Harvey Norman®

Holdings Limited

2010 Annual Report

Harvey Norman
HOLDINGS LIMITED

ABN 54 003 237 545

ANNUAL REPORT
YEAR ENDED 30 JUNE 2010

Key Dates

27 August 2010	Announcement of Profit for Year-Ended 30 June 2010 Announcement of Final 2010 Dividend
5 November 2010	Record date for determining entitlement to Final 2010 Dividend
23 November 2010	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.
6 December 2010	Payment of Final 2010 Dividend
25 February 2011	Announcement of Half-Year Profit to 31 December 2010 Announcement of Interim 2011 Dividend
15 April 2011	Record date for determining entitlement to Interim 2011 Dividend
2 May 2011	Payment of Interim 2011 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

Financial Highlights	FY2006	FY2007	FY2008	FY2009	FY2010
no. of franchised outlets in Australia[1]	174	192	194	195	194
no. of company-owned stores[2]	41	53	66	69	70
franchisee sales revenue[1]	$3.96bn	$4.50bn	$4.86bn	$5.06bn	$5.19bn
company-owned sales revenue[2]	$1,103.90m	$1,329.43m	$1,428.85m	$1,440.65m	$1,344.46m
other revenues and other income items from continuing operations	$788.35m	$1,005.46m	$1,058.16m	$1,035.10m	$1,097.39m
earnings before interest and tax (EBIT) from continuing operations	$367.39m	$522.27m	$555.11m	$382.95m	$420.10m
profit from continuing operations after tax attributable to owners of the parent	$217.75m	$324.10m	$358.45m	$214.35m	$231.41m
profit from discontinued operations after tax attributable to owners of the parent	$11.81m	$83.15m	$0m	$0m	$0m
net profit for the year attributable to owners of the parent	$229.56m	$407.25m	$358.45m	$214.35m	$231.41m
net cash flows from operating activities	$159.76m	$444.43m	$289.45m	$442.50m	$386.87m
basic earnings per share	20.59c	30.63c	33.76c	20.18c	21.78c
dividends per share (fully franked)	8.0c	11.0c	14.0c	11.0c	14.0c
return on invested capital (ROIC) %	16.91%	24.36%	22.66%	15.39%	16.80%
debt to equity ratio (%)	59.07%	32.58%	29.12%	28.49%	23.23%
Underlying Business Operations	**$203.40m**	**$260.35m**	**$295.14m**	**$250.42m**	**$290.04m**

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.

■ Calculation of Profit From Underlying Business Operations

Underlying Business Operations	YTD June 2010 $000	YTD June 2009 $000	Increase / (Decrease)	%
Profit After Tax From Continuing Operations	**231,409**	**214,351**	**17,058**	**8.0%**
Adjustments: Add back/(deduct)				
(1) net property revaluation decrements for investment properties in Australia	30,052	4,620	**25,432**	
(2) net property revaluation adjustments for share of joint venture properties	9,854	(14,304)	**24,158**	
(3) revaluation decrement recognised in relation to a property in Slovenia	-	5,538	**(5,538)**	
(4) impairment expense – write-down of Irish fixed assets	7,803	27,289	**(19,486)**	
(5) impairment expense – write-down of assets held within joint venture entities	268	1,419	**(1,151)**	
(6) impairment expense – write-down of IT assets	41	1,635	**(1,594)**	
(7) OFIS store closure expenses	-	4,000	**(4,000)**	
(8) provisions for onerous leases – store closures	2,214	3,072	**(858)**	
(9) information technology costs – core global merchandise management system	1,960	5,208	**(3,248)**	
(10) income tax effects of the above adjustments	(13,236)	(2,405)	**(10,831)**	
(11) deferred tax expense resulting from a NZ legislative change effectively excluding a tax deduction for future building depreciation expense	19,672	-	**19,672**	
Net Profit from Underlying Business Operations	**290,037**	**250,423**	**39,614**	**15.8%**

Business Performance

From the Chairman:

"We continue to satisfy our two key strategic objectives, namely (1) to provide outstanding service and to understand and deliver the needs of our customers; and (2) provide long-term sustainable growth for our shareholders through the operation of our integrated, retail, franchise and property system.

The franchising operations segment continued to be the main driver of performance delivering an underlying result before tax of $314.17 million for the year ended 30 June 2010 compared with an underlying result of $308.06 million for the prior year, an increase of 2.0%. Franchisees continue to gain market share in all key categories.

Underpinning the franchising operations segment is ownership of our high-quality commercial retail and warehouse property portfolio. Our store roll-out program in Australia will resume in the 2011 financial year and we expect to open five (5) new Harvey Norman complexes in Australia and one (1) new Harvey Norman company-owned store in Novo Mesto, Slovenia.

The 2010 financial year was a year of consolidation. We have focused our attention and resources on improving our existing operations. During the global financial crisis, we adopted a culture of prudent financial stewardship across the consolidated entity. We concentrated our resources in areas that will deliver long-term sustainable growth.

Our strong balance sheet and solid cash flows enabled us to take advantage of emerging opportunities. In July 2010, we acquired stock, plant and equipment, know-how and systems of twenty-nine (29) former Clive Peeters retail sites. The aggregate purchase consideration for the former Clive Peeters assets was approximately $55 million inclusive of GST".

■ Net Profit from Continuing Operations After Tax and Non-Controlling Interests

Net profit from continuing operations attributable to owners of the parent after tax was $231.41 million for the year ended 30 June 2010 compared with $214.35 million for the previous corresponding year, an increase of 8.0%. This is a solid result given the Australian investment property revaluation decrement of $21.04 million after tax, our share of the joint venture property devaluation of $6.90 million and the deferred tax expense of $19.67 million resulting from a NZ legislative change effectively excluding a tax deduction for future building depreciation expense.

This increase is mainly attributable to the substantial improvement in the franchising operations segment result, the increase in the value of the listed public securities held by the consolidated entity and the reduction in impairment expenses recorded in Ireland to reduce the carrying amount of plant and equipment to recoverable amount.

In February 2010 the consolidated group reported an increase of 59.9% for the half-year ended 31 December 2009 relative to the previous corresponding period. Retail growth has moderated over the last six months due to a decline in consumer confidence following successive interest rate rises and the absence of the Federal government stimulus package.

■ Net Profit from Underlying Business Operations

The net profit from the underlying business operations of the consolidated group is calculated by excluding from net profit from continuing operations all one-off transactions and the net revaluation adjustments recorded in the group's property portfolio brought to account in the income statement.

In determining the profit from underlying business operations, the following items have been excluded from profit for the year ended 30 June 2010:

1) *The net property revaluation decrement of $30.05 million before tax ($21.04 million after tax) for investment properties in Australia* – The fair value review of the Australian investment property portfolio resulted in a net property revaluation decrement for the current year.
2) *The net property revaluation decrement of $9.85 million before tax ($6.90 million after tax) for properties held under joint venture entities* – The fair value review of the properties held under several joint venture entities resulted in a net property revaluation decrement for the current year.
3) *The impairment expense of $7.80 million recorded in respect of plant and equipment assets of stores located in the Republic of Ireland and Northern Ireland* – A further expense of $1.18 million and $6.62 million was incurred in respect of the plant and equipment assets located in the Republic of Ireland and Northern Ireland respectively.
4) *The impairment expense of $0.27 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.



Net Profit from Underlying Business Operations (continued)

5) *The impairment expense of $0.04 million before tax ($0.03 million after tax) due to the write-down of information technology ("IT") assets* – An internal review was conducted during the year to identify those IT assets that are no longer of value.
6) *The recognition of onerous lease costs of $2.21 million before tax ($1.55 million after tax) incurred as a result of the closure of several leased franchised complexes in Australia.*
7) *Information technology costs of $1.96 million before tax ($1.37 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.
8) *Deferred tax expense of $19.67 million resulting from a NZ legislative change effectively excluding a tax deduction for future building depreciation expense* – During the year, in NZ, legislation was enacted to remove the ability of companies to claim a tax deduction in respect of buildings with expected lives of 50 years or more. This has resulted in the recognition of a deferred tax liability of $19.67 million.

The net profit from underlying business operations for the preceding year was $250.42 million.

Upon the basis of the assumptions set out above, the net profit after tax and non-controlling interests of the underlying business operations would have been $290.04 million for the year ended 30 June 2010 compared to $250.42 million for the previous year, an increase of 15.8%.

■ Franchising Operations

The franchising operations segment continued to be the main driver of performance for the current year delivering a segment result before tax of $309.99 million for year ended 30 June 2010 compared with a segment result of $299.78 million for the prior year, an increase of 3.4%. If the costs arising from the new IT merchandise management system and onerous lease expenses were excluded, the franchising operations segment result would have been $314.17 million for the current year compared to $308.06 million for the prior year, an increase of 2.0%.

Franchising Operations Segment Result	YTD June 2010 $000	YTD June 2009 $000	Increase / (Decrease) $000	%
Segment Result Before tax	309,993	299,780	10,213	3.4%
Adjustments: Add back/(deduct)				
(1) IT costs – merchandise management system	1,960	5,208	(3,248)	(62.4%)
(2) Provisions for onerous leases	2,214	3,072	(858)	(27.9%)
Revised Franchising Operations Segment Result	314,167	308,060	6,107	2.0%

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 6.1% for the year ended 30 June 2010 compared to 6.1% for the year ended 30 June 2009.

Franchising Operations Margin	FY June 2008		FY June 2009		FY June 2010	
no. of franchised outlets in Australia[1]	194		195		194	
franchising operations segment result before tax	$291.41m		$308.06m		$314.17m	
franchisee sales revenue[1]	$4.86bn		$5.06bn		$5.19bn	
franchising operations margin (%)	6.0%		6.1%		6.1%	
	HY to Dec-07	**HY to Jun-08**	**HY to Dec-08**	**HY to Jun-09**	**HY to Dec-09**	**HY to Jun-10**
no. of franchised outlets in Australia[1]	193	194	198	195	195	194
franchising operations segment result before tax	$171.24m	$120.17m	$152.29m	$155.77m	$186.79m	$127.37m
franchisee sales revenue[1]	$2.54bn	$2.32bn	$2.61bn	$2.45bn	$2.78bn	$2.41bn
franchising operations margin (%)	6.7%	5.2%	5.8%	6.4%	6.7%	5.3%

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

The franchise system in Australia continues to be resilient and sustainable. Franchisee sales revenue increased from $5.06 billion for the year ended 30 June 2009 to $5.19 billion for the year ended 30 June 2010, an increase of 2.5%. Franchisees are market leaders in all key categories. The furniture and bedding category was the stand-out performer during the year, with solid sales growth and market share on the uptake, bucking the trend of the dampened housing market following the reduction of government incentives that underpinned the property sector. Price deflation had the effect of softening electrical sales revenue however notable transaction growth, including the introduction of emerging products such as 3DTV and internet TV, enabled franchisees to gain market share. Whilst aggressive competition and the absence of tax incentives for small business impacted the computer category during the year, the computer franchisees have actively evaluated the product mix to promote and drive sales growth and maintain market share.

In aggregate, the franchisees have increased sales revenue despite the continuing competitive retail environment and the absence of the Government stimulus funding that boosted sales in the preceding year. Franchisee businesses were run more efficiently with strict cost control measures. Franchise fee revenue increased for the year ended 30 June 2010 relative to prior year.

Franchising Operations Segment	FY2006	FY2007	FY2008	FY2009	FY2010
Franchising operations margin	4.3%	5.4%	6.0%	6.1%	6.1%
Return on franchising operations equity (a)	37.54%	49.63%	47.95%	44.12%	44.13%
Return on franchising operations assets (b)	17.88%	27.08%	27.75%	24.85%	25.70%
	$000	$000	$000	$000	$000
Revenue from franchising operations	653,862	828,676	865,836	913,312	944,323
Franchising operations EBITDA	250,391	356,035	354,454	377,277	384,800
Net operating cash flows from franchising operations	77,579	287,298	312,439	280,708	286,907

(a) Calculated as: EBIT from Franchising Operations ÷ Franchising Operations Equity*
[*equity allocated to franchising operations segment based on franchising operations assets as a proportion of total assets]

(b) Calculated as: EBIT from Franchising Operations ÷ Franchising Operations Segment Assets (after eliminations)

Overseas Controlled Entities:

New Zealand
The retail segment result in New Zealand was $48.41 million for the year ended 30 June 2010 compared to $44.42 million for the previous year, an increase of 9.0%. Harvey Norman continues to be the clear market leader in New Zealand in all key product categories. There have been signs of improvement in the New Zealand economy resulting in improved consumer confidence and spending. Profitability was assisted by the successful cost containment program that was implemented in the preceding financial year.

Asia
The Harvey Norman branded stores in Singapore and Malaysia continue to grow market share and outperform competitors. There has been an improvement in the segment result for the Asian operations during the year from $8.43 million in the previous year to $10.41 million for the year ended 30 June 2010, despite the devaluation of the Singapore dollar.

Slovenia
The segment result for the three company-owned stores in Slovenia was $3.37 million for the year ended 30 June 2010 compared to $3.12 million for the preceding year. The current year result has been negatively impacted by the store opening costs of Celje which opened in August 2009 and a 14.7% devaluation of the Euro relative to the Australian dollar used for translation purposes.

Republic of Ireland and Northern Ireland
The segment result for the operations in Ireland and Northern Ireland was a trading loss of $42.65 million for the year ended 30 June 2010 (June 2009: $49.33 million). In addition, there was a further impairment loss of $7.80 million (June 2009: $27.29 million) to reduce the carrying amount of plant and equipment to recoverable amount.

There has been positive sales growth in Ireland in local currency in recent months and indicators that the Irish economy may be stabilising. However, a drastic improvement in macroeconomic conditions in Ireland is required before the Irish operations can return to a profitable position.

Strong roots have been established in the Irish market. The Harvey Norman brand is well-known in Ireland and is respected by both suppliers and customers. Harvey Norman currently employs more than 800 Irish staff and is committed to Ireland for the long-term.

Other Non-Franchised Retail
There has been a significant improvement in the segment result before tax of the non-franchised retail segment which recorded a loss of $11.46 million in the preceding financial year to a profit of $7.02 million for the year ended 30 June 2010, a turnaround of $18.48 million. The segment result for the previous year was negatively impacted by the trading losses of $10.71 million incurred by the five OFIS-branded stores in Australia that ceased trading during the last quarter of the 2009 financial year.

