calardu Kotara Pty Limited
Calardu Launceston Pty Limited
Calardu Loganholme Pty Limited
Calardu Mackay No. 1 Pty Limited [7]
Calardu Mackay No. 2 Pty Limited [7]
Calardu Maitland Pty Limited
Calardu Malaga Pty Limited
Calardu Mandurah Pty Limited
Calardu Maribyrnong Pty Limited[1]
Calardu Marion Pty Limited[1]
Calardu Maroochydore Pty Limited
Calardu Maroochydore Warehouse Pty Limited
Calardu Maryborough Pty Limited
Calardu Melville Pty Limited[1]
Calardu Mentone Pty Limited
Calardu Midland Pty Limited
Calardu Milton Pty Limited
Calardu Morayfield Pty Limited
Calardu Moss Vale Pty Limited
Calardu Mount Isa Pty Limited
Calardu Mt Gambier Pty Limited
Calardu Mudgee Pty Limited
Calardu Munno Para Pty Limited
Calardu Noarlunga Pty Limited
Calardu Noosa Pty Limited[1]
Calardu North Ryde Pty Limited
Calardu Northbridge Pty Limited[1]
Calardu Nowra Pty Limited
Calardu Penrith Pty Limited[1]
Calardu Perth City West Pty Limited
Calardu Port Macquarie Pty Limited[1]
Calardu Preston Pty Limited[1]
Calardu Pty Limited[1]
Calardu Queensland Pty Limited[1]
Calardu Raine Square Pty Limited
Calardu Richmond Pty Limited[1]
Calardu Rockhampton Pty Limited
Calardu Rockingham Pty Limited[1]
Calardu Roselands Pty Limited
Calardu Rothwell Pty Limited [7]
Calardu Rutherford Pty Limited
Calardu Rutherford Warehouse Pty Limited [7]
Calardu Sale Pty Limited
Calardu Silverwater Pty Limited
Calardu South Australia Pty Limited[1]
Calardu Springvale Pty Limited
Calardu Swan Hill Pty Limited
Calardu Sylvania Pty Limited
Calardu Taree Pty Limited
Calardu Thebarton Pty Limited
Calardu Toorak Pty Limited
Calardu Townsville Pty Limited
Calardu Tweed Heads Pty Limited[1]
Calardu Tweed Heads Traders Way Pty Limited
Calardu Vicfurn Pty Limited
Calardu Victoria Pty Limited[1]
Calardu Warrawong (Homestarters) Pty Limited
Calardu Warrawong Pty Limited
Calardu Warrnambool Pty Limited[1]
Calardu Warwick Pty Limited
Calardu West Gosford Pty Limited
Calardu Whyalla Pty Limited
Calardu Wivenhoe Pty Limited
Carlando Pty Limited[1]
Charmela Pty Limited[1]
Clambruno Pty Limited[1]
Consolidated Design Group Pty Ltd
Contemporary Design Group Pty Limited [7]
Cropp Pty Limited
D.M. Alexandria Franchisor Pty Limited[1]
D.M. Alexandria Leasing Pty Limited
D.M. Alexandria Licencing Pty Limited
D.M. Auburn Franchisor Pty Limited[1]
D.M. Auburn Leasing Pty Limited

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

D.M. Auburn Licencing Pty Limited
D.M. Belrose Franchisor Pty Limited
D.M. Belrose Leasing Pty Limited
D.M. Bundall Franchisor Pty Limited[1]
D.M. Bundall Leasing Pty Limited
D.M. Castle Hill Franchisor Pty Limited
D.M. Castle Hill Leasing Pty Limited
D.M. Fyshwick Franchisor Pty Limited[1]
D.M. Fyshwick Leasing Pty Limited
D.M. Kotara Franchisor Pty Limited[1]
D.M. Kotara Leasing Pty Limited
D.M. Leicht Franchisor Pty Limited
D.M. Liverpool Franchisor Pty Limited[1]
D.M. Liverpool Leasing Pty Limited
D.M. North Ryde Franchisor Pty Limited
D.M. North Ryde Leasing Pty Limited
D.M. Penrith Franchisor Pty Limited[1]
D.M. Penrith Leasing Pty Limited
D.M. QVH Franchisor Pty Limited[1]
D.M. QVH Leasing Pty Limited
D.M. Warrawong Franchisor Pty Limited[1]
D.M. Warrawong Leasing Pty Limited
D.M. West Gosford Franchisor Pty Ltd [1]
(Formerly J.M. West Gosford Franchisor Pty Ltd)
D.M. West Gosford Leasing Pty Ltd
(Formerly J.M. West Gosford Leasing Pty Ltd)
Daldere Pty Limited[1]
Dandolena Pty Limited[1]
Derni Pty Limited[1,2]
Divonda Pty Limited[1]
Domain Holdings Pty Limited
Domayne Furnishing Pty Limited
Domayne Holdings Limited[9, 10]
Domayne Online.com Pty Limited
Domayne P.E.M. Pty Limited[1]
Domayne Plant & Equipment Pty Limited[1]
Domayne Pty Limited
Dubbo JV Pty Limited
Durslee Pty Limited[1]
Edbrook Everton Park Pty Limited
Edbrook Pty Limited[1,6]
Farane Pty Limited[1]
Flormonda Pty Limited[1]
Forgetful Pty Limited
Ganoru Pty Limited[1]
Generic Publications Pty Limited
Geraldton WA Pty Limited
Gestco Greensborough Pty Limited[1]
Gestco Pty Limited[1]
Glo Light Pty Limited[23]
H.N. Adelaide CK Franchisor Pty Limited[1]
H.N. Adelaide CK Leasing Pty Limited
H.N. Albany Franchisor Pty Limited[1]
H.N. Albany Leasing Pty Limited
H.N. Albury Franchisor Pty Limited[1]
HN Albury Leasing Pty Limited
HN Alexandria Franchisor Pty Limited[1]
H.N. Alexandria Leasing Pty Limited
H.N. Alice Springs Franchisor Pty Limited
H.N. Alice Springs Leasing Pty Limited
H.N. Armadale WA Franchisor Pty Limited[1]
H.N. Armadale WA Leasing Pty Limited
H.N. Armidale Franchisor Pty Limited[1]
H.N. Armidale Leasing Pty Limited
H.N. Aspley Franchisor Pty Limited[1]
H.N. Aspley Leasing Pty Limited
H.N. Auburn Franchisor Pty Limited[1]
H.N. Auburn Leasing Pty Limited
H.N. Ayr Franchisor Pty Limited[1]
H.N. Ayr Leasing Pty Limited
H.N. Bairnsdale Franchisor Pty Limited[1]
H.N. Bairnsdale Leasing Pty Limited
H.N. Balgowlah Franchisor Pty Limited[1]
H.N. Balgowlah Leasing Pty Limited
H.N. Ballarat Franchisor Pty Limited[1]
H.N. Ballarat Leasing Pty Limited
H.N. Batemans Bay Franchisor Pty Limited
H.N. Batemans Bay Leasing Pty Limited
H.N. Bathurst Franchisor Pty Limited[1]
H.N. Bathurst Leasing Pty Limited
H.N. Belmont Franchisor Pty Limited[1]
H.N. Belmont Leasing Pty Limited
H.N. Bendigo Franchisor Pty Limited[1]
H.N. Bendigo Leasing Pty Limited
H.N. Bernoth Franchisor Pty Limited[1]
H.N. Bernoth Leasing Pty Limited
H.N. Bernoth Plant & Equipment Pty Limited[1]
H.N. Blacktown Franchisor Pty Limited[1]
H.N. Blacktown Leasing Pty Limited
H.N. Bondi Junction Franchisor Pty Limited
H.N. Bondi Junction Leasing Pty Limited
H.N. Broadmeadow (VIC) Franchisor Pty Limited
H.N. Broadmeadow (VIC) Leasing Pty Limited
H.N. Broadway (Sydney) Franchisor Pty Limited[1]
H.N. Broadway (Sydney) Leasing Pty Limited
H.N. Broadway on the Mall Franchisor Pty Limited[1]
H.N. Broadway on the Mall Leasing Pty Limited
H.N. Brooklyn Franchisor Pty Limited
H.N. Brooklyn Leasing Pty Limited
H.N. Browns Plains Franchisor Pty Limited[1]
H.N. Browns Plains Leasing Pty Limited
H.N. Bunbury Franchisor Pty Limited[1]
H.N. Bunbury Leasing Pty Limited
H.N. Bundaberg Franchisor Pty Limited[1]
H.N. Bundaberg Leasing Pty Limited
H.N. Bundall Franchisor Pty Limited[1]
H.N. Bundall Leasing Pty Limited
H.N. Burleigh Heads Franchisor Pty Limited[1]
H.N. Burleigh Heads Leasing Pty Limited
H.N. Busselton Franchisor Pty Limited[1]
H.N. Busselton Leasing Pty Limited
H.N. Cairns Franchisor Pty Limited[1]
H.N. Cairns Leasing Pty Limited
H.N. Cambridge Park Franchisor Pty Limited [7]
H.N. Cambridge Park Leasing Pty Limited [7]
H.N. Campbelltown Franchisor Pty Limited[1]
H.N. Campbelltown Leasing Pty Limited
H.N. Cannington W.A. Franchisor Pty Limited[1]
H.N. Cannington W.A. Leasing Pty Limited
H.N. Canonvale Franchisor Pty Limited
H.N. Canonvale Leasing Pty Limited
H.N. Capalaba Franchisor Pty Limited
H.N. Capalaba Leasing Pty Limited
H.N. Cards Pty Limited
H.N. Carindale Franchisor Pty Limited[1]
H.N. Carindale Leasing Pty Limited
H.N. Caringbah Franchisor Pty Limited[1]
H.N. Caringbah Leasing Pty Limited
H.N. Castle Hill Franchisor Pty Limited
H.N. Castle Hill Leasing Pty Limited
H.N. Chadstone Franchisor Pty Limited
H.N. Chadstone Leasing Pty Limited
H.N. Chatswood Franchisor Pty Limited[1]
H.N. Chatswood Leasing Pty Limited
H.N. Chirnside Park Franchisor Pty Limited[1]
H.N. Chirnside Park Leasing Pty Limited
H.N. City Cross Franchisor Pty Limited
H.N. City Cross Leasing Pty Limited
H.N. City West Franchisor Pty Limited[1]
H.N. City West Leasing Pty Limited
H.N. Cleveland Franchisor Pty Limited
H.N. Cleveland Leasing Pty Limited
H.N. Cobar Franchisor Pty Limited
H.N. Cobar Leasing Pty Limited
H.N. Coffs Harbour Franchisor Pty Limited[1]
H.N. Coffs Harbour Leasing Pty Limited
H.N. Coorparoo Franchisor Pty Limited
H.N. Coorparoo Leasing Pty Limited
H.N. Cranbourne Franchisor Pty Limited[1]
H.N. Cranbourne Leasing Pty Limited
H.N. Dalby Franchisor Pty Limited[1]
H.N. Dalby Leasing Pty Limited
H.N. Dandenong Franchisor Pty Limited[1]
H.N. Dandenong Leasing Pty Limited
H.N. Darwin Franchisor Pty Limited[1]
H.N. Darwin Leasing Pty Limited
H.N. Deniliquin Franchisor Pty Limited[1]
H.N. Deniliquin Leasing Pty Limited
H.N. Dubbo Franchisor Pty Limited[1]
H.N. Dubbo Leasing Pty Limited
H.N. Enfield Franchisor Pty Limited[1]
H.N. Enfield Leasing Pty Limited
H.N. Everton Park Franchisor Pty Limited[1]

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

H.N. Everton Park Leasing Pty Limited
H.N. Fortitude Valley Franchisor Pty Limited[1]
H.N. Fortitude Valley Leasing Pty Limited
H.N. Frankston Franchisor Pty Limited
H.N. Frankston Leasing Pty Limited
H.N. Fremantle Franchisor Pty Limited[1]
H.N. Fremantle Leasing Pty Limited
H.N. Fyshwick Franchisor Pty Limited[1]
H.N. Fyshwick Leasing Pty Limited
H.N. Geelong Franchisor Pty Limited[1]
H.N. Geelong Leasing Pty Limited
H.N. Gepps Cross Franchisor Pty Limited [7]
H.N. Gepps Cross Leasing Pty Limited [7]
H.N. Geraldton Leasing Pty Limited
H.N. Geraldton WA Franchisor Pty Limited[1]
H.N. Gladstone Franchisor Pty Limited[1]
H.N. Gladstone Leasing Pty Limited
H.N. Gordon Franchisor Pty Limited[1]
H.N. Gordon Leasing Pty Limited
H.N. Gosford Leasing Pty Limited
H.N. Goulburn Franchisor Pty Limited
H.N. Goulburn Leasing Pty Limited
H.N. Grafton Franchisor Pty Limited[1]
H.N. Grafton Leasing Pty Limited
H.N. Greensborough Franchisor Pty Limited[1]
H.N. Greensborough Leasing Pty Limited
H.N. Griffith Franchisor Pty Limited[1]
H.N. Griffith Leasing Pty Limited
H.N. Gympie Franchisor Pty Limited[7]
H.N. Gympie Leasing Pty Limited[7]
H.N. Hamilton Franchisor Pty Limited[1]
H.N. Hamilton Leasing Pty Limited
H.N. Hervey Bay Franchisor Pty Limited[1]
H.N. Hervey Bay Leasing Pty Limited
H.N. Hoppers Crossing Franchisor Pty Limited[1]
H.N. Hoppers Crossing Leasing Pty Limited
H.N. Horsham Franchisor Pty Limited[1]
H.N. Horsham Leasing Pty Limited
H.N. Indooroopilly Franchisor Pty Limited[1]
H.N. Indooroopilly Leasing Pty Limited
H.N. Innisfail Franchisor Pty Limited[1]
H.N. Innisfail Leasing Pty Limited
H.N. Inverell Franchisor Pty Limited[1]
H.N. Inverell Leasing Pty Limited
H.N. Joondalup Franchisor Pty Limited[1]
H.N. Joondalup Leasing Pty Limited
H.N. Kalgoorlie Franchisor Pty Limited[1]
H.N. Kalgoorlie Leasing Pty Limited
H.N. Karratha Franchisor Pty Limited[1]
H.N. Karratha Leasing Pty Limited
H.N. Kawana Waters Franchisor Pty Limited[1]
H.N. Kawana Waters Leasing Pty Limited
H.N. Kingaroy Franchisor Pty Limited
H.N. Kingaroy Leasing Pty Limited
H.N. Knox Towerpoint Franchisor Pty Limited[1]
H.N. Knox Towerpoint Leasing Pty Limited
H.N. Lake Haven Franchisor Pty Limited
H.N. Lake Haven Leasing Pty Limited
H.N. Leichhardt Franchisor Pty Limited[1]
H.N. Leichhardt Leasing Pty Limited
H.N. Lismore Franchisor Pty Limited[1]
H.N. Lismore Leasing Pty Limited
H.N. Lithgow Franchisor Pty Limited
H.N. Lithgow Leasing Pty Limited
H.N. Liverpool Franchisor Pty Limited[1]
H.N. Liverpool Leasing Pty Limited
H.N. Loganholme Franchisor Pty Limited[1]
H.N. Loganholme Leasing Pty Limited
H.N. Loughran Contracting Pty Limited
H.N. Mackay Franchisor Pty Limited[1]
H.N. Mackay Leasing Pty Limited
H.N. Maddington Franchisor Pty Limited[1]
H.N. Maddington Leasing Pty Limited
H.N. Maitland Franchisor Pty Limited[1]
H.N. Maitland Leasing Pty Limited
H.N. Malaga Franchisor Pty Limited
H.N. Malaga Leasing Pty Limited
H.N. Mandurah Franchisor Pty Limited[1]
H.N. Mandurah Leasing Pty Limited
H.N. Maribyrnong Franchisor Pty Limited[1]
H.N. Maribyrnong Leasing Pty Limited
H.N. Marion Franchisor Pty Limited[1]
H.N. Marion Leasing Pty Limited
H.N. Maroochydore Franchisor Pty Limited[1]
H.N. Maroochydore Leasing Pty Limited
H.N. Martin Place Sydney Franchisor Pty Limited[1]
H.N. Martin Place Sydney Leasing Pty Limited
H.N. Mentone Franchisor Pty Limited [7]
H.N. Mentone Leasing Pty Limited [7]
H.N. Midland Franchisor Pty Limited[1]
H.N. Midland Leasing Pty Limited
H.N. Mildura Franchisor Pty Limited[1]
H.N. Mildura Leasing Pty Limited
H.N. Moe Franchisor Pty Limited[1]
H.N. Moe Leasing Pty Limited
H.N. Moorabbin Franchisor Pty Limited[1]
H.N. Moorabbin Leasing Pty Limited
H.N. Moore Park Franchisor Pty Limited[1]
H.N. Moore Park Leasing Pty Limited
H.N. Morayfield Franchisor Pty Limited[1]
H.N. Morayfield Leasing Pty Limited
H.N. Moree Franchisor Pty Limited
H.N. Moree Leasing Pty Limited
H.N. Morley Franchisor Pty Limited[1]
H.N. Morley Leasing Pty Limited
H.N. Moss Vale Franchisor Pty Limited[1]
H.N. Moss Vale Leasing Pty Limited
H.N. Mt Barker Franchisor Pty Limited
H.N. Mt Barker Leasing Pty Limited
H.N. Mt Gambier Franchisor Pty Limited[1]
H.N. Mt Gambier Leasing Pty Limited
H.N. Mt Gravatt Franchisor Pty Limited[1]
H.N. Mt Gravatt Leasing Pty Limited
H.N. Mt Isa Franchisor Pty Limited[1]
H.N. Mt Isa Leasing Pty Limited
H.N. Mudgee Franchisor Lty Limited[1]
H.N. Mudgee Leasing Pty Limited
H.N. Munno Para Franchisor Pty Limited[1]
H.N. Munno Para Leasing Pty Limited
H.N. Muswellbrook Franchisor Pty Limited
H.N. Muswellbrook Leasing Pty Limited
H.N. Narre Warren Franchisor Pty Limited
H.N. Narre Warren Leasing Pty Limited
H.N. Newcastle Franchisor Pty Limited[1]
H.N. Newcastle Leasing Pty Limited
H.N. Newcastle West Franchisor Pty Limited
H.N. Newcastle West Leasing Pty Limited
H.N. Noarlunga Franchisor Pty Limited[1]
H.N. Noarlunga Leasing Pty Limited
H.N. Noosa Franchisor Pty Limited[1]
H.N. Noosa Leasing Pty Limited
H.N. Norwest Franchisor Pty Limited
H.N. Norwest Leasing Pty Limited
H.N. Nowra Franchisor Pty Limited[1]
H.N. Nowra Leasing Pty Limited
H.N. Nunawading Franchisor Pty Limited[1]
H.N. Nunawading Leasing Pty Limited
H.N. O'Connor Franchisor Pty Limited[1]
H.N. O'Connor Leasing Pty Limited
H.N. Oakleigh CK Franchisor Pty Limited[1]
H.N. Oakleigh CK Leasing Pty Limited
H.N. Orange Franchisor Pty Limited[1]
H.N. Orange Leasing Pty Limited
H.N. Osborne Park Franchisor Pty Limited[1]
H.N. Osborne Park Leasing Pty Limited
H.N. Oxley Franchisor Pty Limited[1]
H.N. Oxley Leasing Pty Limited
H.N. Pacific Fair Franchisor Pty Limited
H.N. Pacific Fair Leasing Pty Limited
H.N. Parkes Franchisor Pty Limited[1]
H.N. Parkes Leasing Pty Limited
H.N. Penrith Franchisor Pty Limited[1]
H.N. Penrith Leasing Pty Limited
H.N. Peppermint Grove Franchisor Pty Limited[1]
H.N. Peppermint Grove Leasing Pty Limited
H.N. Port Hedland Franchisor Pty Limited[1]
H.N. Port Hedland Leasing Pty Limited
H.N. Port Kennedy Franchisor Pty Limited[1]
H.N. Port Kennedy Leasing Pty Limited
H.N. Port Macquarie Franchisor Pty Limited[1]
H.N. Port Macquarie Leasing Pty Limited
H.N. Preston Franchisor Pty Limited[1]
H.N. Preston Leasing Pty Limited
H.N. Riverwood Franchisor Pty Limited

■ 38. Controlled Entities and Unit Trusts (continued)