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 in Singapore, the three Harvey Norman stores in Slovenia, properties held under joint venture agreements and land and buildings in Australia for development and resale at a profit.

Composition of the Property Portfolio	FY2006 $000	FY2007 $000	FY2008 $000	FY2009 $000	FY2010 $000
Investment properties	891,901	1,020,906	1,178,784	1,316,572	1,393,991
Investment properties under construction	50,804	79,620	134,829	80,172	95,209
Joint venture properties	96,065	106,416	187,222	189,571	140,581
Owned land & buildings in New Zealand, Singapore and Slovenia	183,364	207,089	183,500	214,184	230,595
Properties held for resale	32,093	-	-	20,063	17,485
Total Property Portfolio	**1,254,227**	**1,414,031**	**1,684,335**	**1,820,562**	**1,877,861**

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:

- long-term 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;
- capacity to attract quality third party tenants to the complex location.

Key Statistics Relating to the Australian Property Portfolio:

Australian Property Portfolio	FY2006	FY2007	FY2008	FY2009	FY2010
Weighted average capitalisation rates	9.63%	8.69%	8.21%	8.36%	8.7%
Average occupancy rates	99.99%	98.56%	98.46%	97.89%	96.96%
Net property yield (excluding revaluation) (a)	7.53%	8.21%	6.89%	6.08%	7.33%
Return on equity (excluding revaluation) (b)	15.82%	15.05%	11.91%	10.79%	12.59%
Australian Retail Property Portfolio:	$000	$000	$000	$000	$000
- Australian Retail Property Segment Result	102,715	139,128	177,666	82,813	53,639
- Australian Retail Property Segment Result (excluding revaluation adjustments)	56,205	73,779	75,385	72,629	93,545
- Australian Retail Property EBIT	73,112	90,879	87,502	86,360	107,363
- Revaluation increment/(decrement):					
(a) Australian investment properties	45,392	64,483	64,709	(4,620)	(30,052)
(b) Share of joint venture properties	1,119	866	37,572	14,304	(9,854)
Total revaluation increment/(decrement)	46,511	65,349	102,281	9,684	(39,906)

(a) Calculated as: EBIT from Australian Retail Property Segment (excluding revaluation adjustments) ÷ Australian Retail Property Segment Assets (after eliminations)
(b) Calculated as: EBIT from Australian Retail Property Segment ÷ Australian Retail Property Equity*
[*equity allocated to Australian retail property segment based on Australian retail property assets as a proportion of total assets]

Composition of Harvey Norman, Domayne, Joyce Mayne and Norman Ross branded complexes as at 30 June 2010:

30 June 2010	Owned	Leased**	Total
Australia – franchised complexes	73	121	**194**
New Zealand	16	15	**31**
Slovenia	3	0	**3**
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 sales generated by the five OFIS-branded stores that ceased trading in the preceding financial year (June 2010: nil).

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 2010 was $1.34 billion compared to $1.44 billion for the year ended 30 June 2009, a decrease of 6.7%.

Sales Revenue - New Zealand
Sales revenue from the New Zealand company-owned stores decreased by $32.74 million New Zealand dollars (decrease of 4.1%) due to the New Zealand recession and low consumer sentiment. When sales in New Zealand were translated into Australian dollars for the purposes of this report, the decrease in sales revenue was $39.45 million Australian dollars (decrease of 6.1%). This decrease is due to a 2.1% devaluation in the New Zealand dollar relative to the Australian dollar used for translation purposes.

Despite the recession in New Zealand and weak consumer confidence, Harvey Norman was able to grow market share across all key product categories and outperform competitors.

Sales Revenue – Republic of Ireland and Northern Ireland
Sales revenue from the company-owned stores in the Republic of Ireland increased by €1.80 million (increase of 1.4%) from €125.42 million in the previous year to €127.22 million for the year ended 30 June 2010. When sales in Ireland were translated into Australian dollars for the purposes of this report, sales revenue actually decreased by $31.22 million Australian dollars (decrease of 13.5%). This decrease is due to a large decline of 14.7% in the Euro relative to the Australian dollar used for translation purposes.

Sales revenue from the two company-owned stores in Northern Ireland increased by £1.58 million (increase of 18.7%) from £8.49 million in the previous year to £10.08 million for the year ended 30 June 2010. This is partly due to a full year's trading of the Newtownabbey and Holywood stores that commenced trading in the previous financial year. When sales in Northern Ireland were translated into Australian dollars for the purposes of this report, sales revenue decreased by $0.34 million Australian dollars (decrease of 1.8%) due to a decline of 17.3% in the UK Pound Sterling relative to the Australian dollar used for translation purposes.

Sales Revenue - Slovenia
Sales revenue from the company-owned stores in Slovenia increased by €9.36 million (increase of 28.9%) relative to the previous year. This increase is mainly attributable to the sales revenue recorded by the new store at Celje which commenced trading in August 2009.

When sales in Slovenia were translated into Australian dollars for the purposes of this report, the increase in sales was $5.93 million (increase of 9.9%).

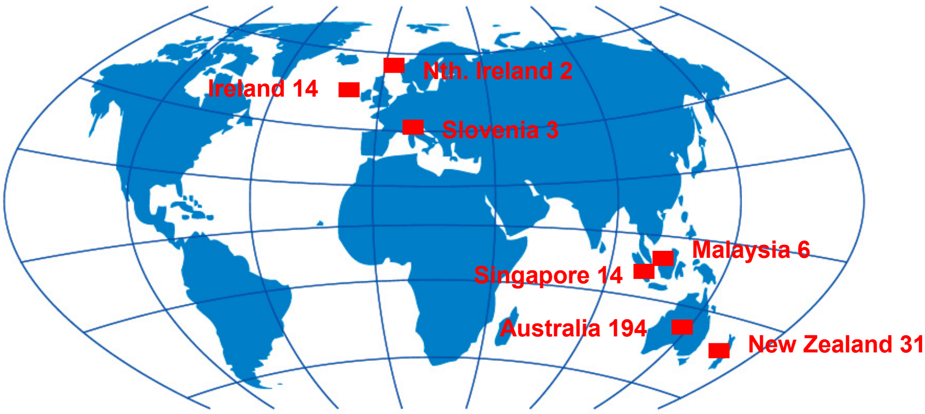
Sales Revenue - Asia
Sales revenue from the controlled entity Pertama Holdings Limited, Singapore, trading as "Harvey Norman" increased by $23.71 million Singapore dollars (increase of 6.0%). When sales in Singapore were translated into Australian dollars for the purposes of this report, the result was a decrease in sales by $24.18 million Australian dollars (a decrease of 6.7%). This decrease is due to the devaluation of 12.0% in the Singapore dollar relative to the Australian dollar used for translation purposes.

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 2010.

There were no new franchised complex openings during the year ended 30 June 2010. One (1) franchised complex, Joyce Mayne West Gosford, ceased trading during the year. There were 194 franchised complexes in Australia as at 30 June 2010.

One (1) new store was opened in Celje, Slovenia in August 2009. There were a total of 70 company-owned stores in offshore markets as at 30 June 2010 compared with 69 company-owned stores at the end of June 2009.



Australia

Franchised Complexes

- 194 franchised complexes in total
- no new franchised complexes opened during the year
- 1 Joyce Mayne franchised complex closure during the year located at West Gosford

Location of Franchised Complexes	Harvey Norman	Domayne	Joyce Mayne	TOTAL
NSW	56	11	9	76
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	13	194

Overseas Controlled Entities

New Zealand

- 31 stores in total: 27 Harvey Norman and 4 Norman Ross

Ireland

- 14 stores in total

Northern Ireland

- 2 stores in total

Slovenia

- 3 stores in total
- 1 new store opened during the year: HN Celje (August 2009)

Singapore

- 14 stores in total

Malaysia

- 6 stores in total

■ Future Prospects

We remain confident and committed to the integrated retail, franchise and property strategy of the company.

The free net cash flow generated by the franchising system enables the company to pursue a strategy of creating long-term sustainable value for our shareholders. We have increased our share of the Australian market in furniture and bedding and expect to maintain our dominant position in the competitive sectors of computers and flat panel television.

The acquisition of the twenty-nine Clive Peeters and Rick Hart branded stores in July 2010 will give a positive return within its first year of operation. These two iconic brands will provide new opportunities for growth. Our ability to successfully expedite the Clive Peeters transaction on very short notice can be attributed to our strong financial position and our solid net cash flows from operating activities.

The scheduled opening of five new Harvey Norman complexes in Australia and one in Slovenia during the 2011 financial year is expected to generate free net cash flow from those operations, consistent with our strategic objective to create long-term sustainable value for our shareholders. We will continue to invest, strategically, in property to drive growth in the Harvey Norman, Domayne, Joyce Mayne, Clive Peeters and Rick Hart brands.

The New Zealand business will improve its already strong position. Significant efficiencies were achieved through a cost reduction program implemented in the previous year. We are well placed to take advantage of opportunities in New Zealand.

The Irish operations are very efficient, but subject to the damaged Irish economy. The Irish enterprise is well placed to take advantage of any improvement in the Irish economy.

We remain in a strong financial position through sound management. The strength of the cashflows from the franchising segment, our broadened offer through the acquisition of the Clive Peeters and Rick Hart brands and our dominant position in key growth categories support our positive expectations of the year ahead.

■ Equity

Consolidated equity as at 30 June 2010 was $2.16 billion compared to $2.06 billion at 30 June 2009 – an increase of $98.03 million or 4.8%. Of the total equity of $2.16 billion, an amount of $53.99 million (June 2009: $53.14 million) is attributable to non-controlling interests mainly relating to Pertama Holdings Limited, Singapore.

■ Dividend

The recommended final dividend is 7.0 cents per share fully franked (June 2009: 6.0 cents per share fully franked). This final dividend will be paid on 6 December 2010 to shareholders registered at 5:00 pm on 5 November 2010. No provision has been made in the Statement of Financial Position for this recommended final dividend.

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

G. HARVEY
Chairman
Sydney, 28 September 2010

Your directors submit their report for the year ended 30 June 2010.

■ 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 71, 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 53, 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
- Australian National Retailers Association (ANRA)

■ *Arthur Bayly Brew - Director*

Mr. Brew, aged 60, 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.

Mr. Brew retired as director of Harvey Norman Holdings Limited on 1 September 2010. Mr. Brew remains an executive employee of Yoogalu Pty Limited, a wholly-owned subsidiary of the Company.

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

Mr. Slack-Smith, aged 41, 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 50, 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 44, 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 23 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 71, was co-founder of Harvey Norman with Mr. G. Harvey in 1982.

■ *Michael John Harvey - Non-Executive Director*

Mr. M. Harvey, aged 45, 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 60, 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 48, 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. Mr. Gunderson-Briggs has been involved in public practice since 1982 and a partner in a chartered accounting firm since 1990. Mr. Gunderson-Briggs' qualifications include a Bachelor of Business from the University of Technology, Sydney 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 65, 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	8
Remuneration	7
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	9 [10]	n/a
K.L. Page	10 [10]	n/a
A.B. Brew	9 [10]	n/a
J.E. Slack-Smith	9 [10]	n/a
D.M. Ackery	10 [10]	n/a
M.J. Harvey	10 [10]	n/a
C.H. Brown	10 [10]	8 [8]
I.J. Norman	10 [10]	n/a
K.W. Gunderson-Briggs	10 [10]	8 [8]
G.C. Paton	10 [10]	8 [8]
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	-
I.J. Norman	175,249,660	-
K.L. Page	16,995,133	-
M.J. Harvey	2,845,553	-
C.H. Brown	103,467	-
J.E. Slack-Smith	259,999	-
D.M. Ackery	146,667	-
K. W. Gunderson-Briggs	3,000	-
G.C. Paton	15,000	-
C. Mentis	-	-
TOTAL	507,578,011	-

Mr A.B. Brew retired as director of Harvey Norman Holdings Limited on 1 September 2010. On the date of retirement, Mr Brew had 1,169,871 ordinary shares in Harvey Norman Holdings Limited.

Beneficial Interest

Included in the Directors' Interests table on page 14 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 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. She also has a beneficial interest in 2,204,000 shares held by K. Page Pty Limited in Pertama Holdings Limited, Singapore.
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

Mr A.B. Brew retired as director of Harvey Norman Holdings Limited on 1 September 2010. On the date of retirement, Mr Brew had a beneficial interest in 627,408 shares held by ANZ nominees, and 40,000 shares held by HVN Share Plan Pty Limited.

Share Options

As at the date of this report, there were no unissued ordinary shares under the options (4,150,000 as at 30 June 2010). The options pursuant to the 2007 Executive Option Plan ("EOP") Allocations are deemed to have lapsed as at 27 September 2010. Details of share options are set out in Note 29 and Note 31 to the financial statements and form part of this report.

Principal Activities

The principal activities of the consolidated entity 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 2010 was $231.41 million. This represents an increase of 8.0% on the profit after tax from continuing operations attributable to members for the year ended 30 June 2009.

Dividends

The directors recommend a fully franked dividend of 7.0 cents per share to be paid on 6 December 2010 (total dividend, fully franked - $74,362,175). The following fully franked dividends of the parent entity have also been paid, declared or recommended since the end of the preceding financial year:

Dividend	Payment Date	$
2009 final fully franked dividend	7 December 2009	63,739,007
2010 interim fully franked dividend	3 May 2010	74,362,175

The dividend payment in respect of the year ended 30 June 2010 represents 51.28% (2009: 46.66%) 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 2010 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

On 7 July 2010, the consolidated entity acquired stock, plant and equipment, know-how and systems of twenty-nine (29) former Clive Peeters retail sites. The aggregate purchase consideration for the former Clive Peeters assets was approximately $55 million inclusive of GST.

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 2010 and up to the date of this report.

Company Secretary

Mr Chris Mentis, aged 44, is a chartered accountant and became Company Secretary on 20 April 2006. Mr. Mentis has over 23 years experience in financial accounting 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.

■ *Performance Cash Incentive*

The Performance Cash Incentive ("PCI") is a cash incentive or bonus paid at the end of a performance period to executive participants, based on the extent to which specific performance conditions have been satisfied by each respective executive participant in that performance period. The PCI does not involve the grant or award of shares or options. The amount of the PCI in respect of each executive participant is determined annually. The PCI is set at a level so as to provide incentive to executive participants to achieve the performance conditions and is at a cost that is reasonable in the circumstances.

The PCI awarded to each executive participant depends on the extent to which specific conditions set at the beginning of the financial year are met. The conditions consist of a number of key performance targets covering both financial and non-financial measures of performance listed as follows:

Financial Performance Measures:
- earnings before interest and tax
- franchise operating segment performance

Non-Financial Performance Measures:
- integration
- operating efficiency
- cost control
- innovation
- leadership

The measures are chosen from time to time to represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value.

The PCI available for executive participants is subject to the approval of the remuneration committee. On an annual basis, after consideration of performance against the key performance targets, the remuneration committee, in line with their responsibilities, determine the amount, if any, of the short-term incentive to be paid to each executive participant. The PCI, if any, is usually paid within three months after the reporting date as a cash bonus.

The aggregate amount of PCI paid to executive directors in respect of the year ended 30 June 2010 was $2,350,000. There was no PCI paid to any executive director in respect of the preceding year ended 30 June 2009.

■ *Other Remuneration*

Other remuneration includes the provision of fully-maintained motor vehicles, motor vehicle allowances, and payment of education, medical and other similar items as nominated by the executive, by way of salary sacrifice, and statutory leave entitlements. Table 1 and Table 3 of this report do not include any amount attributable to undischarged statutory leave entitlements.

■ *Superannuation*

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

■ *Shares and Options*

The 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 20 November 2007 the Board was authorised, pursuant to the Executive Option Plan (" 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.

Remuneration Report (Audited) (continued)

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

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.

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

Remuneration Report (Audited) (continued)

Growth in TSR is the aggregate of share price growth, dividends paid, and dividends reinvested on the ex-dividend date (adjusted for rights, bonus issues and any capital reconstructions) measured from the time of issue to the time of vesting or last exercise date. Both Performance Conditions under EOP are cumulative and all options are available up to the Last Exercise Date (30 November 2012). 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.

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 options pursuant to the 2007 EOP Allocation were subject to testing during each of the financial years in the qualifying period to determine whether Performance Conditions 1 and 2 were satisfied in accordance with the terms set out in the notice of meeting that accompanied the allocation. During each of the three financial years ending 30 June 2010, the earnings per share hurdle was not satisfied. As this performance condition must be met in order for any of the options to vest, the options in respect of the 2007 EOP Allocation did not vest as at 31 August 2010 and were not capable of exercise by the participants from 1 September 2010. On 27 September 2010, the Board of the Company determined that the 2007 EOP Allocation had lapsed. The lapsing of the 2007 EOP Allocation resulted in the reversal of the cumulative share based payments expense previously recognised in the Income Statement of the Company (reported in the Employee Benefits expense line item of the Income Statement) and a reversal of the share-based payments remuneration previously disclosed in the Remuneration Report for executive directors of the Company. The reversal of the cumulative expense recognised for the 2007 EOP Allocation amounted to $1,899,445 and this has been disclosed as a reduction in the total remuneration paid to executive directors on Table 1 of the Remuneration Report on page 22.

The proposed grant of 4,150,000 options to executive directors prior to 25 November 2008 in respect of the three years ending 30 June 2011 ("2008 EOP Allocation") did not take place. The proposed grant of 4,150,000 options to executive directors prior to 25 November 2009 in respect of the three years ending 30 June 2012 ("2009 EOP Allocation") did not take place. No options were issued to executive directors during the year ended 30 June 2010.

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 2010 - *Directors of Harvey Norman Holdings Limited:***

		Short Term Benefits				Post-Employment	Share-Based Payments					
		Salary & fees $	Perform-ance Cash Incentive $	Other Short-Term $	Non monetary benefits $	Super-annuation $	Value of Shares $	Value of Options $	TOTAL $	Reversal of 2007 EOP (b)	TOTAL $	% of options
G. Harvey	**2010**	**725,139**	**400,000**	**10,400**	**-**	**14,461**	**-**	**-**	**1,150,000**	**(411,928)**	**738,072**	**-**
Chairman	2009	736,855	-	10,400	-	13,745	-	281,807	1,042,807	-	1,042,807	27.0%
K.L. Page	**2010**	**1,431,866**	**500,000**	**-**	**53,673**	**14,461**	**-**	**-**	**2,000,000**	**(457,698)**	**1,542,302**	**-**
Chief Executive Officer	2009	947,375	-	-	38,880	13,745	-	313,119	1,313,119		1,313,119	23.8%
A.B. Brew (a)	**2010**	**413,633**	**100,000**	**-**	**21,906**	**14,461**	**-**	**-**	**550,000**	**(137,309)**	**412,691**	**-**
Executive Director	2009	386,838	-	-	24,417	13,745	-	93,936	518,936		518,936	18.1%
J.E. Slack-Smith	**2010**	**1,210,315**	**500,000**	**-**	**25,224**	**14,461**	**-**	**-**	**1,750,000**	**(366,158)**	**1,383,842**	**-**
Executive Director	2009	964,740	-	-	21,515	13,745	-	250,495	1,250,495		1,250,495	20.0%
D.M. Ackery	**2010**	**1,217,539**	**500,000**	**18,000**	**-**	**14,461**	**-**	**-**	**1,750,000**	**(366,158)**	**1,383,842**	**-**
Executive Director	2009	968,242	-	18,000	-	13,745	-	250,495	1,250,482		1,250,482	20.0%
C. Mentis	**2010**	**909,777**	**350,000**	**-**	**25,762**	**14,461**	**-**	**-**	**1,300,000**	**(160,194)**	**1,139,806**	**-**
Executive Director	2009	663,809	-	-	22,446	13,745	-	109,592	809,592		809,592	13.5%
M.J. Harvey	**2010**	**150,000**	**-**	**-**	**-**	**-**	**-**	**-**	**150,000**	**-**	**150,000**	**-**
Non-Executive	2009	74,167	-	-	-	-	-	-	74,167	-	74,167	-
C.H. Brown	**2010**	**110,092**	**-**	**-**	**-**	**9,908**	**-**	**-**	**120,000**	**-**	**120,000**	**-**
Non-Executive	2009	121,092	-	-	-	9,908	-	-	131,000	-	131,000	-
I.J. Norman	**2010**	**18,349**	**-**	**-**	**-**	**1,651**	**-**	**-**	**20,000**	**-**	**20,000**	**-**
Non-Executive	2009	18,349	-	-	-	1,651	-	-	20,000	-	20,000	-
K.W. Gunderson – Briggs	**2010**	**110,958**	**-**	**-**	**-**	**10,354**	**-**	**-**	**121,312**	**-**	**121,312**	**-**
Non-Executive	2009	131,000	-	-	-	-	-	-	131,000	-	131,000	-
G.C.Paton	**2010**	**112,156**	**-**	**-**	**-**	**8,086**	**-**	**-**	**120,242**	**-**	**120,242**	**-**
Non-Executive	2009	123,000	-	-	-	-	-	-	123,000	-	123,000	-
TOTAL	**2010**	**6,409,824**	**2,350,000**	**28,400**	**126,565**	**116,765**	**-**	**-**	**9,031,554**	**(1,899,445)**	**7,132,109**	**-**
TOTAL	2009	5,135,467	-	28,400	107,258	94,029	-	1,299,444	6,664,598	-	6,664,598	19.5%

(a) Mr Brew retired as director of Harvey Norman Holdings Limited on 1 September 2010. Mr. Brew remains an executive employee of Yoogalu Pty Limited, a wholly-owned subsidiary of the Company.

(b) The performance conditions in respect of the 2007 EOP Allocation were not satisfied. On 27 September 2010, the Board determined that the 2007 EOP Allocation had lapsed. This resulted in the reversal of the cumulative share based payments expense previously recognised in the Income Statement and a reversal of the share-based payments remuneration previously disclosed in the Remuneration Report for executive directors of the Company.

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

On 27 September 2010, the Board of the Company determined that the 4,150,000 options pursuant to the 2007 EOP Allocation had lapsed. The fair value of each option in the 2007 EOP Allocation was $1.69 per option. The total value of the 2007 EOP Allocation that had lapsed as at 27 September 2010 was $7,013,500.

Remuneration Report (Audited) (continued)

■ **TABLE 3: Compensation of Key Management Personnel for the Year Ended 30 June 2010 - *Executives of Harvey Norman Holdings Limited:***

		Short-Term Benefits				Post-Employment	Shares Granted (number)		Other		
		Salary & fees $	Performance Cash Incentive $	Other Short-Term $	Non monetary benefits $	Superannuation	Value of Shares $	Value of Options $	Termination Benefits $	TOTAL $	% of options
R. Orrock	**2010**	**320,976**	**362,930**	**21,162**	**-**	**14,461**	**-**	**-**	**-**	**719,529**	**-**
General Manager: Domayne	2009	321,692	334,499	-	21,162	13,745	-	-	-	691,098	-
M.L. Anderson	**2010**	**318,039**	**-**	**-**	**22,688**	**16,240**	**-**	**-**	**-**	**356,967**	**-**
General Manager: Advertising	2009	320,086	-	-	24,642	13,953	-	-	-	358,681	-
L.R. Greeff	**2010**	**653,916**	**-**	**-**	**-**	**14,461**	**-**	**-**	**-**	**668,377**	**-**
Chief Information Officer / Program Director – Merchandise Management System Program (a)	2009	604,190	-	-	-	13,745	-	-	-	617,935	-
M. Stephen	**2010**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Chief Information Officer (b)	2009	300,000	50,000	-	39,489	10,309	-	-	230,000	629,798	-
T.J. Scott	**2010**	**384,986**	**50,000**	**-**	**-**	**14,461**	**-**	**-**	**-**	**449,447**	**-**
General Manager: Property	2009	385,702	50,000	-	-	13,745	-	-	-	449,447	-
S.L Naish	**2010**	**485,539**	**50,000**	**-**	**-**	**14,461**	**-**	**-**	**-**	**550,000**	**-**
General Manager: Computers	2009	486,870	158,334	-	-	13,129	-	-	-	658,333	-
TOTAL KEY MANAGEMENT PERSONNEL 2010		**2,163,456**	**462,930**	**21,162**	**22,688**	**74,084**	**-**	**-**	**-**	**2,744,320**	**-**
TOTAL KEY MANAGEMENT PERSONNEL 2009		2,418,540	592,833	-	85,293	78,626	-	-	230,000	3,405,292	-

(a) Mr L. R. Greeff was the Chief Information Officer of Harvey Norman Holdings Limited up until 30 April 2010. He then became the Program Director – Merchandise Management System Program on 1 May 2010.

(b) Mr M. Stephen was appointed as Chief Information Officer on 31 March 2008 and resigned his position on 28 February 2009.

Remuneration Report (Audited) (continued)

■ **TABLE 4: Compensation of the Five Named Executives Who Receive the Highest Remuneration in the Consolidated Entity for the Year Ended 30 June 2010**

	Short Term Benefits				Post Employ-ment	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 (a) *Joint Chief Executive Officer: Harvey Norman Slovenia / Chief Executive Officer: Ireland & Northern Ireland*	833,441	117,173	-	92,711	-	-	-	-	-	1,043,325
J. Weiden (b) *Joint Chief Executive Officer: Harvey Norman Slovenia / Chief Executive Officer: Harvey Norman Slovenia*	658,584	167,198	-	72,880	-	-	-	-	-	898,662
G. Scott *General Manager - Ireland Electrical*	596,732	-	-	20,543	-	-	-	-	-	617,275
A.A. Augustus *Managing Director: Pertama Holdings Limited, Singapore*	483,715	151,949	6,252	-	5,933	-	-	-	-	647,849
S. Taylor *Managing Director: Arisit Pty Ltd*	183,486	1,683,492	-	34,599	17,846	-	-	-	-	1,919,423
TOTAL	**2,755,958**	**2,119,812**	**6,252**	**220,733**	**23,779**	**-**	**-**	**-**	**-**	**5,126,534**

(a) Mr B. Callard was the Joint Chief Executive Officer of Harvey Norman Slovenia up to 28 February 2010 and was appointed as Chief Executive Officer of Harvey Norman Ireland and Harvey Norman Northern Ireland effective from 1 March 2010.

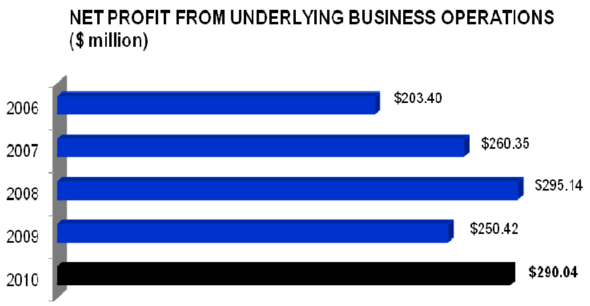
(b) Ms. J. Weiden was the Joint Chief Executive Officer of Harvey Norman Slovenia up to 28 February 2010 and became the Chief Executive Officer of Harvey Norman Slovenia effective from that date.

Remuneration Report (Audited) (continued)

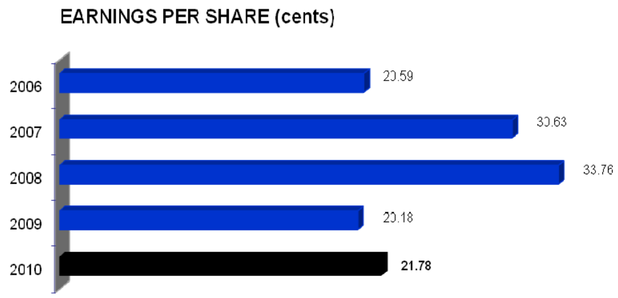
■ **Relationship between Remuneration and the Performance of the Company**

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 dependent upon satisfaction of the respective service conditions and performance conditions under each of DEIP, EOP and PCI.

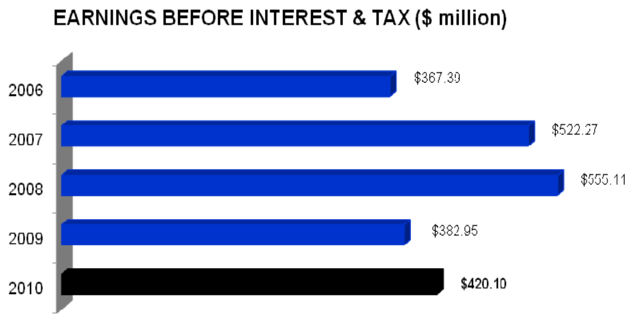
The graphs below illustrate the Company's performance for the past five financial years.