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

H.N. Riverwood Leasing Pty Limited
H.N. Rockhampton Franchisor Pty Limited[1]
H.N. Rockhampton Leasing Pty Limited
H.N. Rothwell Franchisor Pty Limited
H.N. Rothwell Leasing Pty Limited
H.N. Salamander Bay Franchisor Pty Limited
H.N. Salamander Bay Leasing Pty Limited
H.N. Sale Franchisor Pty Limited[1]
H.N. Sale Leasing Pty Limited
H.N. Shepparton Franchisor Pty Limited[1]
H.N. Shepparton Leasing Pty Limited
H.N. South Tweed Franchisor Pty Limited[1]
H.N. South Tweed Leasing Pty Limited
H.N. Southland Franchisor Pty Limited[1]
H.N. Southland Leasing Pty Limited
H.N. Sunshine Franchisor Pty Limited
H.N. Sunshine Leasing Pty Limited
H.N. Swan Hill Franchisor Pty Limited[1]
H.N. Swan Hill Leasing Pty Limited
H.N. Tamworth Franchisor Pty Limited[1]
H.N. Tamworth Leasing Pty Limited
H.N. Taree Leasing Pty Limited
H.N. Thomastown Franchisor Pty Limited
H.N. Thomastown Leasing Pty Limited
H.N. Toowoomba Franchisor Pty Limited[1]
H.N. Toowoomba Leasing Pty Limited
H.N. Townsville Franchisor Pty Limited[1]
H.N. Townsville Leasing Pty Limited
H.N. Traralgon Franchisor Pty Limited[1]
H.N. Traralgon Leasing Pty Limited
H.N. Vic/Tas Commercial Project Franchisor Pty Limited
H.N. Vic/Tas Commercial Project Leasing Pty Limited
H.N. Wagga Franchisor Pty Limited[1]
H.N. Wagga Leasing Pty Limited
H.N. Wangaratta Franchisor Pty Limited[1]
H.N. Wangaratta Leasing Pty Limited
H.N. Warragul Franchisor Pty Limited[1]
H.N. Warragul Leasing Pty Limited
H.N. Warrawong Franchisor Pty Limited[1]
H.N. Warrawong Leasing Pty Limited
H.N. Warrnambool Franchisor Pty Limited[1]
H.N. Warrnambool Leasing Pty Limited
H.N. Warwick (WA) Franchisor Pty Limited[1]
H.N. Warwick (WA) Leasing Pty Limited
H.N. Warwick Franchisor Pty Limited[1]
H.N. Warwick Leasing Pty Limited
H.N. Watergardens Franchisor Pty Limited[1]
H.N. Watergardens Leasing Pty Limited
H.N. Waurn Ponds Franchisor Pty Limited[1]
H.N. Waurn Ponds Leasing Pty Limited
H.N. West Gosford Franchisor Pty Limited[1]
H.N. West Wyalong Franchisor Pty Limited
H.N. West Wyalong Leasing Pty Limited
H.N. Whyalla Franchisor Pty Limited[1]
H.N. Whyalla Leasing Pty Limited
H.N. Wiley Park Franchisor Pty Limited[1]
H.N. Wiley Park Leasing Pty Limited
H.N. Windsor Franchisor Pty Limited[1]
H.N. Windsor Leasing Pty Limited
H.N. Woden Franchisor Pty Limited[1]
H.N. Woden Leasing Pty Limited
H.N. Wonthaggi Franchisor Pty Limited[1]
H.N. Wonthaggi Leasing Pty Limited
H.N. Woodville Franchisor Pty Limited
H.N. Woodville Leasing Pty Limited
H.N. Young Franchisor Pty Limited[1]
H.N. Young Leasing Pty Limited
Hardly Normal Discounts Pty Limited[1]
Hardly Normal Limited[9,10]
Hardly Normal Pty Limited[1]
Harvey Cellars Pty Limited
Harvey Liquor Pty Limited
Harvey Norman (ACT) Pty Limited[1]
Harvey Norman (N.S.W.) Pty Limited
Harvey Norman (QLD) Pty Limited[1,6]
Harvey Norman 2007 Management Pty Limited
Harvey Norman Burnie Franchisor Pty Limited[1]
Harvey Norman Burnie Leasing Pty Limited
Harvey Norman CEI d.o.o. [12]
Harvey Norman Commercial Your Solution Provider Pty Limited
Harvey Norman Computer Club Pty Limited
Harvey Norman Computer Training Pty Limited
Harvey Norman Contracting Pty Limited
Harvey Norman Corporate Air Pty Limited
Harvey Norman Devonport Franchisor Pty Limited[1]
Harvey Norman Devonport Leasing Pty Limited
Harvey Norman Education and Training Pty Limited
Harvey Norman Energy Pty Limited[1]
Harvey Norman Europe d.o.o[12]
Harvey Norman Export Pty Limited[1]
Harvey Norman Fitouts Pty Limited
Harvey Norman Furnishing Pty Limited
Harvey Norman Gamezone Pty Limited
Harvey Norman Glenorchy Franchisor Pty Limited[1]
Harvey Norman Glenorchy Leasing Pty Limited
Harvey Norman Hobart Franchisor Pty Limited[1]
Harvey Norman Hobart Leasing Pty Limited
Harvey Norman Holdings (Ireland) Limited[20,29]
Harvey Norman Home Cellars Pty Limited
Harvey Norman Home Loans Pty Limited
Harvey Norman Home Starters Pty Limited
Harvey Norman Homemaker Centre Pty Limited
Harvey Norman Launceston Franchisor Pty Limited[1]
Harvey Norman Launceston Leasing Pty Limited
Harvey Norman Leasing (Blanchardstown) Limited[19,20]
Harvey Norman Leasing (Cork) Limited[19,20]
Harvey Norman Leasing (Drogheda) Limited[19,20]
Harvey Norman Leasing (Dublin) Limited[19,20]
Harvey Norman Leasing (Dundalk) Limited[19,20]
Harvey Norman Leasing (Eastgate) Limited[19,20]
Harvey Norman Leasing (Limerick) Limited[19,20]
Harvey Norman Leasing (Mullingar) Limited[19,20]
Harvey Norman Leasing (N.Z.) Limited[9,10]
Harvey Norman Leasing (Naas) Limited[19,20]
Harvey Norman Leasing (NI) Limited[19,20]
Harvey Norman Leasing (Rathfarnham) Limited[19,20]
Harvey Norman Leasing (Tralee) Limited[19,20]
Harvey Norman Leasing (Waterford) Limited[19,20]
Harvey Norman Leasing Pty Limited
Harvey Norman Limited[10]
Harvey Norman Loughran Plant & Equipment Pty Limited
Harvey Norman Mortgage Service Pty Limited
Harvey Norman Music Pty Limited
Harvey Norman Net. Works Pty Limited[1]
Harvey Norman OFIS Pty Limited[1,2]
Harvey Norman Online.com Pty Limited
Harvey Norman Ossia (Asia) Pte Limited[11,16,17]
Harvey Norman P.E.M. Pty Limited
Harvey Norman Plant and Equipment Pty Limited
Harvey Norman Properties (N.Z.) Limited[9,10]
Harvey Norman Rental Pty Limited
Harvey Norman Retailing Pty Limited[1]
Harvey Norman Rosney Franchisor Pty Limited[1]
Harvey Norman Rosney Leasing Pty Limited
Harvey Norman Security Pty Limited
Harvey Norman Shopfitting Pty Limited[1]
Harvey Norman Singapore Pte Limited[11,15,16]
Harvey Norman Stores (N.Z.) Pty Limited[1]
Harvey Norman Stores (W.A.) Pty Limited
Harvey Norman Stores Pty Limited[1]
Harvey Norman Superlink Pty Limited
Harvey Norman Tasmania Pty Limited
Harvey Norman Technology Pty Limited[1]
Harvey Norman The Bedding Specialists Pty Limited
Harvey Norman The Computer Specialists Pty Limited
Harvey Norman The Electrical Specialists Pty Limited
Harvey Norman The Furniture Specialists Pty Limited
Harvey Norman Trading (Ireland) Limited[19,20]
Harvey Norman Trading d.o.o.[12]
Harvey Norman Ulverstone Franchisor Pty Limited[1]
Harvey Norman Ulverstone Leasing Pty Limited
Harvey Norman Victoria Pty Limited[1]
Harvey Norman Zagreb d.o.o.[14]
Havrex Pty Limited[1,6]
HN Abuzz Holdings Pty Limited
HN Byron No. 2 Pty Limited
HN Byron No. 3 Pty Limited
HN Zagreb Investment Pty Limited
HNL Pty Limited
Hodberg Pty Limited[1,5]