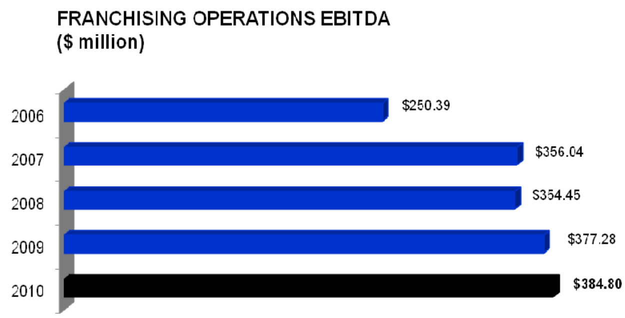
Net Profit from Underlying Business Operations ($ million) for the past five years



Earnings Per Share (cents) for the past five years



Earnings Before Interest & Tax ($ million) for the past five years



Franchising Operations EBITDA ($ million) 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 $25,000,000.

Harvey Norman Holdings Limited paid an insurance premium of $73,400 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, the auditors of Harvey Norman Holdings Limited, Ernst & Young, provided non–audit services to Harvey Norman Group entities. In accordance with the recommendation from the Audit Committee of the Company, 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 the recommendation 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 2010 are as follows:

- Tax compliance services $165,824 (2009: $167,923);
- Other services $9,102 (2009: $128,855)

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 2010, 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

Ernst & Young

Christopher George
Partner
Sydney
28 September 2010

Liability limited by a scheme approved under Professional Standards Legislation

Signed in accordance with a resolution of directors.

G. HARVEY
Chairman
Sydney
28 September 2010

K.L. PAGE
Director / Chief Executive Officer
Sydney
28 September 2010

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 17, 18 & 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 17, 18, 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

Recommendation		Comply Yes	Comply No	Reference/ Explanation in Annual Report	ASX Listing Rule/ Recommendation
4.4	Companies should provide the information indicated in the Guide to reporting on Principle 4.	Yes			ASXLR 4.4
■	**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 17, 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 17-21, 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 2010.	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
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 is comprised of non-executive directors, Christopher Herbert Brown (Chairman), Kenneth William Gunderson-Briggs and Graham Charles Paton through the year ended 30 June 2010. 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: ASX Rec 7.3

(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

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: ASX Rec 8.2

(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.

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 2010 $000	2009 $000
Current Assets			
Cash and cash equivalents	28(a)	**157,236**	157,907
Trade and other receivables	5	**1,081,645**	1,076,465
Other financial assets	6	**34,400**	25,874
Inventories	7	**261,674**	259,877
Other assets	8	**20,913**	15,068
Intangible assets	9	**761**	537
Total current assets		**1,556,629**	1,535,728
Non-Current Assets			
Trade and other receivables	10	**25,182**	18,615
Investments accounted for using equity method	37	**140,581**	189,571
Other financial assets	11	**7,171**	5,513
Property, plant and equipment	12	**439,033**	548,615
Investment properties	13	**1,489,200**	1,316,572
Intangible assets	14	**24,229**	18,675
Deferred income tax assets	4(d)	**22,488**	22,897
Total non-current assets		**2,147,884**	2,120,458
Total Assets		**3,704,513**	3,656,186
Current Liabilities			
Trade and other payables	15	**739,715**	739,484
Interest–bearing loans and borrowings	16	**154,342**	574,966
Income tax payable		**41,040**	40,798
Other liabilities	17	**2,930**	3,066
Provisions	18	**23,326**	21,247
Total current liabilities		**961,353**	1,379,561
Non-Current Liabilities			
Payables	19	**23,332**	-
Interest-bearing loans and borrowings	20	**346,824**	11,714
Provisions	18	**8,819**	9,616
Deferred income tax liabilities	4(d)	**184,990**	170,101
Other liabilities	22	**21,984**	26,012
Total non-current liabilities		**585,949**	217,443
Total Liabilities		**1,547,302**	1,597,004
NET ASSETS		**2,157,211**	2,059,182
Equity			
Contributed equity	23	**259,610**	259,610
Reserves	24	**56,418**	52,545
Retained profits	25	**1,787,196**	1,693,888
Parent entity interest		**2,103,224**	2,006,043
Non-controlling interests	26	**53,987**	53,139
TOTAL EQUITY		**2,157,211**	2,059,182

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

	NOTE	CONSOLIDATED 2010 $000	2009 $000
Continuing Operations			
Sales revenue	2	**1,344,455**	1,440,651
Cost of sales		**(968,273)**	(1,043,231)
Gross profit		**376,182**	397,420
Revenues and other income items	2	**1,097,389**	1,035,101
Distribution expenses		**(8,108)**	(10,319)
Marketing expenses		**(355,039)**	(320,405)
Occupancy expenses		**(228,121)**	(213,595)
Administrative expenses		**(373,836)**	(403,431)
Other expenses from ordinary activities		**(85,773)**	(121,767)
Finance costs	3	**(33,638)**	(34,706)
Share of equity accounted entities:			
- Share of net profit of joint venture entities	37	**7,260**	5,645
- Share of joint venture property revaluation	37	**(9,854)**	14,304
Profit from continuing operations before income tax		**386,462**	348,247
Income tax expense	4(a)	**(148,474)**	(128,907)
Profit from continuing operations after tax		**237,988**	219,340
Attributable to:			
Owners of the parent		**231,409**	214,351
Non-controlling interests		**6,579**	4,989
		237,988	219,340
Earnings Per Share			
From continuing operations:			
Basic earnings per share (cents per share)	27	**21.78**	20.18
Diluted earnings per share (cents per share)	27	**21.78**	20.18
Dividends per share (cents per share)		**14.0 cents**	11.0 cents

The above Income Statement should be read in conjunction with the accompanying notes.

	CONSOLIDATED	
	2010	2009
	$000	$000
Profit for the year	**237,988**	219,340
Other comprehensive income		
Foreign currency translation	**431**	14,242
Net fair value gains on available-for-sale investments	**981**	549
Cash flow hedges:		
Loss taken to equity	**(1,258)**	(559)
Transferred realised gains to other income	**67**	(3,435)
Transferred to statement of financial position	**450**	(5)
Fair value revaluation of land and buildings	**4,052**	12,420
Other comprehensive income for the year (net of tax)	**4,723**	23,212
Total comprehensive income for the year	**242,711**	242,552
Total comprehensive income attributable to:		
Owners of the parent	**237,303**	232,304
Non-controlling interests	**5,408**	10,248
	242,711	242,552

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

	Attributable to Equity Holders of the Parent								
	Contributed Equity	Retained Profits	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve	Employee Equity Benefits	Non-controlling Interest	TOTAL EQUITY
	$000	$000	$000	$000	$000	$000	$000	$000	**$000**
AT 1 JULY 2009	259,610	1,693,888	64,928	(21,715)	373	(460)	9,419	53,139	**2,059,182**
Revaluation of land and buildings	-	-	4,052	-	-	-	-	-	**4,052**
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	517	-	-	**517**
Currency translation differences	-	-	-	1,608	-	-	(6)	(1,171)	**431**
Fair value of interest rate swaps	-	-	-	-	-	(1,260)	-	-	**(1,260)**
Fair value of forward foreign exchange contracts	-	-	-	-	-	2	-	-	**2**
Fair value of available for sale financial assets	-	-	-	-	981	-	-	-	**981**
Other comprehensive income	-	-	4,052	1,608	981	(741)	(6)	(1,171)	**4,723**
Profit attributable to owners of the parent	-	231,409	-	-	-	-	-	6,579	**237,988**
Total comprehensive income for the year	**-**	**231,409**	**4,052**	**1,608**	**981**	**(741)**	**(6)**	**5,408**	**242,711**
Cost of share based payments	-	-	-	-	-	-	843	-	**843**
Reversal of share expenses	-	-	-	-	-	-	(2,864)	-	**(2,864)**
Dividends paid	-	(138,101)	-	-	-	-	-	(2,800)	**(140,901)**
Distribution to members	-	-	-	-	-	-	-	(1,760)	**(1,760)**
AT 30 JUNE 2010	**259,610**	**1,787,196**	**68,980**	**(20,107)**	**1,354**	**(1,201)**	**7,392**	**53,987**	**2,157,211**

	Attributable to Equity Holders of the Parent								
	Contributed Equity	Retained Profits	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve	Employee Equity Benefits	Non-controlling Interest	TOTAL EQUITY
	$000	$000	$000	$000	$000	$000	$000	$000	**$000**
AT 1 JULY 2008	259,610	1,607,015	52,508	(30,663)	(176)	3,539	8,066	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	-	-	-	8,948	-	-	35	5,259	**14,,242**
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**
Other comprehensive income	-	-	12,420	8,948	549	(3,999)	35	5,259	**23,212**
Profit attributable to owners of the parent	-	214,351	-	-	-	-	-	4,989	**219,340**
Total comprehensive income for the year	**-**	**214,351**	**12,420**	**8,948**	**549**	**(3,999)**	**35**	**10,248**	**242,552**
Change in shareholding of controlled entity	-	-	-	-	-	-	-	(154)	**(154)**
Cost of share based payments	-	-	-	-	-	-	1,318	-	**1,318**
Dividends paid	-	(127,478)	-	-	-	-	-	(3,308)	**(130,786)**
Distribution to members	-	-	-	-	-	-	-	(900)	**(900)**
AT 30 JUNE 2009	**259,610**	**1,693,888**	**64,928**	**(21,715)**	**373**	**(460)**	**9,419**	**53,139**	**2,059,182**

	NOTE	CONSOLIDATED **2010** **$000**	 2009 $000
Cash Flows from Operating Activities		Inflows / (Outflows)	
Net receipts from franchisees	A	**1,016,090**	966,728
Receipts from customers	B	**1,392,072**	1,492,374
Payments to suppliers and employees	C	**(1,824,296)**	(1,869,286)
Distributions received from joint ventures	D	**7,811**	29,369
GST paid	E	**(49,837)**	(36,621)
Interest received		**5,786**	5,977
Interest and other costs of finance paid	F	**(33,515)**	(34,125)
Income taxes paid		**(132,752)**	(126,106)
Dividends received		**1,916**	1,889
Cash flows from operation activities prior to consumer finance related cash flows		**383,275**	430,199
Consumer finance related cash flows:			
Consumer finance loans granted by consolidated entity		**(1,559)**	(2,267)
Proceeds of sale of FAST No. 1 Trust consumer finance loans		**1,362**	1,769
Accommodation fees paid		**-**	(578)
Repayments received from consumers on FAST No. 1 Trust consumer finance loans granted by consolidated entity and not sold to commercial investors		**3,789**	13,379
Consumer finance related cash flows		**3,592**	12,303
Net Cash Flows from Operating Activities	28(b)	**386,867**	442,502

Net cash flows from operating activities decreased from $442.50 million in the preceding year to $386.87 million for the year ended 30 June 2010, a reduction of $55.64 million attributable to the following factors:

- Receipts from customers of company-owned stores decreased relative to prior year resulting from recessionary conditions in New Zealand and Ireland and the effects of the devaluation of the Euro, UK pound sterling and the Singapore dollar relative to the Australian dollar used for the purposes of translation in this report.
- Net GST payments are higher by $13.22 million as the previous year contained higher GST input tax credits resulting from increased capital acquisitions and lower GST outputs due to lower revenues received from franchisees in the previous year.

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

	NOTE	CONSOLIDATED 2010 $000	2009 $000
Cash Flows from Investing Activities		Inflows / (Outflows)	
Payment for purchases of property, plant and equipment and intangible assets	G	**(84,089)**	(122,269)
Payment for the purchase of Investment properties	G	**(87,709)**	(107,691)
Proceeds from sale of property, plant and Equipment		**8,287**	5,781
Payment for the purchase of other investments		**-**	(1,050)
Payment for purchase of units in unit trusts		**-**	(153)
Proceeds from sale of units in unit trusts		**6**	-
Payments for purchase of equity investments	H	**(1,744)**	(12,994)
Payments for purchase of listed securities		**(3,487)**	(1,375)
Proceeds from sale of listed securities		**2,944**	-
Loans repaid from other entities		**2,752**	-
Loans granted to other entities		**-**	(511)
Net Cash Flows Used in Investing Activities		**(163,040)**	(240,262)
Cash Flows from Financing Activities			
Proceeds from short-term borrowings	I	**-**	243,647
Proceeds from syndicated loan facility	I	**321,400**	-
Dividends paid	I	**(138,101)**	(127,478)
Proceeds of loans from directors and other persons	I	**8,824**	3,684
Repayments of amounts owing to commercial investors - FAST		**-**	(13,402)
Repayment of borrowings	I	**(376,415)**	(225,978)
Net Cash Flows Used in Financing Activities		**(184,292)**	(119,527)
Net increase in cash and cash equivalents		**39,535**	82,713
Cash and cash equivalents at beginning of year		**61,375**	(21,338)
Cash and Cash Equivalents at End of Year	28 (a)	**100,910**	61,375

■ Commentary to the Statement of Cash Flows:

<A> Total revenue received from franchisees increased from $976.61 million for the previous year to $1,024.18 million for the year ended 30 June 2010, an increase of $47.57 million or 4.9% (see Note 2). This was achieved due to the strong performance of the franchising operations segment and a full year's trading of the six (6) Harvey Norman and four (4) Joyce Mayne complexes that commenced trading in the previous financial year.

<B> Despite a full year's trading of the three (3) new stores in New Zealand, one (1) new store in Ireland and two (2) new stores in Northern Ireland that commenced trading in the previous financial year, sales revenue derived by company-owned stores decreased for the year ended 30 June 2010 relative to the previous year. The devaluation of the Euro, UK pound sterling and the Singapore dollar relative to the Australian dollar used for the purposes of translation in this report has had the effect of decreasing the receipts from customers.

<C> The decrease in payments to suppliers and employees is attributable to inventory management and a reduction in operating costs. The devaluation of the Euro, UK pound sterling and the Singapore dollar relative to the Australian dollar used for the purposes of translation in this report has had the effect of decreasing the payments to suppliers and employees.