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Hodvale Pty Limited[1,5]
Home Mart Furniture Pty Limited
Home Mart Pty Limited
Hoxco Pty Limited[1,6]
J.M. Albury Franchisor Pty Limited
J.M. Albury Leasing Pty Limited
J.M. Alexandria Franchisor Pty Limited
J.M. Alexandria Leasing Pty Limited
J.M. Auburn Franchisor Pty Limited[1]
J.M. Ballina Franchisor Pty Limited [7]
J.M. Ballina Leasing Pty Limited [7]
J.M. Bennetts Green Franchisor Pty Limited
J.M. Bennetts Green Leasing Pty Limited
J.M. Campbelltown Franchisor Pty Limited[1]
J.M. Campbelltown Leasing Pty Limited
J.M. Caringbah Franchisor Pty Limited[1]
J.M. Caringbah Leasing Pty Limited
J.M. Chancellor Park Franchisor Pty Limited
J.M. Chancellor Park Leasing Pty Limited
J.M. Contracting Services Pty Limited[1]
J.M. Dubbo Franchisor Pty Limited
J.M. Dubbo Leasing Pty Limited
J.M. Leasing Pty Limited
J.M. Maitland Franchisor Pty Limited
J.M. Maitland Leasing Pty Limited
J.M. Maroochydoore Franchisor Pty Limited [7]
J.M. Maroochydoore Leasing Pty Limited [7]
J.M. Marrickville Franchisor Pty Limited[1]
J.M. Marrickville Leasing Pty Limited
J.M. McGraths Hill Franchisor Pty Limited
J.M. McGraths Hill Leasing Pty Limited
J.M. Mudgee Franchisor Pty Limited
J.M. Mudgee Leasing Pty Limited
J.M. Muswellbrook Franchisor Pty Limited
J.M. Muswellbrook Leasing Pty Limited
J.M. Newcastle Franchisor Pty Limited[1]
J.M. Nowra Franchisor Pty Limited
J.M. Nowra Leasing Pty Limited
J.M. Plant & Equipment Hire Pty Limited
J.M. Rockhampton Franchisor Pty Limited
J.M. Rockhampton Leasing Pty Limited
J.M. Share Investment Pty Limited
J.M. Toukley Franchisor Pty Limited
J.M. Toukley Leasing Pty Limited
J.M. Townsville Franchisor Pty Limited
J.M. Townsville Leasing Pty Limited
J.M. Wagga Wagga Franchisor Pty Limited
J.M. Wagga Wagga Leasing Pty Limited
J.M. Wallsend Franchisor Pty Limited
J.M. Wallsend Leasing Pty Limited
J.M. Warners Bay Franchisor Pty Limited
J.M. Warners Bay Leasing Pty Limited
J.M. Warrawong Franchisor Pty Limited
J.M. Warrawong Leasing Pty Limited
J.M. West Gosford Franchisor Pty Limited [7]
J.M. West Gosford Leasing Pty Limited [7]
J.M. Young Franchisor Pty Limited
J.M. Young Leasing Pty Limited
Jartoso Pty Limited[1]
Jondarlo Pty Limited[1]
Joyce Mayne Furnishing Pty Limited
Joyce Mayne Home Cellars Pty Limited
Joyce Mayne Kotara Leasing Pty Limited
Joyce Mayne Liverpool Leasing Pty Limited
Joyce Mayne Penrith Pty Limited
Joyce Mayne Shopping Complex Pty Limited
Kalinya Development Pty Limited
Kambaldu Pty Limited[1]
Kita Pty Limited1
Koodero Pty Limited[1]
Korinti Pty Limited[1]
Lamino Pty Limited[1]
Lesandu Adelaide City Pty Limited
Lesandu Adelaide CK Pty Limited
Lesandu Albany Pty Limited
Lesandu Albury Pty Limited
Lesandu Alexandria (JM) Pty Limited
Lesandu Alexandria DM Pty Limited
Lesandu Alexandria Pty Limited
Lesandu Alice Springs Pty Limited
Lesandu Auburn Stone Pty Limited
Lesandu Ayr Pty Limited
Lesandu Bairnsdale Pty Limited
Lesandu Balgowlah Pty Limited
Lesandu Ballina JM Pty Limited [7]
Lesandu Batemans Bay Pty Limited
Lesandu Bathurst Pty Limited
Lesandu Bella Vista Pty Limited
Lesandu Belmont Pty Limited
Lesandu Belrose DM Pty Limited
Lesandu Bennetts Green JM Pty Limited
Lesandu Bentleigh Pty Limited
Lesandu Blacktown Pty Limited
Lesandu Bondi Junction Pty Limited
Lesandu Brisbane City Pty Limited
Lesandu Broadbeach Pty Limited
Lesandu Broadway Pty Limited
Lesandu Brooklyn Pty Limited
Lesandu Brown Plains No. 1 Pty Limited
Lesandu Browns Plains Pty Limited
Lesandu Burleigh Heads Flooring Pty Limited
Lesandu Busselton Pty Limited
Lesandu Cambridge Pty Limited
Lesandu Cannington Pty Limited
Lesandu Cannonvale Pty Limited
Lesandu Capalaba Pty Limited
Lesandu Carindale Pty Limited
Lesandu Castle Hill DM Pty Limited
Lesandu Castle Hill Pty Limited
Lesandu Cessnock (JM) Pty Limited
Lesandu Chadstone Pty Limited
Lesandu Charmhaven Pty Limited
Lesandu Chatswood Express Pty Limited
Lesandu Chatswood Pty Limited
Lesandu Cheltenham Pty Limited
Lesandu Chirnside Park Pty Limited
Lesandu Cleveland Pty Limited
Lesandu Cobar Pty Limited
Lesandu Coffs Harbour Pty Limited[7]
Lesandu Coorparoo Pty Limited
Lesandu Cranbourne Pty Limited
Lesandu Dalby Pty Limited
Lesandu Dandenong Pty Limited[7]
Lesandu Deniliquin Pty Limited
Lesandu Dubbo JM Pty Limited
Lesandu Dubbo Pty Limited
Lesandu Engadine Pty Limited
Lesandu Erina Flooring Pty Limited
Lesandu Forster Pty Limited
Lesandu Fremantle No 2 Pty Limited
Lesandu Fremantle Pty Limited
Lesandu Fyshwick Pty Limited
Lesandu Gaven Pty Limited
Lesandu Gepps Cross Pty Limited
Lesandu Gladstone Pty Limited
Lesandu Gordon Pty Limited
Lesandu Goulburn Pty Limited
Lesandu Grafton Pty Limited
Lesandu Greensborough Pty Limited
Lesandu Griffith Pty Limited
Lesandu Hamilton (VIC) Pty Limited
Lesandu Hamilton Pty Limited
Lesandu Hervey Bay Pty Limited
Lesandu HN Pty Limited
Lesandu Horsham Pty Limited
Lesandu Indooroopilly Pty Limited[1]
Lesandu Innisfail Pty Limited
Lesandu Inverell Pty Limited
Lesandu Jandakot Pty Limited
Lesandu Joondalup Pty Limited
Lesandu Kalgoorlie Pty Limited
Lesandu Karratha Pty Limited
Lesandu Knox Towerpoint Pty Limited
Lesandu Kotara DM Pty Limited[7]
Lesandu Launceston Pty Limited[7]
Lesandu Leichhardt M Pty Limited
Lesandu Light Street DM Pty Limited
Lesandu Lismore Pty Limited
Lesandu Lithgow Pty Limited
Lesandu Loganholme Pty Limited
Lesandu Mackay Pty Limited
Lesandu Maddington Pty Limited
Lesandu Maitland JM Pty Limited
Lesandu Maitland Pty Limited
Lesandu Malaga Pty Limited

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Lesandu Mandurah Pty Limited
Lesandu Marion Pty Limited
Lesandu Maroochydoore JM Pty Limited [7]
Lesandu Maroochydore Flooring Pty Limited
Lesandu McGraths Hill (JM) Pty Limited
Lesandu Melbourne City DM Pty Limited
Lesandu Mentone Pty Limited
Lesandu Midland Pty Limited
Lesandu Mile End Pty Limited
Lesandu Mitchell Pty Limited [7]
Lesandu Moe Pty Limited
Lesandu Moore Park Pty Limited [7]
Lesandu Moree Pty Limited
Lesandu Morley Pty Limited
Lesandu Mornington Pty Limited
Lesandu Moss Vale Pty Limited
Lesandu Mt Barker Pty Limited
Lesandu Mt Gravatt Pty Limited
Lesandu Mt Isa Pty Limited
Lesandu Munno Para Pty Limited
Lesandu Muswellbrook JM Pty Limited
Lesandu Muswellbrook Pty Limited
Lesandu Narre Warren Pty Limited
Lesandu Newcastle West Pty Limited
Lesandu Noarlunga Pty Limited
Lesandu Noosa Pty Limited
Lesandu North Ryde DM Pty Limited
Lesandu Notting Hill Pty Limited
Lesandu Nowra Pty Limited
Lesandu Oakleigh CK Pty Limited
Lesandu Orange Pty Limited
Lesandu Osborne Park Pty Limited
Lesandu Oxley Pty Limited
Lesandu Penrith DM Pty Limited
Lesandu Peppermint Grove Pty Limited
Lesandu Perth City West Pty Limited
Lesandu Pty Limited[1]
Lesandu Raymond Terrace Pty Limited
Lesandu Richlands Pty Limited
Lesandu Richmond (VIC) Pty Limited
Lesandu Riverwood Pty Limited
Lesandu Rockhampton Pty Limited
Lesandu Rothwell Pty Limited
Lesandu S.A. Pty Limited
Lesandu Salamander Bay Pty Limited
Lesandu Sale Pty Limited
Lesandu Silverwater Pty Limited
Lesandu Sippy Downs JM Pty Limited
Lesandu Southport Pty Limited
Lesandu Stanmore Pty Limited
Lesandu Sunshine Pty Limited
Lesandu Swan Hill Pty Limited
Lesandu Sydenham Pty Limited
Lesandu Sydney City SS Pty Limited
Lesandu Tamworth Pty Limited
Lesandu Taree Home Mart Pty Limited
Lesandu Taree Pty Limited
Lesandu Taren Point Pty Limited [7]
Lesandu Tasmania Pty Limited
Lesandu Temora Pty Limited
Lesandu Thomastown Pty Limited
Lesandu Toukley Pty Limited
Lesandu Townsville Pty Limited
Lesandu Tweed Heads Flooring Pty Limited
Lesandu Tweed Heads Pty Limited[1]
Lesandu Underwood Pty Limited
Lesandu W.A. Furniture Pty Limited
Lesandu W.A. Pty Limited[1]
Lesandu Wagga Wagga JM Pty Limited
Lesandu Wagga Wagga Pty Limited
Lesandu Wallsend JM Pty Limited
Lesandu Wangaratta Pty Limited
Lesandu Warana JM Pty Limited
Lesandu Warana Pty Limited
Lesandu Warners Bay JM Pty Limited
Lesandu Warragul Pty Limited
Lesandu Warrawong Pty Limited
Lesandu Warwick (WA) Pty Limited
Lesandu Warwick Pty Limited
Lesandu Waurn Ponds Pty Limited
Lesandu West Gosford DM Pty Limited
Lesandu West Gosford JM Pty Limited [7]
Lesandu West Wyalong Pty Limited
Lesandu Wiley Park Pty Limited
Lesandu Windsor Pty Limited
Lesandu Wonthaggi Pty Limited
Lesandu Woodville Pty Limited
Lesandu Young JM Pty Limited
Lexeri Pty Limited[1]
Lightcorp Pty Limited
Lighting Venture Pty Limited[1]
Lodare Pty Limited[1]
Loreste Pty Limited[1]
Malvis Pty Limited[1]
Manutu Pty Limited[1]
Maradoni Pty Limited[1]
Maribed Pty Limited[8]
Marinski Pty Limited[1]
Mega Flooring Depot Pty Limited
Misstar Pty Limited
Murry Street Development Pty Limited
Mymasterpiece Pty Limited [5]
Nedcroft Pty Limited[1]
Network Consumer Finance (Ireland) Limited[19,20]
Network Consumer Finance (N.Z.) Limited[9,10]
Network Consumer Finance Pty Limited[1]
Nomadale Pty Limited[1,6]
Norman Ross Limited [9,10]
Norman Ross Pty Limited[1]
Oldmist Pty Limited[1]
Oslek Developments Pty Limited
Osraidi Pty Limited[1]
P & E Crows Nest Pty Limited
P & E Dili Pty Limited
P & E Homewest Pty Limited
P & E Leichhardt Pty Limited
P & E Maddington Pty Limited
P & E Port Hedland Pty Limited[8]
P & E Shopfitters Pty Limited
PEM Corporate Pty Limited
Pertama Holdings Limited[11,16,17]
Plezero Pty Limited[1]
Poliform Pty Limited[27]
R.Reynolds Nominees Pty Limited
Recline A Way Franchisor Pty Limited
Rosieway Pty Limited[1]
Sarsha Pty Limited[1]
Setto Pty Limited[1]
Shakespir Pty Limited
Signature Computers Pty Limited
Solaro Pty Limited[1]
Space Furniture Pte Limited[11,16]
Space Furniture Pty Limited[3]
Spacepol Pty Limited
Stonetess Pty Limited[1]
Stores (NZ) Limited [9,10]
Stores Securitisation (NZ) Limited[10]
Stores Securitisation Pty Limited
Strathloro Pty Limited[1]
Stupendous Pty Limited[1,21]
Superguard Pty Limited
Swaneto Pty Limited[1]
Swanpark Pty Limited[1,5]
Tatroko Pty Limited1
Tessera Stones & Tiles Pty Australia Limited
Tessera Stones & Tiles Pty Limited[1,13]
The Byron At Byron Pty Limited1
Tisira Pty Limited[1,18]
Ventama Pty Limited[1,4]
Wadins Pty Limited[1]
Waggafurn Pty Limited
Wanalti Pty Limited[1]
Warungi Pty Limited[1]
Waytango Pty Limited[1]
Webzone Pty Limited
Wytharra Pty Limited[1]
Yoogalu Pty Limited[1,2]
Zabella Pty Limited[1]
Zavarte Pty Limited[1]
Zirdano Pty Limited[1]
Zirdanu Pty Limited[1]

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Notes

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

1. Company is a member of the "Closed Group".
2. Company is relieved under the Class Order described in Note 38.
3. Kita Pty Limited owns 51% and Derni Pty Ltd owns 49% of the shares in Space Furniture Pty Limited.
4. Shares held by Sarsha Pty Limited.
5. Shares held by Harvey Norman Retailing Pty Limited.
6. Shares held by Harvey Norman Stores Pty Limited.
7. These companies were acquired during the year.
8. These companies were disposed of during the year.
9. Shares held by Harvey Norman Limited.
10. These companies are incorporated in New Zealand.
11. This company is incorporated in Singapore.
12. This company is incorporated in Slovenia.
13. Shares held by Stonetess Pty Limited.
14. This company is incorporated in Croatia.
15. Shares held by Setto Pty Limited.
16. Harvey Norman Singapore Pte Limited owns 100% of the shares in Bencoolen Properties Pte Limited, 60% of the shares in Harvey Norman Ossia (Asia) Pte Limited, 100% of the shares in Space Furniture Pte Limited, and 10.49% (2008: 10.15%) of the shares in Pertama Holdings Limited.
17. Harvey Norman Ossia (Asia) Pte Limited holds 50.21% of the shares in Pertama Holdings Limited.
18. Harvey Norman Holdings owns 100% of Arisit Pty Limited.
19. Shares held by Harvey Norman Holdings (Ireland) Limited.
20. These companies are incorporated in Ireland.
21. Shares held by Calardu Pty Limited.
22. Shares held by Calardu Armidale Pty Limited.
23. Lighting Venture Pty Limited owns 50.1% of shares in Glo Light Pty Limited.
24. Yoogalu Pty Ltd holds 50.5% of the shares in Australian Business Skills Centre Pty Limited.
25. HN Byron No 3 Pty Limited holds 50% of the shares in Byron Bay Facilities Pty Limited.
26. Yoogalu Pty Ltd holds 50% of the shares in Byron Bay Management Pty Limited.
27. Kita Pty Ltd holds 99% and Derni Pty Ltd owns 1% of the shares in Poliform Pty Ltd.
28. Yoogalu Pty Limited owns 63.5% of the shares in this entity.
29. Shares held by Yoogalu Pty Limited.

38. Controlled Entities and Unit Trusts (continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited

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

38. Controlled Entities and Unit Trusts (continued)

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

Calardu Kingaroy Trust
Calardu Kotara Trust
Calardu Launceston Trust
Calardu Loganholme Trust
Calardu Mackay No 1 Trust**
Calardu Mackay No 2 Trust**
Calardu Maitland Trust
Calardu Malaga Trust
Calardu Mandurah Trust
Calardu Maribyrnong 1995 Trust
Calardu Maribyrnong Trust
Calardu Marion Trust
Calardu Maroochydore Trust
Calardu Maroochydore Warehouse Trust
Calardu Maryborough Trust
Calardu Melville Trust
Calardu Mentone Trust
Calardu Midland Trust
Calardu Milton Trust
Calardu Morayfield Trust
Calardu Moss Vale Trust
Calardu Mt Isa Trust
Calardu Mt. Gambier Trust
Calardu Mudgee Trust
Calardu Munno Para Trust
Calardu No. 1 Trust
Calardu No. 2 Trust
Calardu No. 3 Trust
Calardu Noarlunga Trust
Calardu Noosa Trust
Calardu North Ryde 2 Trust
Calardu North Ryde Trust
Calardu Northbridge Trust
Calardu Nowra Trust
Calardu Oxley Trust
Calardu Penrith Trust
Calardu Perth City West Trust
Calardu Port Macquarie Trust
Calardu Preston Trust
Calardu Raine Square Trust
Calardu Richmond Trust
Calardu Rockhampton 2 Trust
Calardu Rockhampton Trust
Calardu Rockingham Trust
Calardu Rosebery Trust
Calardu Roselands Trust
Calardu Rothwell Trust **
Calardu Rutherford Trust
Calardu Rutherford Warehouse Trust**
Calardu Sale Trust
Calardu Silverwater Trust
Calardu Springvale Trust
Calardu Swan Hill Trust
Calardu Sylvania Trust
Calardu Taree Trust

Calardu Thebarton Trust
Calardu Thomastown Trust
Calardu Toorak Trust
Calardu Toowoomba No 1 Trust**
Calardu Toowoomba Trust
Calardu Townsville Trust
Calardu Tweed Heads Traders Way Trust
Calardu Tweed Heads Trust
Calardu Vicfurn Trust
Calardu Warrawong (Homestarters) No 1 Trust**
Calardu Warrawong (Homestarters) Trust
Calardu Warrawong No. 1 Trust
Calardu Warrawong No. 2 Trust
Calardu Warrawong Trust
Calardu Warrnambool Trust
Calardu Warwick Trust
Calardu West Gosford Trust
Calardu Whyalla Trust
Calardu Wivenhoe Trust
Calect No. 2 Trust
Calfurn No. 2 Trust
Cannbed No. 2 Trust
Cannbed WA No. 2 Trust
Canniance No. 2 Trust
Canningfurn No 2 Trust**
Cannington Appliances No. 2 Trust
Cannington Superstore No.2 Trust
Cannters No. 2 Trust
Cantonel No 2 Trust**
Cantrics No. 2 Trust
Carcom No. 2 Trust
Cardinel No. 2 Trust
Cardlect No. 2 Trust
Carecom No 2 Trust**
Carefurn No 2 Trust**
Carindale Computers No. 2 Trust
Carinel No. 2 Trust
CBG Trust
Cellfurn No 2 Trust**
Charmela No. 2 Trust
Chatapp No. 2 Trust
Chatex No. 2 Trust
Chatsell No. 2 Trust**
City Cross Computer No. 2 Trust
City Cross Electrics No. 2 Trust
City Cross Superstore No. 2 Trust
City West Appliances No. 2 Trust
City West Bedding No 2 Trust**
City West Electrics No. 2 Trust
City West Furniture No. 2 Trust
Citycomp No. 2 Trust
Clanlect No 2 Trust**
Clevcom No. 2 Trust
Clevel No. 2 Trust
Clevlect No 2 Trust**

Comarm WA No. 2 Trust
Comaub No. 2 Trust
Comben Nominees No. 2 Trust
Comblack No. 2 Trust
Comborne No. 2 Trust
Comcam No. 2 Trust
Comgamb No. 2 Trust
Comgel No. 2 Trust
Comhill No. 2 Trust
Comkaw No 2 Trust**
Commara No. 2 Trust
Compall No. 2 Trust
Comparoo No. 2 Trust
Compdall No. 2 Trust
Compgrav No. 2 Trust
Compliance No. 2 Trust
Computa Park No 2 Trust**
Computen No. 2 Trust
Comroc No. 2 Trust
Comstore No. 2 Trust
Comunno No. 2 Trust
Conbed No. 2 Trust
Conocom No. 2 Trust
Coorar No. 2 Trust
Coorparoo Computers No. 2 Trust
Coorparoo Electrics No. 2 Trust
Coorparoo Flooring No. 2 Trust
Coorparoo Furniture No. 2 Trust
Cosgrove Shopfitting Services No. 2 Trust
Dalball No. 2 Trust
Dalby Superstore No 2 Trust**
Dallac No. 2 Trust
Dallcom No. 2 Trust
Dallect No. 2 Trust
Dallware No. 2 Trust
Dalstore No. 2 Trust
Daltel No. 2 Trust
Dalupbed No. 2 Trust
Danapp No. 2 Trust
Darwel No. 2 Trust
Dawlec No. 2 Trust
Dawncom No. 2 Trust
Dawnel No. 2 Trust
Dawnfurn No. 2 Trust
Daylect No. 2 Trust
Druin ACT No 2 Trust**
Dubbobed No 2 Trust**
Dubora No. 2 Trust
E P Furniture No. 2 Trust
Eastim No. 2 Trust
Eldalb No 2 Trust**
Electall No. 2 Trust
Electcann No. 2 Trust
Electen No. 2 Trust
Electoo No. 2 Trust
Electwind No. 2 Trust

■ 38. Controlled Entities and Unit Trusts (continued)

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

Elekaw No. 2 Trust
Enbed No. 2 Trust
Enfiel No. 2 Trust
Enfield Computers No. 2 Trust
Evcomputers No. 2 Trust
Everbed No. 2 Trust
Everel No. 2 Trust
Everton Park Bedding No. 2 Trust
Everton Park Electrics No. 2 Trust
Everton Park Furniture No.2 Trust
Evlect No. 2 Trust
Ewencom No. 2 Trust
Favstore No 2 Trust**
Fedrics No. 2 Trust
Fieldbed No.2 Trust
Fieldfurn No 2 Trust**
Fieldlect No. 2 Trust
Fieldstore No. 2 Trust
Filfurn No. 2 Trust
Finreg No. 2 Trust
Floor Rug No. 2 Trust
Floorcom No. 2 Trust
Floormar No. 2 Trust
Floortim No. 2 Trust
Fortitude Valley Electrics No. 2 Trust
Fortley No. 2 Trust
Frelcom No. 2 Trust
Fremlect No 2 Trust**
Fremstore No. 2 Trust
Fremtel No. 2 Trust
Furnall No. 2 Trust
Furnap No 2 Trust**
Furnbay No. 2 Trust
Furnbund No. 2 Trust
Furnbury No. 2 Trust
Furncann No. 2 Trust
Furncity No 2 Trust**
Furncity No. 2 Trust
Furnen No. 2 Trust
Furnfield No. 2 Trust
Furngamb No. 2 Trust
Furngrav No. 2 Trust
Furnjoon No. 2 Trust
Furnmay No. 2 Trust
Furnmore No 2 Trust**
Furnor No. 2 Trust
Furnpel No 2 Trust**
Furnroc No. 2 Trust
Furnsal No. 2 Trust
Furnsoon No. 2 Trust
Furntoo No. 2 Trust
Furnwick No. 2 Trust
Fyshcom No. 2 Trust
Gablect No. 2 Trust