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

<E> Net GST payments are higher by $13.22 million in the year ended 30 June 2010 compared to prior year. The previous year contained higher GST input tax credits (cash inflows) resulting from increased capital acquisitions and lower GST outputs (cash outflows) due to lower revenues received from franchisees.

<F> Interest and other costs of finance paid have decreased by $0.61 million due to the reduction of commercial bill facilities and bank overdraft facilities of our overseas controlled entities and a general reduction in interest rates payable on utilised facilities in Australia.

<G> Payments for the purchases of property, plant and equipment, intangible assets and investment properties have decreased by $58.16 million relative to the previous year. The 2010 financial year is a year of consolidation and the store roll-out program will resume in the 2011 financial year.

<H> The reduction in payments for the purchase of equity investments is because the prior year figure included capital contributions to the Perth City joint venture of $6.07 million.

<I> On 2 December 2009, the Company entered into the Syndicated Facility Agreement (as defined in Note 20(a)) in relation to the Facility. Proceeds from the Facility were used to repay the short-term facility previously provided by the Australia and New Zealand Banking Group Limited of $220.00 million and the secured bill facility in Australia of $161.50 million. As at 30 June 2010, $321.40 million had been drawn down pursuant to the Facility.

OPERATING SEGMENTS – 30 June 2010

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the manner in which the nature of services provided and country of origin. Discrete financial information about each of these operating segments is reported to the executive management team on a monthly basis. The reportable segments are based on aggregated operating segments determined by the similarity of the services provided or country of origin, as these are the sources of the consolidated entity's major risks and have the most effect on the rates of return.

SEGMENT REVENUE

	Sales to Customers Outside the Consolidated Entity	Other Revenues from Outside the Consolidated Entity	Share of Net Profit/(Loss) of Equity Accounted Investments	**Segment Revenue**
	2010 $000	2010 $000	2010 $000	2010 $000
Continuing Operations				
FRANCHISING OPERATIONS	86	944,237	-	**944,323**
Retail – New Zealand	603,266	9,621	-	**612,887**
Retail – Asia	337,250	2,467	-	**339,717**
Retail – Slovenia	65,728	(101)	-	**65,627**
Retail – Ireland & Northern Ireland	218,229	2,760	-	**220,989**
Other Non-Franchised Retail	116,561	5,062	-	**121,623**
TOTAL RETAIL	1,341,034	19,809	-	**1,360,843**
Retail Property	39	146,124	7,581	**153,744**
Property Under Construction for Retail	-	8	(283)	**(275)**
Property Development for Resale	3,296	92	(38)	**3,350**
TOTAL PROPERTY	3,335	146,224	7,260	**156,819**
Equity Investments	-	10,406	-	**10,406**
Other	-	6,053	-	**6,053**
Eliminations (a)	-	(29,340)	-	**(29,340)**
Total from continuing operations	**1,344,455**	**1,097,389**	**7,260**	**2,449,104**

(a) This relates to intra-group revenue-related transactions that are eliminated on consolidation.

Operating Segments – 30 June 2010 (continued)

SEGMENT RESULT

	Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense	Amortisation & Impairment Expense	**Segment Result Before Tax**
	2010 $000	2010 $000	2010 $000	2010 $000	2010 $000
Continuing Operations					
FRANCHISING OPERATIONS (a)	384,800	(14,369)	(53,717)	(6,721)	**309,993**
Retail – New Zealand	56,823	(922)	(7,488)	(2)	**48,411**
Retail – Asia	14,222	(102)	(3,621)	(90)	**10,409**
Retail – Slovenia	5,132	(937)	(805)	(25)	**3,365**
Retail – Ireland & Northern Ireland (b)	(35,933)	(1,586)	(5,130)	(7,803)	**(50,452)**
Other Non-Franchised Retail	10,183	(1,424)	(1,430)	(305)	**7,024**
TOTAL RETAIL	50,427	(4,971)	(18,474)	(8,225)	**18,757**
Retail Property	66,124	(13,818)	(3,438)	(703)	**48,165**
Property Under Construction for Retail	(2,382)	(969)	-	-	**(3,351)**
Property Development for Resale	32	(262)	-	-	**(230)**
TOTAL PROPERTY (c)	63,774	(15,049)	(3,438)	(703)	**44,584**
Equity Investments	10,406	(356)	-	-	**10,050**
Other	3,806	(532)	(196)	-	**3,078**
Eliminations	(1,639)	1,639	-	-	-
Total from continuing operations	**511,574**	**(33,638)**	**(75,825)**	**(15,649)**	**386,462**
Income tax expense					(148,474)
Profit from continuing operations attributable to non-controlling interests					(6,579)
Net profit for the year attributable to owners of the parent					**231,409**

(a)

Franchising Operations Segment Result	309,993
Adjustments: Add back/(deduct)	
(1) IT costs – merchandise management system	1,960
(2) Provisions for onerous leases	2,214
Revised Franchising Operations Segment Result	314,167

(b) Included in the Ireland & Northern Ireland segment is the impairment expense of $7.80 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 decrements recognised in the income statement as follows: decrement of $30.05 million attributable to investment properties in Australia and a decrement of $9.85 million in respect of properties held under several joint venture entities.

Operating Segments – 30 June 2010 (continued)

	SEGMENT ASSETS			SEGMENT LIABILITIES		
	Segment Assets	Eliminations	**Segment Assets After Eliminations**	Segment Liabilities	Eliminations	**Segment Liabilities After Eliminations**
	2010 $000	2010 $000	2010 $000	2010 $000	2010 $000	2010 $000
FRANCHISING OPERATIONS	3,684,531	(2,422,266)	**1,262,265**	2,114,491	(1,301,561)	**812,930**
Retail – New Zealand	166,673	(16,250)	**150,423**	65,347	(1,028)	**64,319**
Retail – Asia	145,623	-	**145,623**	50,619	(3,633)	**46,986**
Retail – Slovenia	21,994	-	**21,994**	35,130	(5)	**35,125**
Retail – Ireland & Northern Ireland	55,232	-	**55,232**	171,502	(85,495)	**86,007**
Other Non-Franchised Retail	79,482	(16,946)	**62,536**	107,204	(49,612)	**57,592**
TOTAL RETAIL	469,004	(33,196)	**435,808**	429,802	(139,773)	**290,029**
Retail Property	1,725,807	(34,132)	**1,691,675**	1,090,802	(923,109)	**167,693**
Property Under Construction for Retail	154,290	(523)	**153,767**	114,131	(67,296)	**46,835**
Property Development for Resale	46,252	(13,833)	**32,419**	41,147	(37,531)	**3,616**
TOTAL PROPERTY	1,926,349	(48,488)	**1,877,861**	1,246,080	(1,027,936)	**218,144**
Equity Investments	40,314	-	**40,314**	-	-	**-**
Other	118,805	(53,028)	**65,777**	87,877	(87,708)	**169**
CONSOLIDATED	6,239,003	(2,556,978)	**3,682,025**	3,878,250	(2,556,978)	**1,321,272**
Unallocated (a)			**22,488**			**226,030**
TOTAL			**3,704,513**			**1,547,302**

(a) The unallocated amounts relate to deferred tax assets and deferred tax liabilities of the consolidated entity.

■ **Operating Segments Comparative – 30 June 2009**

SEGMENT REVENUE

	Sales to Customers Outside the Consolidated Entity 2009 $000	Other Revenues from Outside the Consolidated Entity 2009 $000	Share of Joint Venture Revaluation 2009 $000	Share of Net Profit/(Loss) of Equity Accounted Investments 2009 $000	**Segment Revenue** 2009 $000
Continuing Operations					
FRANCHISING OPERATIONS	-	913,312	-	-	**913,312**
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	-	129,725	6,280	5,082	**141,087**
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	129,839	14,304	5,645	**156,734**
Equity Investments	-	1,884	-	-	**1,884**
Other	-	7,309	-	-	**7,309**
Eliminations (a)	-	(29,942)	-	-	**(29,942)**
Total from continuing operations	**1,440,651**	**1,035,101**	**14,304**	**5,645**	**2,495,701**

(a) This relates to intra-group revenue-related transactions that are eliminated on consolidation.

Operating Segments Comparative – 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)	377,277	(12,801)	(55,784)	(8,912)	**299,780**
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	88,521	(13,731)	(2,606)	(1,419)	**70,765**
Property Under Construction for Retail	7,344	(998)	-	-	**6,346**
Property Development for Resale	896	(157)	-	-	**739**
TOTAL PROPERTY (c)	96,761	(14,886)	(2,606)	(1,419)	**77,850**
Equity Investments	2,200	(1,073)	(225)	-	**902**
Other	2,079	(244)	-	-	**1,835**
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 non-controlling interests					(4,989)
Net profit for the year attributable to members of the parent					**214,351**

(a)

Franchising Operations Segment Result	299,780
Adjustments: Add back/(deduct)	
(1) IT costs – merchandise management system	5,208
(2) Provisions for onerous leases	3,072
Revised Franchising Operations Segment Result	308,060

(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 was 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.

Operating Segments Comparative – 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	1,688,523	(27,595)	**1,660,928**	1,285,150	(1,058,890)	**226,260**
Property Under Construction for Retail	141,609	(604)	**141,005**	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**
Equity Investments	30,125	-	**30,125**	-	-	-
Other	111,519	(48,439)	**63,080**	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 (a)			**22,897**			**210,899**
TOTAL			**3,656,186**			**1,597,004**

(a) The unallocated amounts relate to deferred tax assets and deferred tax liabilities of the consolidated entity.

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 and/or decrements recognised in the Income Statement 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.
Equity Investments	This segment refers to the trading of, and investment in, listed securities.
Other	This segment primarily relates to credit facilities provided to third parties and other unallocated income and expense items.

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, completed 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 2010 was authorised for issue in accordance with a resolution of the directors on 27 September 2010.

(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 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 2010. For details on the impact of future accounting standards, refer to page 64.

When the adoption of a new accounting standard or interpretation is deemed to have impact on the financial statements or performance of the consolidated entity, its impact is described below:

AASB 7 Financial Instruments: Disclosures

The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to all financial instruments recognised and measured at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class. In addition, a reconciliation between the beginning and ending balance for level 3 fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivate transactions and assets used for liquidity management. The fair value measurement disclosures are presented in note 35. The liquidity risk disclosures are not significantly impacted by the amendments and are presented in note 35.

AASB 8 Operating Segments

AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The revised operating segments under AASB 8 are not materially different to the segments previously reported under AASB 114. AASB 8 disclosures are shown in Segment Information section of the current year financial statements, including related revised comparative information.

AASB 101 Presentation of Financial Statements

The revised standard separates owner and non-owner changes in equity. With non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The consolidated entity has elected to present two statements.

(c) Statement of Compliance (continued)

AASB 123 Borrowing Costs

The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The consolidated entity's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended AASB 123, the consolidated entity has adopted the standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009.

AASB 140 Investment Properties

The revised standard requires that investment property under construction for future use as investment property will also be measured at fair value with changes in fair value being recognised in the income statement when fair value can be determined reliably. However, where fair value is not reliably determinable, the property is measured at cost until the earlier of the date construction is completed and the date at which fair value becomes reliably determinable. As a result of the adoption of the amendment to AASB 140, as at 1 July 2009 the consolidated entity has reclassified investment properties under construction from "Property, Plant and Equipment" to "Investment Properties", at an amount of $80.17 million, which represents the cost as at 30 June 2009.

(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.

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.

(i) Significant accounting judgements, estimates and assumptions (continued)

Revaluation of investment properties under construction

The consolidated entity has adopted the amendments to AASB 140. Consequently, investment property under construction is valued at fair value if it can be reliably determined. If a fair value cannot be determined, then investment property under construction is measured at cost. The fair value of investment property under construction is calculated using the capitalisation method of valuation. For those investment properties under construction that are valued using the capitalisation method, the consolidated entity undertakes a discounted cash flow valuation to ensure that there are no material differences between the two methods. The valuation of investment properties under construction also requires a consideration of the significant risks which are relevant to the development process, including but not limited to construction and letting risks. Refer to Note (vii) 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

Subsequent to 1 July 2009

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.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and presented within equity in the consolidated statement of financial position, separately from the equity of the owners of the parent. Losses are attributed to the non-controlling interest even if that results in a deficit balance.

Prior to 1 July 2009

In comparison to the above mentioned requirements which were applied on a prospective basis from 1 July 2009, the following differences applied:

(ii) Basis of consolidation (continued)

- Non-controlling interests (formerly known as minority interests) represented the portion of profit or loss and net assets of a subsidiary that were not wholly-owned by the consolidated entity and were presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.
- Losses incurred by the consolidated entity were attributed to the non-controlling interest until the balance was reduced to nil. Any further excess losses were attributed to the parent, unless the non-controlling interest had a binding obligation to cover the losses.

(iii) Investments accounted for using equity method

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

(iv) Foreign currency translation

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

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

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

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

The functional currency of overseas subsidiaries is the currency commonly used in their respective countries. As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Harvey Norman Holdings Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity 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.

(v) Property, plant and equipment (continued)

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

Revaluations

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

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

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

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

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

Derecognition and Disposal

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

(vi) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised as an expense when incurred.

(vii) Investment properties

Completed Investment Property

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.

(vii) Investment properties (continued)

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.

Investment Properties under Construction

Effective from 1 July 2009, investment properties under construction are valued at fair value if fair value can be reliably determined. The assessment of fair value may be based on an internal assessment conducted by the Board of the Company which may engage independent, qualified valuers to assist in the valuation process. The fair value of investment property under construction is calculated using the capitalisation method of valuation. The consolidated entity will undertake a further calculation, using a discounted cash flow analysis, to ensure that there are no material differences between the two methods. The valuation of investment property under construction also requires a consideration of the significant risks which are relevant to the development process, including but not limited to construction and letting risks.

(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.

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.

(xii) Other financial assets (continued)

- 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, foreign exchange 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.

(xvii) Provisions (continued)

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

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

(xviii) Trade and other payables

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

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

(xix) Employee benefits

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

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

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

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(xx) Share-based payment transactions

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

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

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

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

In valuing equity-settled transactions, there are two performance conditions need to be met, they are:
- Earnings Per Share ("EPS") of the group must increase by 10% per annum, cumulative, over the qualifying period; and
- Harvey Norman Accumulated Total Shareholder Return ("TSR") of the group must be greater than 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.

(xx) Share-based payment transactions (continued)

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.