Gambiel No. 2 Trust
Gamcomp No 2 Trust**
Gamfurn No. 2 Trust
Gamlect No 2 Trust**
Gardcom No. 2 Trust
Garden City Bedding No 2 Trust**
Garden City Furniture No 2 Trust**
Garden City Superstore No. 2 Trust
Gardstore No 2 Trust**
GC Superstore No. 2 Trust
Gelfurn No. 2 Trust
Geradel No. 2 Trust
Geraldcom No. 2 Trust
Geraldfurn No. 2 Trust
Geraldton WA No 1 Trust
Geraldton WA No 2 Trust
Geralect No 2 Trust**
Gerancom No 2 Trust**
Gladstores No. 2 Trust
Gladstores Qld No. 2 Trust
Goscane No. 2 Trust
Gosfordcom No. 2 Trust
Gravlec No. 2 Trust
H.N. Cards Trust
Hamptoncom No. 2 Trust
Hanfurn No. 2 Trust
Haproc No. 2 Trust
Harvey Norman Burnie Franchisor Unit Trust
Harvey Norman Devonport Franchisor Unit Trust
Harvey Norman Discounts No. 1 Trust
Harvey Norman Glenorchy Franchisor Unit Trust
Harvey Norman Hobart Franchisor Unit Trust
Harvey Norman Launceston Franchisor Unit Trust
Harvey Norman Lighting Asset Trust
Harvey Norman Lighting No. 1 Trust
Harvey Norman Liquor Unit Trust
Harvey Norman No. 1 Trust
Harvey Norman Rosney Franchisor Unit Trust
Harvey Norman Shopfitting Trust
Harvey Norman Tasmania Agent Unit Trust
Harvey Norman Ulverstone Franchisor Unit Trust
Havnet No. 2 Trust
Helect No. 2 Trust
Hervey Bay Electrics No 2 Trust**
Herveyel No. 2 Trust
Herveyfurn No. 2 Trust
Heycom No. 2 Trust
Hillect No. 2 Trust
HS Computers No 2 Trust**
Huntfurn No 2 Trust**
Incomputers No 2 Trust
Indel No. 2 Trust

Indlect No 2 Trust**
Indolect No. 2 Trust
Inniscom No. 2 Trust
Innisfail Superstore No 2 Trust**
Innistore No. 2 Trust
Innlect No. 2 Trust
Inrocom No. 2 Trust
Inrolect No. 2 Trust
Jadlec No 2 Trust**
Jayola No 2 Trust**
Jonbed No. 2 Trust
Joonapp No. 2 Trust
Joondalup Administrative Services Trust
Joondalup Superstore No 2 Trust**
Joondalup Warehousing Services Trust
Joonlect No. 2 Trust
Joshcom No 2 Trust**
Kaboola No. 2 Trust
Kalgcom No. 2 Trust
Kalgel No. 2 Trust
Kalgfurn No. 2 Trust
Kalgoorlie Electrics No 2 Trust**
Kalinya Unit Trust
Kallect No. 2 Trust
Kalofurn No. 2 Trust
Karral No 2 Trust**
Karrasel No. 2 Trust
Karratec No 2 Trust**
Karrif No. 2 Trust
Kawana Computers No. 2 Trust
Kawana Electrics No. 2 Trust
Kawfurn No. 2 Trust
Kawlect No. 2 Trust
Kelect No 2 Trust**
Kennely No. 2 Trust
Kotbed No 2 Trust**
KW Electrics No. 2 Trust
Kyabzah No. 2 Trust
Lamino Investments No. 1 Trust
Lamino Investments No. 2 Trust
Lamino Investments No. 3 Trust
Lamino Investments No. 4 Trust
Lamino Investments No. 5 Trust
Lamino Investments No. 6 Trust
Lanbed No 2 Trust**
Landstore No 2 Trust**
Lectapp No. 2 Trust
Lectayr No. 2 Trust
Lectoo Air No. 2 Trust
Lectoo No. 2 Trust
Lectville No 2 Trust**
Lesandu Albury Trust
Lesandu Campbelltown Trust
Lesandu Fairfield Trust

38. Controlled Entities and Unit Trusts (continued)

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

Lesandu Gordon Trust
Lesandu Gosford Trust
Lesandu Miranda Trust
Lesandu Newcastle Trust
Lesandu No. 1 Trust
Lesandu Penrith Trust
Lesandu Tamworth Trust
Lesandu Warrawong Trust
Lesandu Warringah Mall Trust
Lexancom No. 2 Trust
Leybed No 2 Trust**
Leyel No. 2 Trust
Leyfurn No 2 Trust**
Leylect No 2 Trust**
Lodare No 2 Trust
Loganap No. 2 Trust
Loganbed No. 2 Trust
Logancom No. 2 Trust
Loganfloor No 2 Trust**
Loganfurn No. 2 Trust
Loganholme Bedding No 2 Trust**
Loganlect No 2 Trust**
Lonecom No. 2 Trust
Lunafurn No. 2 Trust
Mackay Trust
Mackcom No. 2 Trust
Mackfurn No. 2 Trust
Mactrics No. 2 Trust
Maddlect No. 2 Trust
Madoncom No. 2 Trust
Mainbed No. 2 Trust
Malacom No 2 Trust**
Malagel No 2 Trust**
Malfurn No 2 Trust**
Mall Computers No. 2 Trust
Mallanzo No. 2 Trust
Mallcom No. 2 Trust
Mallic No. 2 Trust
Mallway No. 2 Trust
Malvis No 2 Trust
Mandbed No. 2 Trust
Mandlect No. 2 Trust
Mandurcom No. 2 Trust
Mandurfurn No. 2 Trust
Mandurtec No. 2 Trust
Manrahcom No 2 Trust**
Mantoncom No. 2 Trust
Maribed No 2 Trust**
Maribed No. 2 Trust
Marioncom No. 2 Trust
Marionfurn No. 2 Trust
Marlect No. 2 Trust
Marncom No. 2 Trust
Marnfurn No. 2 Trust
Maylect No. 2 Trust

MFD Bundall No. 2 Trust
MFD Burleigh Heads No. 2 Trust
MFD Maroochydore No. 2 Trust
MFD Toowoomba No 2 Trust**
Micomp No. 2 Trust
Midbed No 2 Trust**
Midcom No. 2 Trust
Midfurn No. 2 Trust
Moecom No. 2 Trust
Moorcom No 2 Trust**
Morafel No. 2 Trust
Morayfield Computers No 2 Trust**
Morfurn No. 2 Trust
Morlcom No. 2 Trust
Morlect No. 2 Trus
Morley Computers No 2 Trust**
Morleyel No. 2 Trust
Mountel No. 2 Trust
Moycom No. 2 Trust
Moyel No. 2 Trust**
Moyfurn No. 2 Trust
Mt Gambier Computers No. 2 Trust
Mt Gambier Furniture No 2 Trust**
Mt Gravatt Furniture No. 2 Trust
Mt Isa Computers No. 2 Trust
Mt Isa Retailing No. 2 Trust
Munnolect No 2 Trust**
Murray Street Development Trust
Noarlect No. 2 Trust
Noarlunga Bedding No 2 Trust**
Noarlunga Computers No 2 Trust**
Noarlunga Electrics No 2 Trust**
Noarlunga Furniture No. 2 Trust
Nolcom No. 2 Trust
Nolfurn No. 2 Trust
Noosa Furniture No 2 Trust**
Noosel No. 2 Trust
Noravit No. 2 Trust
Nordley No. 2 Trust
North Ryde Furniture No 2 Trust**
North Ryde Homewares No 2 Trust**
Norwel No2 Trust**
Noxcom No. 2 Trust
NSW Home Services No. 2 Trust
O'Connor Appliances No. 2 Trust
Oconnel No. 2 Trust
O'Connor Furniture No. 2 Trust
O'Connor Superstore No. 2 Trust
Osbcomm No. 2 Trust
Osbed WA No. 2 Trust
Osbornel No. 2 Trust
Oslect No. 2 Trust
Oslek Developments Trust
Osraidi No 2 Trust
Oxfurn No. 2 Trust
Oxlan No. 2 Trust

Oxlect No 2 Trust**
Parafurn No. 2 Trust
Parkborne No. 2 Trust
Parkel No. 2 Trust
Penricom No. 2 Trust
Pepcom No. 2 Trust
Peppel No. 2 Trust
Peppercom No. 2 Trust
Pepperel No 2 Trust**
Pepperlect No 2 Trust**
Pepperstore No 2 Trust**
Pepstore No. 2 Trust
PG Computers No. 2 Trust
PG Superstore No 2 Trust**
Plazacom No. 2 Trust
Podalza No 2 Trust**
Portfurn No. 2 Trust
Portkenn No. 2 Trust
Portlect No. 2 Trust
Prestbed No. 2 Trust
Prestoncom No. 2 Trust
Recway No. 2 Trust
Renovic No 2 Trust**
Rockel No. 2 Trust
Rockstore No. 2 Trust
Rosny Computers No 2 Trust**
Rosny Electrics No 2 Trust**
Rosny Furniture No 2 Trust**
Rothwell Furniture No 2 Trust**
Rugles No. 2 Trust
Rugware No. 2 Trust
Savel No. 2 Trust
Seltcom No 2 Trust**
Sergfurn No 2 Trust**
Showtara No. 2 Trust
Sotel No. 2 Trust
Spencity No 2 Trust**
Spirarzo No. 2 Trust
Storeville No. 2 Trust
Storfurn No. 2 Trust
Storland No. 2 Trust
Storwest No. 2 Trust
Sydney No. 1 Trust
Tarshe No. 2 Trust
Tecayr No 2 Trust**
Tecgrove No 2 Trust**
Tecmont No 2 Trust**
The Calardu Trust
Throntar No. 2 Trust
Toofurn Qld No 2 Trust**
Toowel No. 2 Trust
Torcarsa No 2 Trust
Town Electrics No.2 Trust
Townfurn No. 2 Trust
Tracfurn No. 2 Trust

■ 38. Controlled Entities and Unit Trusts (continued)

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

Tralgfurn No. 2 Trust
Valhome No. 2 Trust
Vallbed No. 2 Trust
Vallcom No. 2 Trust
Vallect No. 2 Trust
Vallel No. 2 Trust
Valleybed No. 2 Trust
Valleyfurn No. 2 Trust
Vallfurn No. 2 Trust
Vallit No. 2 Trust
Vallware No. 2 Trust
Waccom No. 2 Trust
Wallect No 2 Trust**
Wallel No. 2 Trust
Wallfurn No. 2 Trust
Warborne No 2 Trust**
Wardrew No. 2 Trust
Warfurn No. 2 Trust
Warian No. 2 Trust
Warifurn QLD No. 2 Trust
Warlect No 2 Trust**
Warracom No. 2 Trust
Warrafloor No. 2 Trust
Warrapp No. 2 Trust
Warrics No 2 Trust**
Warstore No. 2 Trust
Warwickfurn No. 2 Trust
Waycom No 2 Trust**
Wayel No. 2 Trust
Wayfurn No 2 Trust**
Westerncom No. 2 Trust
Westernfurn No. 2 Trust
Westfurn No. 2 Trust
Westlect No. 2 Trust
Wickson No. 2 Trust
Wicomp No. 2 Trust
Wikstore No 2 Trust**
Wiley Park Computers No 2 Trust**
Wonbed No. 2 Trust
Yoogalu Albury Trust
Yoogalu Campbelltown Trust
Yoogalu Fairfield Trust
Yoogalu Gordon Trust
Yoogalu Gosford Trust*
Yoogalu Lismore Trust
Yoogalu Miranda Trust
Yoogalu Newcastle Trust
Yoogalu Warrawong Trust
Yoogalu Warringah Mall 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 (Closed Group) 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 certain companies within the consolidated entity are relieved from the requirements to prepare financial statements.

- Controlled Entities (Refer Note 38) marked [1] are members of the "Closed Group".
- Controlled Entities (Refer Note 38) marked [2] are relieved under the Class Order.

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

Consolidated Balance Sheet

	CONSOLIDATED	
	2009 $000	2008 $000
Current Assets		
Cash and cash equivalents	**83,766**	21,399
Trade and other receivables	**1,038,521**	960,286
Other financial assets	**25,874**	29,930
Inventories	**28,991**	11,114
Intangible assets	**537**	861
Other assets	**8,091**	9,834
Total current assets	**1,185,780**	1,033,424
Non-Current Assets		
Trade and other receivables	**15,649**	26,003
Investments accounted for using equity method	**183,196**	179,594
Other financial assets	**109,707**	113,502
Property, plant and equipment	**220,443**	290,120
Investment properties	**1,316,572**	1,178,784
Intangible assets	**17,732**	21,254
Deferred income tax assets	**16,891**	16,067
Total non-current assets	**1,880,190**	1,825,324
Total Assets	**3,065,970**	2,858,748
Current Liabilities		
Trade and other payables	**584,920**	498,092
Interest-bearing loans and borrowings	**389,589**	292,693
Income tax payable	**31,680**	34,921
Provisions	**9,374**	4,174
Other liabilities	**1,407**	2,582
Total current liabilities	**1,016,970**	832,462
Non-Current Liabilities		
Interest-bearing loans and borrowings	**-**	109,075
Provisions	**7,331**	8,077
Deferred income tax liabilities	**164,003**	158,312
Other liabilities	**5,197**	6,184
Total non-current liabilities	**176,531**	281,648
Total Liabilities	**1,193,501**	1,114,110
NET ASSETS	**1,872,469**	1,744,638
Equity		
Contributed equity	**259,610**	259,610
Reserves	**12,476**	14,535
Retained profits	**1,600,383**	1,470,493
TOTAL EQUITY	**1,872,469**	1,744,638

39 ■ Deed of Cross Guarantee (continued)

Consolidated Income Statement

	CONSOLIDATED	
	2009 **$000**	2008 $000
Profit from continuing operations before income tax expense	**367,313**	470,675
Income tax expense	**(109,945)**	(139,992)
Profit after tax from continuing operations	**257,368**	330,683
Profit for the year	**257,368**	330,683
Retained earnings at the beginning of the year	**1,470,493**	1,277,911
Dividends provided for or paid	**(127,478)**	(138,101)
Retained earnings at the end of the year	**1,600,383**	1,470,493

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

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 2009 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

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 2009.

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	**K.L. PAGE**
Chairman	Director / Chief Executive Officer
Sydney	Sydney
14 October 2009	14 October 2009

Ernst & Young Centre
680 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959
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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 2009, 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 and International Standards on Auditing. 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 2009 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 in pages 16 to 26 of the directors' report for the year ended 30 June 2009. 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 2009, complies with section 300A of the *Corporations Act 2001.*

Amendments to the Financial Report and Remuneration Report

Without qualification to the opinions expressed above, attention is drawn to the following matter. This auditor's report replaces our previously issued audit report dated 30 September 2009 and included together with the Director's report and financial report lodged with the Australian Securities and Investments Commission on that date. The financial report and remuneration report have been subsequently amended for the reasons set out in Note 1 (xxx) to the financial statements.

Ernst & Young

Christopher D. George
Partner

Sydney
14 October 2009

■ Distribution of Shareholdings as at 25 September 2009

Size of Holding	Ordinary Shareholders
1 – 1,000	8,096
1,001 – 5,000	9,813
5,001 – 10,000	2,217
10,001 – 100,000	1,608
100,001 and over	163
	21,897
Number of Shareholders With less than a marketable parcel	469

■ Voting Rights

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

■ Twenty Largest Shareholders as at 25 September 2009

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%
96,411,002	National Nominees Limited	9.08%
95,797,697	HSBC Custody Nominees (Australia) Limited	9.02%
69,470,073	JP Morgan Nominees Australia Limited	6.54%
49,990,575	Ms Margaret Lynette Harvey	4.71%
49,276,827	Citicorp Nominees Pty Limited	4.64%
17,118,200	Enbeear Pty Limited	1.61%
16,995,133	Ms Kay Lesley Page	1.60%
16,442,346	ANZ Nominees Limited	1.55%
13,545,167	Cogent Nominees Pty Ltd	1.28%
6,399,899	AMP Life Limited	0.60%
5,876,368	RBC Dexia Investor Services Australia Nominees Pty Limited	0.55%
4,614,883	Queensland Investment Corporation	0.43%
4,030,000	Argo Investments Limited	0.38%
3,325,867	Bond Street Custodians Limited	0.31%
2,861,132	Neweconomy Com Au Nominees Pty Limited	0.27%
2,845,553	Mr Michael Harvey	0.27%
2,785,260	Invia Custodian Pty Limited	0.26%
2,229,310	USB Wealth Management Australia Nominees Pty Limited	0.17%
947,224,484		89.17%

Total held by twenty largest shareholders as a percentage of total ordinary shares is 89.17% as at 25 September 2009.

AUSTRALIAN CAPITAL TERRITORY

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

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

NEW SOUTH WALES (SYDNEY SUBURBAN)

ALEXANDRIA
494-504 Gardeners Road
Alexandria 2015
Phone: (02) 9693 0666

AUBURN
250 Parramatta Road
Auburn 2144
Phone: (02) 9202 4888

AUBURN (Renovations & Seconds)
233-239 Parramatta Road
Auburn 2144
Phone: (02) 9202 4888

BALGOWLAH
176-190 Condamine Street
Balgowlah 2093
Phone: (02) 9948 4511

BALGOWLAH (HOMESTARTERS)
176-190 Condamine Street
Balgowlah 2093
Phone: (02) 9948 4511

BLACKTOWN
Unit C5
Cnr Blacktown
& Bungarribee Roads
Blacktown 2148
Phone: (02) 9831 2155

BONDI
Shop 5016, Westfield Shopping Centre
500 Oxford Street
Bondi Junction 2022
Phone: (02) 8305 8800

BROADWAY
Shop 119
Broadway Bay Street
Broadway 2007
Phone: (02) 9211 3933

CAMPBELLTOWN
22A Blaxland Road
Campbelltown 2560
Phone: (02) 4621 5200

CARINGBAH
41 – 49 Willarong Road
Caringbah 2229
Phone: (02) 9542 7088

CASTLE HILL
18 Victoria Avenue
Castle Hill 2154
Phone: (02) 9840 8800

CHATSWOOD
Level 2 Chatswood Chase
Cnr Archer & Victoria Ave
Chatswood 2067
Phone: (02) 9419 1100

GORDON
1st Floor
802-808 Pacific Highway
Gordon 2072
Phone: (02) 9498 1499

LIVERPOOL
Liverpool Mega Centre
2/18 Orangegrove Road
Liverpool 2170
Phone: (02) 9600 3333

MARTIN PLACE
19-29 Martin Place
MLC Centre
Sydney CBD 2000
Phone: (02) 8236 6600

McGRATHS HILL
Unit 6A 264-272
Windsor Road 2756
Phone: (02) 4577 9577

MOORE PARK
Level 2, North SupaCenta
Cnr South Dowling Street
& Dacey Avenue
Moore Park 2021
Phone: (02) 9662 9888

NORWEST
Unit 20
Homemaker Collection
4 - 6 Celebration Drive
Bella Vista 2153
Phone: (02) 8884 8800

PENRITH
Cnr Mulgoa Rd & Wolseley St
Penrith 2750
Phone: (02) 4737 5111

WILEY PARK
1018 Canterbury Road
Wiley Park 2195
Phone: (02) 9740 6055

WILEY PARK (Hardware)
1155 Canterbury Road
Punchbowl 2196
Phone: (02) 9740 1153

NEW SOUTH WALES (COUNTRY)

ALBURY
430 Wilson Street
Albury 2640
Phone: (02) 6041 1944

ARMIDALE
Shop 8, Girraween Shopping Centre
Queen Elizabeth Drive
Armidale 2350
Phone: (02) 6771 3788

BATEMAN BAY
Shop 5 Bay Central
1 Clyde Street
Bateman's Bay 2536
Phone: (02) 4472 5994

BATHURST
Sydney Road
Kelso 2795
Phone: (02) 6332 3399

BENNETTS GREEN (HOMESTARTERS)
7 Abdon Close
Bennetts Green 2290
Phone: (02) 4948 4555

BROADMEADOW (HOMESTARTERS)
35-43 Lambton Road
Broadmeadow 2292
Phone: (02) 4962 1770

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

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

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

DUBBO
223 Cobra Street
Dubbo 2830
Phone: (02) 6826 8800

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

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

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

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

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

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

NEW SOUTH WALES (COUNTRY) (CONTINUED)

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

LAKEHAVEN
59-83 Pacific Highway
Lakehaven 2263
Phone: (02) 4394 6000

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

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

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

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

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

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

MUDGEE
33 Castlereagh Highway
Mudgee 2850
Phone: (02) 6372 6514

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

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

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

ORANGE
Unit 1, Orange Grove H/maker
Centre
Mitchell Highway
Orange 2800
Phone: (02) 6393 2222