(xxii) Revenue (continued)

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 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.

(xxiv) Other taxes (continued)

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) Operating Segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start up operations which are yet to earn revenues. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers – being the executive management team.

The consolidated entity aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- Nature of the products and services,
- Nature of the production processes,
- Type or class of customer for the products and services,
- Methods used to distribute the products or provide the services, and if applicable
- Nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for “all other segments”.

(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 2010.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 9 AASB 2009-11	Financial Instruments, Amendments to Australian Accounting Standards arising from AASB 9	The standard addresses the classification and measurement of financial assets, including: 1) two categories for financial assets being amortised cost or fair value. 2) Financial assets can only be classified as amortised cost if the contractual cash flows from the instrument represent principal and interest and the entity's purpose for holding the instrument is to collect the contractual cash flows. 3) An option for equity investments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition.	1 January 2013	The consolidated entity is in the process of assessing the impact on the consolidated entity's financial statements and disclosures.	1 July 2013
AASB 124 (revised)	Related Party Disclosures	The revised standard simplifies the definition of a related party, including: 1) entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other. 2) whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other.	1 January 2011	The amendments are not expected to have any impact on the consolidated entity's financial statements.	1 July 2011
AASB 2009-8	Amendments to Australian Accounting Standards – Group Cash-settled Share based payment transactions	The amendments require an entity that receives goods or services in a share-based payment arrangement to account for those goods or services no matter which entity in the group settles the transaction, and no matter whether the transaction is settled in shares or cash.	1 January 2010	The amendments are not expected to have any impact on the consolidated entity's financial statements.	1 July 2010
AASB 1053	Application of Tiers of Australian Accounting Standards	This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements: 1) Tier 1: Australian Accounting Standards; and 2) Tier 2: Australian Accounting Standards – Reduced disclosure requirements.	1 January 2013	The consolidated entity is in the process of assessing the impact on the consolidated entity's financial statements and disclosures.	1 July 2013

(e) Future Accounting Standards (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
		For profit private sector entities that do not have public accountability can apply either Tier 2 or Tier 1 requirements in preparing general purpose financial statements.			
AASB 2010-3	Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, 7, 121, 128, 131, 132 and 139]	Limits the scope of the measurement choices of non-controlling interest at proportionate share of net assets in the event of liquidation. Other components of non-controlling interest are measured at fair value.	1 January 2010	The amendments are not expected to have any impact on the consolidated entity's financial statements.	1 July 2010
AASB 2010-4	Further amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101, 134 and Interpretation 13]	Emphasises the interaction between quantitative and qualitative AASB 7 disclosures and the nature and extent of risks associated with financial instruments. An entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements.	1 January 2011	The consolidated entity is in the process of assessing the impact on the consolidated entity's financial statements and disclosures.	1 July 2011

*designates the beginning of the applicable annual reporting period

	NOTE	CONSOLIDATED 2010 $000	2009 $000

2 ■ Revenues from Continuing Operations

	NOTE	2010 $000	2009 $000
Revenues from Continuing Operations:			
Revenue from the sale of products		**1,344,455**	1,440,651
Gross revenue from franchisees:			
- Franchise fees		**789,625**	755,384
- Rent		**196,336**	187,481
- Interest		**38,219**	33,749
Total revenue received from franchisees		**1,024,180**	976,614
Rent received from other third parties		**34,274**	26,614
Interest received from other unrelated parties		**5,786**	5,978
Dividends from other unrelated parties		**1,916**	1,889
Total other revenues from continuing operations		**41,976**	34,481
Share of net profit of joint venture entities	37	**7,260**	5,645
Share of joint venture property revaluation	37	**-**	14,304
Total revenues from continuing operations		**2,417,871**	2,471,695
Other Income Items:			
Trust distribution received from other unrelated parties		**-**	604
Net profit on the revaluation of equity investments to fair value		**8,499**	-
Net foreign exchange gains		**357**	156
Unrealised gain on interest rate swaps		**246**	-
Other revenue		**22,131**	23,246
Total other income items		**31,233**	24,006
Total revenues and other income items from continuing operations		**2,449,104**	2,495,701
Total revenues from continuing operations is disclosed on the Income Statement as follows:			
Sales revenue		**1,344,455**	1,440,651
Other revenues from continuing operations		**1,066,156**	1,011,095
Other income items		**31,233**	24,006
Total other revenues and income items		**1,097,389**	1,035,101
Share of net profit of joint venture entities		**7,260**	5,645
Share of joint venture property revaluations		**-**	14,304
Total revenues and other income items from continuing operations		**2,449,104**	2,495,701

	CONSOLIDATED 2010 $000	2009 $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:		
Depreciation, amortisation and impairment:		
Depreciation of:		
- Buildings	**3,438**	2,606
- Plant and equipment	**72,445**	80,626
Amortisation of:		
- Leased plant and equipment	**28**	122
- Computer software	**7,016**	7,685
Impairment of (included in administrative and other expenses line in the Income Statement):		
- Plant and equipment – Ireland	**1,182**	27,289
- Plant and equipment – Northern Ireland	**6,621**	-
- Capitalised IT projects	**41**	1,635
- Other assets	**703**	1,419
Total depreciation, amortisation and impairment	**91,474**	121,382
Finance costs:		
Interest paid or payable:		
- Loans from directors and director-related entities	**1,972**	1,531
- Bank interest paid to financial institutions	**29,540**	19,361
- Interest paid on non-trade amounts owing to Commercial Mortgage Backed Securities	**281**	12,610
- Other	**1,845**	1,204
Total finance costs	**33,638**	34,706
Employee benefits expense:		
- Wages and salaries	**182,893**	193,936
- Workers' compensation costs	**1,390**	551
- Superannuation contributions expense	**8,602**	9,392
- Payroll tax expense	**7,994**	9,246
- Share-based payment expense	**(2,021)**	1,318
- Other employee benefit expense	**5,216**	6,430
Total employee benefits expense	**204,074**	220,873
Property revaluation decrements:		
- Net revaluation decrement for Australian investment properties	**30,052**	4,620
- Share of joint venture property revaluations	**9,854**	-
- Revaluation decrement attributable to a property in Slovenia	**-**	5,538
Total property revaluation decrements	**39,906**	10,158
Other expense items:		
- Net bad debts – provided for or written off	**1,587**	2,845
- Net charge to provision for doubtful debts	**(3,182)**	(602)
- Net loss on disposal of plant and equipment	**272**	5,181
- Minimum lease payments	**146,941**	151,244
- Provision for obsolescence of inventories	**977**	2,357
- Provision for employee benefits	**(56)**	2,260
- Included in cost of sales is the cost of inventories recognised as an expense	**1,128,724**	1,207,965

	CONSOLIDATED 2010 $000	2009 $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	**133,906**	123,041
Adjustments in respect of current income tax of previous years	**(476)**	477
Deferred income tax:		
Relating to the origination and reversal of temporary differences	**14,339**	3,702
Write-downs (reversals of previous write-downs) of deferred tax assets	**705**	1,687
Total income tax expense reported in the income statement	**148,474**	128,907
(b) ■ *Income tax recognised in the Statement of Changes in Equity*		
The following deferred amounts were charged directly to equity during the year:		
Deferred income tax:		
Net loss on revaluation of cash flow hedges	**(539)**	(52)
Net gain on revaluation of land and buildings	**124**	3,602
Net loss on revaluation of forward foreign Exchange contracts	**-**	(193)
Total income tax expense reported in equity	**(415)**	3,357

4 ■ Income Tax (continued)

	CONSOLIDATED 2010 $000	2009 $000
(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:		
Accounting profit before tax from continuing operations	**386,462**	348,247
At the consolidated entity's statutory income tax rate of 30% (2009: 30%)	**115,939**	104,474
Adjustments to arrive at total income tax expense recognised for the year:		
Adjustments in respect of current income tax of previous years	**(476)**	477
Share-based payment expenses	**(606)**	390
Expenditure not allowable for income tax purposes	**(65)**	600
Income not assessable for income tax purposes	**69**	-
Unrecognised tax losses	**16,111**	23,751
Utilisation of tax losses	**(365)**	-
Reversal of deferred tax balances raised in previous years	**705**	1,687
Tax concession for research and development expenses	**(114)**	(365)
Investment allowance on eligible assets	**(269)**	(777)
Non-allowable building and motor vehicle depreciation	**86**	75
Non-allowable building depreciation due to a legislative change in New Zealand	**19,672**	-
Receipt of fully franked dividends	**(486)**	(567)
Sundry items	**(531)**	(333)
Effect of different rates of tax on overseas income and exchange rate differences	**(1,196)**	(505)
	32,535	24,433
Total income tax expense reported in the income statement	**148,474**	128,907

4 ■ Income Tax (continued)

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

Deferred income tax at 30 June relates to the following:

	BALANCE SHEET 2010 $000	BALANCE SHEET 2009 $000	INCOME STATEMENT 2010 $000	INCOME STATEMENT 2009 $000
CONSOLIDATED				
Deferred tax liabilities:				
Revaluations of investment properties to fair value	**(131,596)**	(143,847)	**(12,251)**	2,905
Revaluations of owner-occupied land and buildings to fair value	**(5,682)**	(6,080)	**-**	-
Non-allowable building depreciation due to a legislative change in New Zealand	**(20,062)**	-	**19,672**	-
Reversal of building depreciation expense for investment properties	**(20,152)**	(14,203)	**4,819**	3,795
Differences between accounting carrying amount and tax cost base of computer software assets	**(906)**	(979)	**(72)**	(69)
Unrealised profits on investments	**(1,355)**	-	**2,611**	-
Adjustments in respect of deferred tax liabilities of previous years	**-**	(1,053)	**(1,053)**	-
Accretion of FAST receivables	**(3,431)**	(3,330)	**101**	285
Unrealised foreign exchange gains	**(360)**	(407)	**(47)**	138
Cash flow hedge reserves	**-**	(18)	**-**	(780)
Other items	**(1,446)**	(184)	**1,515**	(1)
	(184,990)	(170,101)		
CONSOLIDATED				
Deferred tax assets:				
Employee provisions	**5,077**	4,859	**(197)**	(881)
Unused tax losses and tax credits	**817**	1,918	**918**	910
Other provisions	**2,001**	2,573	**568**	(357)
Provision for lease makegood	**698**	286	**(392)**	94
Provision for deferred lease expenses	**1,527**	1,368	**(159)**	(157)
Lease incentives	**580**	-	**88**	-
Provision for executive remuneration	**705**	-	**(705)**	-
Inventory valuation adjustments	**1,565**	1,565	**-**	466
Unearned income for accounting purposes	**1,004**	242	**(762)**	1,855
Unrealised profits on investments	**-**	1,256	**-**	(222)
Unrealised losses on foreign exchange transactions	**129**	145	**16**	(346)
Finance leases	**580**	213	**(555)**	(248)
Discount interest-free receivables	**3,520**	3,467	**(52)**	(45)
Adjustments in respect of deferred tax assets of previous years	**-**	1,053	**1,053**	-
Equity-accounted investments	**1,931**	1,965	**35**	(7)
Provisions for onerous leases	**892**	922	**30**	(922)
Other items	**1,462**	1,065	**(137)**	(1,024)
	22,488	22,897	**15,044**	5,389

4 ■ Income Tax (continued)

The consolidated entity has not recognised deferred tax assets relating to tax losses of $157.09 million (2009: $103.97 million) and that are available for offset against taxable profits of the companies in which the losses arose.

At 30 June 2010, there is no recognised or unrecognised deferred income tax liability (2009: $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 standalone 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.

	CONSOLIDATED 2010 $000	2009 $000
5 ■ Trade and Other Receivables (Current)		
Trade debtors (a)	**1,042,461**	1,036,273
Provision for doubtful debts (a)	**(3,289)**	(4,336)
Trade debtors, net	**1,039,172**	1,031,937
Consumer finance loans (b)	**3,735**	5,795
Amounts receivable in respect of finance leases (c)	**14,068**	10,419
Non-trade debts receivable from: (d)		
- Related parties	**1,550**	1,378
- Other unrelated persons	**26,742**	32,683
- Provision for doubtful debts (d)	**(3,622)**	(5,747)
Non-trade debts receivable, net	**24,670**	28,314
Total trade and other receivables (current)	**1,081,645**	1,076,465

(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 $728,000 (2009: $2,605,000) 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 $9,845,000 (2009: $8,270,000) 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
2010 ($000)	**1,030,551**	**6,661**	**992**	**2,192**	**65**	**14**	**3,211**	**1,043,686**
2009 ($000)	1,025,159	3,726	1,527	3,017	71	11	4,254	1,037,765

	CONSOLIDATED 2010 $000	2009 $000
Reconciled to:		
Trade debtors (Current)	**1,042,461**	1,036,273
Trade debtors (Non- Current – Note 10)	**1,225**	1,492
	1,043,686	1,037,765

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

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

	CONSOLIDATED 2010 $000	2009 $000
At 1 July	**4,336**	4,701
Charge for the year	**728**	2,605
Foreign exchange translation	**(131)**	391
Amounts written off	**(1,644)**	(3,361)
At 30 June	**3,289**	4,336

(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*

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	**17,083**	12,286
Later than one year but not later than five years	**24,514**	15,499
	41,597	27,785
Future finance revenue:		
Not later than one year	**(3,015)**	(1,867)
Later than one year but not later than five years	**(2,454)**	(1,203)
Net finance lease receivables	**36,128**	24,715
Reconciled to:		
Trade and other receivables (Current)	**14,068**	10,419
Trade and other receivables (Non-current – Note 10)	**22,060**	14,296
	36,128	24,715

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 re-pledge 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 $838,671 (2009:$208,319) 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 $1,832,000 (2009: $3,879,000) which are past due at the reporting date for which the consolidated entity has not provided for based on the assessment that the amounts are still recoverable. The fair value of the collateral held over the past due not impaired non-trade receivables is $850,000 (2009: $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
2010 ($000)	**22,838**	**-**	**-**	**1,832**	**-**	**-**	**3,622**	**28,292**
2009 ($000)	24,435	-	-	3,879	-	-	5,747	34,061

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

	CONSOLIDATED	
	2010 $000	2009 $000
At 1 July	**5,747**	5,951
Charge for the year	**839**	208
Amounts written off	**(2,964)**	(412)
At 30 June	**3,622**	5,747

6 ■ Other Financial Assets (Current)

Listed shares held for trading at fair value	**33,350**	24,824
Other investments	**1,050**	1,050
Total other financial assets (current)	**34,400**	25,874

7 ■ Inventories (Current)

Finished goods at cost	**268,300**	265,526
Provision for obsolescence	**(6,626)**	(5,649)
Total current inventories, net	**261,674**	259,877

8 ■ Other Assets (Current)

Prepayments	**17,209**	12,971
Other current assets	**3,704**	2,097
Total other assets (current)	**20,913**	15,068

	CONSOLIDATED 2010 $000	2009 $000
9 ■ Intangible Assets (Current)		
Net Licence Property	**761**	537
10 ■ Trade and Other Receivables (Non-Current)		
Trade debtors (a)	**1,225**	1,492
Consumer finance loans (b)	**1,917**	2,857
Provision for doubtful debts (b)	**(20)**	(30)
	3,122	4,319
Amounts receivable in respect of finance leases	**22,060**	14,296
Total trade and other receivables (non-current)	**25,182**	18,615

(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 $20,000 (2009: $30,000) 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, $389,000 (2009: $595,000) 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
2010 ($000)	**5,243**	**140**	**66**	**183**	**-**	**-**	**20**	**5,652**
2009 ($000)	8,027	228	119	248	-	-	30	8,652

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

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

	CONSOLIDATED	
	2010	2009
	$000	$000
Reconciled to:		
Consumer finance loans (Current – Note 5)	**3,735**	5,795
Consumer finance loans (Non – Current)	**1,917**	2,857
	5,652	8,652

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

At 1 July	**30**	63
Charge for the year	**20**	30
Amounts written off	**(30)**	(63)
At 30 June	**20**	30

11 ■ Other Financial Assets (Non-Current)

Listed shares held for trading	**1,590**	950
Listed shares held as available for sale	**5,375**	4,351
Units in unit trusts held as available for sale	**206**	212
Total other financial assets (non-current)	**7,171**	5,513

	CONSOLIDATED 2010 $000	2009 $000

12 Property, Plant and Equipment (Non-Current)

Summary

	2010 $000	2009 $000
Land		
- At fair value	**102,527**	90,730
- Properties under construction, at cost	**1,403**	61,114
Total Land	**103,930**	151,844
Buildings		
- At fair value	**125,549**	109,590
- Properties under construction, at cost	**1,116**	32,923
Total buildings	**126,665**	142,513
Net land and buildings	**230,595**	294,357
Plant and equipment		
- At cost	**692,172**	670,860
- Accumulated depreciation	**(485,609)**	(417,697)
Net plant and equipment, at cost	**206,563**	253,163
Lease make good asset		
- At cost	**4,921**	3,604
- Accumulated depreciation	**(3,046)**	(2,509)
Net lease make good asset, at cost	**1,875**	1,095
Total plant and equipment	**208,438**	254,258
Total property, plant and equipment		
- Land and buildings at cost and fair value	**230,595**	294,357
- Plant and equipment at cost	**697,093**	674,464
Total Property, plant and equipment	**927,688**	968,821
Accumulated depreciation and amortisation	**(488,655)**	(420,206)
Total written down amount	**439,033**	548,615

Reconciliations

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

	2010 $000	2009 $000
Land (at fair value):		
Opening balance	**90,730**	83,544
Additions	**8,774**	3,674
Increase resulting from revaluation	**3,023**	6,872
Transfers to investment properties	**(545)**	(15)
Transfers from / (to) land under construction at cost	**3,775**	(5,478)
Net foreign currency differences arising from self-sustaining foreign operations	**(3,230)**	2,133
Closing balance	**102,527**	90,730

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

■ *Reconciliations (continued)*

	CONSOLIDATED 2010 $000	2009 $000
Land under construction (at cost):		
Opening balance	**61,114**	95,373
Additions	**-**	864
Transfers to inventories	**-**	(12,074)
Transfers to investment properties	**(55,636)**	(28,527)
Transfers (to) / from land at fair value	**(3,775)**	5,478
Net foreign currency differences arising from self-sustaining foreign operations	**(300)**	-
Closing balance	**1,403**	61,114
Buildings (at fair value):		
Opening balance	**109,590**	99,956
Additions	**17,055**	13,337
Increase resulting from revaluation	**-**	476
Reversal of depreciation upon revaluation	**(2,531)**	876
Transfers from / (to) buildings under construction at cost	**8,277**	(8,386)
Transfers to investment properties	**-**	(21)
Net foreign currency differences arising from self-sustaining foreign operations	**(6,842)**	3,352
Closing balance	**125,549**	109,590
Accumulated Depreciation		
Opening balance	**-**	-
Depreciation for the year	**18,623**	15,336
Disposals	**20**	2
Reversal upon revaluation	**(18,607)**	(15,291)
Net foreign currency differences arising from self-sustaining foreign operations	**(36)**	(47)
Closing balance	**-**	-
Net book value of buildings	**125,549**	109,590
Buildings under construction (at cost):		
Opening balance	**32,923**	39,456
Additions	**1,026**	14,670
Transfers (to) / from buildings (fair value)	**(8,277)**	8,386
Transfers to inventories	**-**	(10,188)
Transfers to investment property	**(24,537)**	(19,401)
Net foreign currency differences arising from self-sustaining foreign operations	**(19)**	-
Closing balance	**1,116**	32,923
Net book value of land and buildings	**230,595**	294,357

Had the consolidated entity's land and buildings (other than land and buildings classified as investment properties, owner occupied land and buildings under construction and land and buildings owned under joint ventures) been measured on a historical cost basis, the net book value of land and buildings would have been $160.97 million (2009: $148.97 million).

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

The consolidated entity has adopted the amendment to AASB 140, as described in note 1 (c), which brings investment property under construction within the scope of AASB 140 Investment Properties. Consequently, as at 1 July 2009, all investment properties under construction were transferred to investment properties. The current year properties under construction balances relate to owner occupied properties.

	CONSOLIDATED	
	2010	2009
	$000	$000
Plant and equipment (at cost):		
Opening balance	**670,040**	640,552
Additions	**42,764**	99,612
Disposals	**(35,410)**	(48,084)
Transfers from leased plant and equipment	**671**	328
Transfers	**22,919**	(315)
Transfers to other assets	**-**	(1,641)
Impairment (a)	**-**	(29,511)
Net foreign currency differences arising from foreign operations	**(8,952)**	9,099
Closing balance	**692,032**	670,040
Accumulated Depreciation		
Opening balance	**417,409**	374,042
Depreciation for the year	**71,563**	79,813
Disposals	**(29,709)**	(34,427)
Transfers from leased plant and equipment	**262**	255
Transfers to computer software	**-**	(1,872)
Transfers from / (to) plant and equipment at cost	**22,919**	(315)
Transfers to other assets	**-**	(245)
Impairment (a)	**7,803**	(2,222)
Net foreign currency differences arising from foreign operations	**(4,683)**	2,380
Closing balance	**485,564**	417,409
Net book value	**206,468**	252,631
Lease make good asset (at cost):		
Opening balance	**3,604**	3,362
Additions	**1,990**	260
Disposals	**(676)**	(279)
Net foreign currency differences arising from foreign operations	**3**	261
Closing balance	**4,921**	3,604
Accumulated Depreciation		
Opening balance	**2,509**	1,790
Amortisation for the year	**882**	813
Disposals	**(380)**	(232)
Net foreign currency differences arising from foreign operations	**35**	138
Closing balance	**3,046**	2,509
Net book value	**1,875**	1,095

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

(a) Impairment of Fixed Assets – Republic of Ireland and Northern Ireland

There has been positive sales growth in Ireland in local currency in recent months and indicators that the Irish economy may be stabilising. However, a drastic improvement in macroeconomic conditions and further development of the Harvey Norman brand in Ireland is required before the Irish operations can return to a profitable position. Ireland and Northern Ireland operations incurred a trading loss of $42.65 million for the year ended 30 June 2010. Consequently, the recoverable amount of plant and equipment assets in Ireland and Northern Ireland was reviewed.

As a result, an impairment loss of $7.80 million (2009: $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.

Management determined the cash generating unit to be each of the 14 retail stores in the Republic of Ireland and the 2 retail stores in Northern Ireland. Within each of the retail store cash generating units, the recoverable amount was estimated for plant and equipment assets. The recoverable amount has been determined based on a value in use calculation using cash flow projections as at 30 June 2010 based on financial budgets approved by senior management. The pre-tax discount rates applied to the cash flow projections were within a range of 9.90% to 11.00%. The terminal growth rates applied to the cash flow projections were within a range of 2.43% to 3.15%.

	CONSOLIDATED	
	2010	2009
	$000	$000
Capitalised Leased Plant and Equipment (at cost):		
Opening balance	**820**	1,427
Additions	**-**	6
Disposals	**-**	(53)
Transfers to from owned plant and equipment	**(671)**	(328)
Transfers from accumulated depreciation	**(10)**	(240)
Net foreign currency differences arising from foreign operations	**-**	8
Closing balance	**139**	820
Accumulated Depreciation		
Opening balance	**288**	689
Amortisation for the year	**28**	122
Disposals	**-**	(29)
Transfers to owned plant and equipment	**(262)**	(255)
Transfers to capitalised leased plant and equipment at cost	**(10)**	(240)
Net foreign currency differences arising from foreign operations	**-**	1
Closing balance	**44**	288
Net book value	**95**	532
Total plant and equipment	**208,438**	254,258
Total property, plant and equipment	**439,033**	548,615

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

13 ■ Investment Properties (Non-Current)
■ *Reconciliations*

	CONSOLIDATED					
	Completed investment property	Investment property under construction	**Total**	Completed investment property	Investment property under construction	**Total**
	2010 $000	2010 $000	**2010 $000**	2009 $000	2009 $000	**2009 $000**
Opening balance	1,316,572	-	**1,316,572**	1,178,784	-	**1,178,784**
Additions	81,595	30,124	**111,719**	92,574	-	**92,574**
Transfer from property, plant and equipment	545	80,173	**80,718**	47,964	-	**47,964**
Transfer from investments accounted for using equity method	14,088	-	**14,088**	-	-	**-**
Transfer (to) / from completed investment property	(16,357)	16,357	**-**	-	-	**-**
Net foreign currency differences arising from foreign operations	(140)	-	**(140)**	2,830	-	**2,830**
Adjustment to fair value	(30,052)	-	**(30,052)**	(4,620)	-	**(4,620)**
Disposals	(3,677)	(28)	**(3,705)**	(960)	-	**(960)**
Closing balance	**1,362,574**	**126,626**	**1,489,200**	**1,316,572**	**-**	**1,316,572**

Investment Properties under construction of $80.17 million was transferred from property, plant and equipment to investment property following the adoption of the amendments to AASB 140 “Investment Property” resulting from AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (see note 1 (vii)).

Each completed investment property is valued at fair value. Each completed 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 completed 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.

Primary sites (as determined by management), which have been operating for greater than a twelve-month period, totalling $1.14 billion generally have capitalisation rates within the range of 8.0% to 9.5% (2009: 8.0% to 9.5%). Secondary sites (as determined by management), which have been operating for greater than a twelve-month period, totalling $236.53 million generally have capitalisation rates within the range of 8.5% to 11.0% (2009: 8.25% to 10.25%).

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 3.04% (2009: 3.75%).

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 $128.38 million for the year ended 30 June 2010 (2009: $115.94 million). Operating expenses recognised in the income statement in relation to investment properties amounted $27.12 million for the year ended 30 June 2010 (2009: $25.83 million).

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

■ *Breakdown of investment property:*

Investment properties can be analysed as follows:

	CONSOLIDATED	
	2010	2009
	$000	$000
Completed investment properties at fair value	**1,362,574**	1,316,572
Investment properties under construction at fair value	**126,626**	-
Total investment properties	**1,489,200**	1,316,572

14 ■ Intangible Assets (Non-Current)

Computer Software (summary)		
Cost (gross carrying amount)	**58,325**	46,705
Accumulated amortisation and impairment	**(34,580)**	(28,933)
Net carrying amount	**23,745**	17,772
Computer Software:		
Net of accumulated amortisation and impairment		
Opening balance	**17,772**	21,837
Additions	**14,441**	6,477
Disposals	**(1,429)**	(70)
Impairment	**-**	(943)
Amortisation	**(7,016)**	(7,685)
Transfers to plant and equipment	**-**	(1,872)
Net foreign currency differences arising from foreign operations	**(23)**	28
Net book value	**23,745**	17,772
Goodwill:		
Opening balance	**11**	10
Net foreign currency differences arising from foreign operations	**-**	1
Carrying value	**11**	11
Licence property:		
Net book value	**473**	892
Total intangible assets	**24,229**	18,675

■ *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 2010 $000	2009 $000
15 ■ Trade and Other Payables (Current)		
Trade creditors	**656,042**	657,391
Accruals	**36,900**	30,745
Other creditors	**46,773**	51,348
Total trade and other payables (current)	**739,715**	739,484

	CONSOLIDATED 2010 $000	2009 $000
16 ■ Interest-Bearing Loans and Borrowings (Current)		
Secured:		
Non trade amounts owing to:		
- Commercial bills payable (a)	**15,988**	185,874
- Other short-term borrowings	**34,507**	253,009
- Bank overdraft (a)	**56,326**	96,532
Unsecured:		
Derivatives payable	**209**	1,097
Lease liabilities (b) Note 33 (b)(i)	**182**	148
Non trade amounts owing to:		
- Directors (c)	**33,189**	28,878
- Other related parties (c)	**13,733**	9,180
- Other unrelated persons	**208**	248
Total interest-bearing loans and borrowings (current)	**154,342**	574,966

(a) Commercial Bills Payable and Bank Overdraft

The commercial bills payable and bank overdraft ("Other ANZ Facilities") are secured by the securities given pursuant to the Syndicated Facility Agreement (as defined in Note 20(a)) , and subject to annual review by Australian and New Zealand Banking Group Limited ("ANZ"). The Other ANZ Facilities are repayable on demand by ANZ, upon the occurrence of any event of default or Relevant Event (as defined in Note 20(a)) under the Syndicated Facility Agreement, or after any annual review date.

(b) Lease Liabilities

The implicit interest rate on lease liabilities is within a range of 3.24% to 9.25% over a term of 3 years.