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

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

SALAMANDER BAY
270 Sandy Point Road
Salamander Bay 2317
Phone: (02) 4981 1292

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

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

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

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

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

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

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

NORTHERN TERRITORY

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

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

QUEENSLAND (BRISBANE SUBURBAN)

ASPLEY
1411-1419 Gympie Road
Aspley 4034
Phone: (07) 3834 1100

BERNOTHS TOOWOOMBA
675 Ruthven Street
Toowoomba 4350
Phone: (07) 4632 9444

BRISBANE – BROADWAY ON
THE MALL
Shop SF01
170 Queen Street
Brisbane 4000
Phone: (07) 3013 2800

BROWNS PLAINS
Unit 3
28-48 Browns Plains Road
Browns Plains 4118
Phone: (07) 3380 0600

BUNDALL
29-45 Ashmore Road
Bundall 4217
Phone: (07) 5584 3111

CAPALABA
Shop 32-33 Capalaba Centre
38-62 Moreton Bay Road
Capalaba 4157
Phone: (07) 3362 6200

CARINDALE
Homemaker Centre
Cnr Carindale Street and
Old Cleveland Road
Carindale 4152
Phone: (07) 3398 0600

CLEVELAND
Shop 1A, 42 Shore Street West
Cleveland 4163
Phone: (07) 3488 8900

EVERTON PARK
429 Southpine Road
Everton Park 4053
Phone: (07) 3550 4444

FORTITUDE VALLEY
Brisbane City Gate
Shop 1, 1058 Ann Street
Fortitude Valley 4006
Phone: (07) 3620 6600

INDOOROOPILLY
Shop 2044
Westfield Shoppingtown
318 Moggill Road
Indooroopilly 4068
Phone: (07) 3327 1300

LOGANHOLME
3890 - 3892 Pacific
Highway
Loganholme 4129
Phone: (07) 3440 9200

MAROOCHYDORE
(Mega Flooring)
Unit 6
Sunshine Homemaker Centre
Maroochydore 4558
Phone: (07) 5479 3711

MORAYFIELD
Lot 8
Cnr Morayfield & Station Roads
Morayfield 4506
Phone: (07) 5428 8000

MT GRAVATT
2049 Logan Road
Upper Mt Gravatt 4122
Phone: (07) 3347 7000

OXLEY
2098 Ipswich Road
Oxley 4075
Phone: (07) 3332 1100

QUEENSLAND (REGIONAL)

AYR
101 Queens Street
Ayr 4807
Phone: (07) 4783 3188

BUNDABERG
125 Takalvan Street
Bundaberg 4670
Phone: (07) 4151 1570

CAIRNS
101 Spence Street
Portsmith 4870
Phone: (07) 4051 8499

CANNONVALE
Shop B2
Centro Whitsunday Ctr
8 Galbraith Drive
Cannonvale 4802
Phone: (07) 4969 8800

DALBY
58 Patrick Street
Dalby 4405
Phone: (07) 4672 4444

GLADSTONE
Shop 1B Centro Centre
220 Dawson Highway
Gladstone 4680
Phone: (07) 4971 5000

GYMPIE
35-37 Edwin Campion Drive
Monkland 4570
Phone: (07) 5480 1500

HERVEY BAY
134 - 136 Boat Harbour Drive
Hervey Bay 4655
Phone: (07) 4124 3870

INNISFAIL
52/57 Ernest Street
Innisfail 4860
Phone: (07) 4061 1433

KAWANA WATERS (SUNSHINE COAST)
Lot 28 Nicklin Way
Minyama Gardens
Kawana Waters 4575
Phone: (07) 5457 6800

KINGAROY
18-20 Rogers Drive
Kingaroy 4610
Phone: (07) 4160 0400

MACKAY
Cnr Bruce Highway &
Heath's Road
Glenella 4740
Phone: (07) 4942 2688

MORAYFIELD
Lot 8 Cnr Morayfield & Station Roads
Morayfield 4506
Phone: (07) 5428 8000

MT ISA
33-35 Miles Street
Mt Isa 4825
Phone: (07) 4743 5220

NOOSA
7-9 Gibson Road
Noosaville 4566
Phone: (07) 5473 1911

ROCKHAMPTON
407 Yaamba Road
North Rockhampton 4701
Phone: (07) 4926 2755

ROTHWELL
Unit 1
439-443 Anzac Avenue
Rothwell 4022
Phone: (07) 3897 8800

TOOWOOMBA
910-932 Ruthven Street
Toowoomba 4350
Phone: (07) 4636 7300

TOOWOOMBA (HOMESTARTERS)
910-932 Ruthven Street
Toowoomba 4350
Phone: (07) 4636 7300

TOWNSVILLE
103-142 Duckworth Street
Garbutt 4814
Phone: (07) 4725 5561

WARWICK
Cnr Victoria St & Palmerin Sts
Warwick 4370
Phone: (07) 4666 9000

TASMANIA

BURNIE
64 Mount Street
Burnie 7320
Phone: (03) 6431 2134

CAMBRIDGE PARK
Unit B11
66-68 Kennedy Drive
Cambridge Park 7170
Phone: (03) 6248 3300

DEVONPORT
Cnr Best Street & Fenton Way
Devonport 7310
Phone: (03) 6424 5155

GLENORCHY
313 Main Road
Glenorchy 7010
Phone: (03) 6277 7700

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

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

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

SOUTH AUSTRALIA (ADELAIDE SUBURBAN)

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

GEPPS CROSS
Unit 1, 760 Main North Road
Gepps Cross 5094
Phone: (08) 8342 8888

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

MILE END COMMERCIAL
20 William Street
Mile End 5031
Phone: (08) 8150 8000

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

NOARLUNGA
Seaman Drive
Noarlunga 5168
Phone: (08) 8329 5400

WOODVILLE
853-867 Port Road
Woodville 5011
Phone: (08) 8406 0100

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

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

FRANKSTON
87 Cranbourne Road
Frankston 3199
Phone: (03) 8796 0600

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

MENTONE
25-29 Nepean Highway
Mentone 3194
Phone: (03) 8551 0000

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

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

VIC / TAS COMMERCIAL
951 Nepean Highway
Bentleigh 3204
Phone: (03) 8530 6300

WANGARATTA
8-12 Murphy Street
Wangaratta 3677
Phone: (03) 5721 6377

WARRAGUL
33 Victoria Street
Warragul 3820
Phone: (03) 5623 9000

WARRNAMBOOL
84 Raglan Parade
Warrnambool 3280
Phone: (03) 5564 7700

WAURN PONDS
33 Princes Highway
Waurn Ponds 3216
Phone: (03) 5240 6200

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

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

WESTERN AUSTRALIA (PERTH SUBURBAN) (CONTINUED)

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

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
Boulevarde Shopping Centre
Anderson Street
Port Hedland 6721
Phone: (08) 9173 8000

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

CARINGBAH
212 Taren Point Road
Caringbah 2229
Phone: (02) 8536 5200

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

CITY WEST
25 Sutherland Street
City West 6004
Phone: (08) 9215 8600

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 2042

BALLINA
Cnr Pacific Highway & Quays Drive
Ballina 2478
Phone: (02) 6686 5944

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

MAITLAND
Unit 6
366 New England Highway
Rutherford 2320
Phone: (02) 4932 2300

MAROOCHYDOORE
64-70 Aerodrome Road
Maroochydoore 4558
Phone: (07) 5409 0200

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

JOYCE MAYNE (CONTINUED)

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

WARRAWONG
113 King Street
Warrawong 2502
Phone: (02) 4276 0000

WEST GOSFORD
Unit 9a & 9b
356 Manns Road
West Gosford 2250
Phone: (02) 4349 9800

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 HUT
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

NELSON
69 Vincent Street
Nelson
Phone: 0011 643 539 5000

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
Wangtanui
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

BOTANY DOWNS
Unit F
451 Ti Rakau Drive
Botany
Phone: 0011 649 253 9200

LOWER HUTT
Level 1
28 Rutherford Street
Lower Hutt
Wellington
Phone: 0011 644 890 8400

PALMERSTON NORTH
Unit C
210-248 Rangitikei Street
Palmerston North
Phone: 0011 646 953 3500

TOWER JUNCTION
Clarence Building
66 Clarence Street
Tower Junction
Christchurch
Phone: 0011 643 968 3600

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

DRUGHEDA
Units 8-11
Drogheda Retail Park
Donore Road
Drogheda
Phone: 0011 353 4 1987 8200

DUNDALK
Units 2-7 Dundalk Retail
Park
Inner Relief Road
Dundalk, Co Louth
Phone: 0011 353 42 939 6600

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

WATERFORD
Units 5-8
Butlerstown Retail Park
Butlerstown Roundabout
Outer Ring Road
Co Waterford
Phone: 0011 353 5131 9900

NORTHERN IRELAND

HOLYWOOD
Units A-D Holywood Exchange
Airport Road
Belfast
Phone: 0011 44 28903 95800

NEWTOWNABBEY
Units 1&2
Valley Retail Park
Church Road
Newtownabbey
Phone: 0011 44 28903 60800

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 Centrepoint
Singapore 238843
Phone: 0011 65 6732 8686

HARVEY NORMAN FUNAN
CENTRE
109 North Bridge Road
#02-02/08 Funan Centre
Singapore 170097
Phone: 0011 65 6334 5432

HARVEY NORMAN HOUGANG
MALL
90 Hougang Avenue 10
#02-13 NTUC Hougang
Mall
Singapore 538766
Phone: 0011 65 6488 2305

HARVEY NORMAN JURONG
POINT
1 Jurong West Central 2
#03-37 Jurong Point
Shopping Centre
Singapore 648886
Phone: 0011 65 6795 2135

HARVEY NORMAN MILLENIA
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

MALAYSIA

HARVEY NORMAN
BUKIT TINGGI
Lot F42 1st 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

HARVEY NORMAN
IKANO POWER CENTRE
Unit F3 1st Floor Ikano Ctr
No 2 Jalan PJU 7/2
Mutiara Damansara
47800 Petailing Jaya
Salangor Darul Ehsan
Kuala Lumpur
Phone: 0011 963 7718 5200

HARVEY NORMAN
MID VALLEY
Lot AT-1 Lower Ground Floor
Mid Valley Megamall
Mid Valley City
Lingkaran Syed Putra
59100 Kuala Lumpur
Phone: 0011 963 2282 2860

HARVEY NORMAN
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
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
SUNWAY PYRAMID
LG2.140 Lower Grount Two
Sunway Pyramid S/Centre
No. 3 Jalan PJS 11/15
Bandar Darul Ehsan Malaysia
Phone: 0011 963 5622 1300