(c) 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 2010 $000	2009 $000
17 ■ Other Liabilities (Current)		
Lease incentives	**2,003**	2,144
Unearned revenue	**927**	922
Total other liabilities (Current)	**2,930**	3,066

Unearned revenue mainly refers to unearned interest on lease receivables.

	CONSOLIDATED 2010 $000	CONSOLIDATED 2009 $000

18 ■ Provisions

	2010 $000	2009 $000
Current		
- Employee benefits (Note 29)	**15,360**	15,372
- Make good provision	**3,507**	1,397
- Deferred lease expenses	**801**	832
- Onerous lease costs	**2,972**	3,072
- Other	**686**	574
Total provisions (current)	**23,326**	21,247
Non-Current		
- Employee benefits (Note 29)	**1,939**	1,983
- Make good provision	**1,437**	2,246
- Deferred lease expenses	**5,443**	5,387
Total provisions (non-current)	**8,819**	9,616

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 2009	3,643	6,219	3,072	574	13,508
Arising during the year	1,923	1,371	3,141	106	6,541
Utilised / unused amounts reversed	(555)	(1,091)	(3,241)	-	(4,887)
Discount rate adjustment	11	-	-	-	11
Exchange rate variance	(78)	(255)	-	6	(327)
At 30 June 2010	4,944	6,244	2,972	686	14,846
Current 2010	3,507	801	2,972	686	7,966
Non-current 2010	1,437	5,443	-	-	6,880
Total provisions 2010	4,944	6,244	2,972	686	14,846
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

■ *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 2010 was $4,944,000 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.

18 ■ Provisions (current) (continued)

■ *Onerous lease costs*

During the year ended 30 June 2010, the consolidated entity closed one leased franchised store. 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 2010 $000	CONSOLIDATED 2009 $000
19 ■ Trade and Other Payables (Non-current)		
Other creditors	**23,332**	-
20 ■ Interest-Bearing Loans and Borrowings (Non-current)		
Secured:		
Non trade amounts owing to:		
- Syndicated facility (a)	**321,400**	-
- Commercial bills payable	**23,544**	11,402
Unsecured:		
- Derivatives payable	**1,798**	151
- Lease liabilities – Note 33 (b)(i)	**82**	161
Total interest-bearing liabilities (non-current)	**346,824**	11,714

(a) Non-Current Borrowings – Syndicated Facility Agreement

1) On 2 December 2009, the Company, a subsidiary of the Company ("Borrower") and certain other subsidiaries of the Company ("Guarantors") entered into a syndicated facility agreement with certain banks ("Financiers" and each a "Financer") in relation to a loan facility of $435,000,000 ("Facility") made available by the Financiers to the Borrower ("Syndicated Facility Agreement").
2) The Facility is secured by:
   (a) a fixed and floating charge granted by the Company and each of the Guarantors in favour of a security trustee for the Financiers; and
   (b) real estate mortgages granted by certain Guarantors in favour of the security trustee for the Financiers over various real properties owned by those Guarantors.
3) The Facility is repayable:
   (a) on 3 December 2012; or
   (b) on demand by or on behalf of the Financiers upon the occurrence of any one of a number of events (each a "Relevant Event"), including events which are not within the control of the Company, the Borrower or the Guarantors. Each of the following is a Relevant Event:

(i) an event occurs which has or is reasonably likely to have a material adverse effect on the business, operation, property, condition (financial or otherwise) or prospects of the Borrower or the Company and the subsidiaries of the Company;

(ii) if any change in law or other event makes it illegal or impractical for a Financier to perform its obligations under the Syndicated Facility Agreement or fund or maintain the amount committed by that Financier to the provision of Facility ("Commitment"), the Financier may by notice to the Borrower, require the Borrower to repay the secured moneys in respect of the Commitment of that Financier, in full on the date which is forty (40) business days after the date of that notice.

The Company has not received notice of the occurrence of any Relevant Event from any Financier.

20 ■ Interest-Bearing Loans and Borrowings (Non-current) (continued)

(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.

21 ■ Financing Facilities Available

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

	CONSOLIDATED	
	2010	2009
	$000	$000
Total facilities:		
- bank overdraft	**62,943**	89,700
- other short term borrowings	**79,165**	297,702
- bank bills	**72,088**	332,577
- Syndicated facility	**435,000**	-
Total Available Facilities	**649,196**	719,979
Facilities used at balance date:		
- Bank overdraft (i)	**56,326**	85,114
- Other short term borrowings	**34,507**	253,009
- Commercial bills payable - current	**15,988**	185,874
- Commercial bills payable - non-current	**23,544**	11,402
- Syndicated facility	**321,400**	-
Total Used Facilities	**451,765**	535,399
Facilities unused at balance date:		
- Bank overdraft	**6,617**	4,586
- Other short term borrowings	**44,658**	44,693
- Commercial bills payable	**32,556**	135,301
- Syndicated facility	**113,600**	-
Total Unused Facilities	**197,431**	184,580

■ *Commercial Bills and Bank overdrafts*

The commercial bills payable and bank overdraft ("Other ANZ Facilities") are secured by the securities given pursuant to the Syndicated Facility Agreement (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 or Relevant Event (as defined in Note 20 (a)) under the Syndicated Facility Agreement, or after any annual review date.

For additional financing facilities not disclosed above, refer to Notes 16 and 31(f)(i) for details in relation to loans by directors to Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited).

	2010	2009
	$000	$000
(i) Bank overdraft (Note 16)	**56,326**	96,532
Deduct: bank overdraft due to unpresented cheque payments	**-**	(11,418)
Bank overdraft disclosed as facilities used at balance date	**56,326**	85,114

The bank overdraft balance in June 2009 of $11,418,000 incurred in one controlled entity was due to unpresented cheque payments at balance date. The bank overdraft was not a true facility utilised at balance date, as such it was excluded from the financing facilities available disclosure.

	CONSOLIDATED 2010 $000	2009 $000

22 ■ Other Liabilities (Non-Current)

	2010 $000	2009 $000
Lease incentives	**19,385**	22,749
Unearned revenue	**2,599**	3,263
Total other liabilities (non-current)	**21,984**	26,012

23 ■ Contributed Equity

	2010 $000	2009 $000
Ordinary shares	**259,610**	259,610
Total contributed equity	**259,610**	259,610

	2010 number	2009 number
Ordinary shares Issued and fully paid	**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.	$'000
Movements in ordinary shares on issue		
At 1 July 2008	1,062,316,784	259,610
Issue of shares under executive share option plan	-	-
At 1 July 2009	1,062,316,784	259,610
Issue of shares under executive share option plan	-	-
At 30 June 2010	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 (2009: 4,150,000) 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 2010. The performance conditions in respect of the 2007 EOP Allocation were not satisfied and therefore the options did not vest as at 31 August 2010 and were not capable of exercise from 1 September 2010.

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

■ *Pertama Holdings Limited, Singapore*

There were 4,000,000 (2009: 4,000,000) options over unissued ordinary shares outstanding at 30 June 2010. 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 29 to the financial statements for further information.

24 ■ Reserves

	CONSOLIDATED					
	Asset revaluation reserve	Foreign currency translation reserve	Available for sale reserve	Cash flow hedge reserve	Employee equity benefits	Total
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**
At 1 July 2009	64,928	(21,715)	373	(460)	9,419	**52,545**
Revaluation of land and buildings	4,176	-	-	-	-	**4,176**
Tax effect of revaluation of land and buildings	(124)	-	-	-	-	**(124)**
Unrealised gains on available-for-sale investments	-	-	981	-	-	**981**
Net loss on interest rate swaps	-	-	-	(1,799)	-	**(1,799)**
Tax effect of net loss on interest rate swaps	-	-	-	539	-	**539**
Ineffective interest rate swaps	-	-	-	(53)	-	**(53)**
Reverse expired or realised cash flow hedge reserves	-	-	-	570	-	**570**
Net gains on forward foreign exchange contracts	-	-	-	2	-	**2**
Currency translation differences	-	1,608	-	-	(6)	**1,602**
Share based payment					843	**843**
Reversal of share expenses	-	-	-	-	(2,864)	**(2,864)**
At 30 June 2010	68,980	(20,107)	1,354	(1,201)	7,392	**56,418**

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 June 2010 $000	June 2009 $000
25 ■ Retained Profits and Dividends		
Movements in retained earnings were as follows:		
Balance 1 July	**1,693,888**	1,607,015
Profit for the year	**231,409**	214,351
Dividends	**(138,101)**	(127,478)
Balance 30 June	**1,787,196**	1,693,888
Dividends declared and paid during the year:		
Dividends on ordinary shares:		
Final franked dividend for 2009: 6.0 cents (2008: 7.0 cents)	**63,739**	74,362
Interim franked dividend for 2010: 7.0 cents (2009: 5.0 cents)	**74,362**	53,116
Total dividends paid	**138,101**	127,478

The final dividend for the year ended 30 June 2009 was paid on 7 December 2009.

The interim dividend for the year ended 30 June 2010 was paid on 3 May 2010.

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

Dividends on ordinary shares:		
Final franked dividend for 2010: 7.0 cents (2009: 6.0 cents)	**74,362**	63,739

The proposed final dividend for the year ended 30 June 2010 is to be paid on 6 December 2010 to shareholders registered at 5:00 pm, 5 November 2010.

■ *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% (2009: 30%)	**617,846**	558,093
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	**33,848**	35,852
- franking credits that will be utilised in the payment of proposed final dividend	**(31,870)**	(27,317)
The amount of franking credits available for future reporting periods:	**619,824**	566,628

	CONSOLIDATED 2010 $000	2009 $000
26 ■ Non-Controlling Interests		
Interest in:		
Ordinary shares	**35,050**	35,050
Reserves	**(3,365)**	(2,194)
Retained earnings	**22,302**	20,283
Total non-controlling interests	**53,987**	53,139

27 ■ Earnings Per Share

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

	2010 $000	2009 $000
Profit after tax from continuing operations	**237,988**	219,340
Profit attributable to non-controlling interests	**(6,579)**	(4,989)
Profit from continuing operations after tax	**231,409**	214,351

	Number of Shares 2010	2009
Weighted average number of ordinary shares used in calculating basic earnings per share	**1,062,316,784**	1,062,316,784
Effect of dilutive securities:		
- Share Options	**-**	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**1,062,316,784**	1,062,316,784

Weighted Average Number of Ordinary Shares

The number of ordinary shares on issue at 30 June 2010 was 1,062,316,784 (2009: 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.

There have been no 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 2010 $000	2009 $000

28 ■ Cash and Cash Equivalents

(a) ■ *Reconciliation to Cash Flow Statement*

	2010 $000	2009 $000
Cash and cash equivalents comprise the following at end of the year:		
Cash at bank and on hand	**105,285**	125,269
Short term money market deposits	**51,951**	32,638
	157,236	157,907
Bank overdraft	**(56,326)**	(96,352)
Cash and cash equivalents at end of year	**100,910**	61,375

(b) ■ *Reconciliation of Profit After Income Tax to Net Operating Cash Flows:*

	2010 $000	2009 $000
Profit after tax	**237,988**	219,340
Adjustments for:		
Net foreign exchange gain	**(357)**	(156)
Bad and doubtful debts	**1,587**	2,845
Provision for inventory obsolescence	**977**	2,357
Share of joint ventures	**(7,260)**	(23,724)
Depreciation of property, plant and equipment	**75,825**	83,232
Amortisation	**7,102**	7,807
Impairment of fixed assets	**7,844**	28,924
Impairment of assets held in joint venture entities	**703**	1,419
Revaluation of investment properties and properties held under joint ventures	**39,906**	(4,146)
Deferred lease expenses	**530**	522
Provision for onerous leases	**2,214**	3,072
Other provisions	**687**	574
Discount on interest-free long term receivables	**175**	152
Accretion of interest-free long term receivables	**(335)**	(951)
Shares and options expense	**329**	1,318
Realised / unrealised (gain) / loss on interest rate swap	**(246)**	3,137
Transfers to provisions:		
- Employee entitlements	**(56)**	2,260
- Doubtful debts	**(3,182)**	(602)
(Profit) / loss on disposal and revaluation of:		
- Property, plant and equipment, and listed Securities	**(8,227)**	5,779
Changes in assets and liabilities net of effects from purchase and sale of controlled entities:		
(Increase)/decrease in assets:		
Receivables	**(14,493)**	(77,009)
Inventory	**(2,774)**	(16,166)
Other current assets	**(5,845)**	2,986
Deferred tax assets	**409**	(1,298)
Increase/(decrease) in liabilities:		
Payables and other current liabilities	**53,124**	204,562
Non trade amounts owing to FAST	**-**	(988)
Income tax payable	**242**	(2,744)
Net cash from operating activities	**386,867**	442,502

	CONSOLIDATED 2010 number	2009 number
29 ■ Employee Benefits		
The number of full-time equivalent employees employed as at 30 June are:	**4,691**	4,684
	2010 $000	2009 $000
The aggregate employee benefit liability is comprised of:		
Accrued wages, salaries and on-costs	**4,127**	6,050
Provisions (current – Note 18)	**15,360**	15,372
Provisions (non-current – Note 18)	**1,939**	1,983
Total employee benefit provisions	**21,426**	23,405

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 2010	Number of Options Outstanding 2009	Number of Options Vested 2010	Number of Options Vested 2009
26/11/2003	30/11/2008	$3.00	**-**	-	**-**	-
28/09/2004	30/11/2008	$2.93	**-**	-	**-**	-
29/06/2005	30/11/2010	$2.62	**-**	-	**-**	-
04/11/2005	30/11/2008	$2.79	**-**	-	**-**	-
26/11/2007	25/11/2012	$6.77	**4,150,000**	4,150,000	**-**	-
			4,150,000	4,150,000	**-**	-

Refer to Note 31 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 2010	Number of Options Outstanding 2009	Number of Options Vested 2010	Number of Options Vested 2009
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	**4,000,000**	4,000,000

29 ■ Employee Benefits (continued)

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

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

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

Using the Black-Scholes option-pricing model, the value of these options at grant date is $0.0598 Singapore Dollars per option or 4.821 cents per option in Australian dollars, translated at an average exchange rate for the year ended 30 June 2010. Thus at grant date, the total value of these options is $239,276 Singapore Dollars, or $192,840 Australian dollars.

	CONSOLIDATED	
	2010	2009
	$	$
30 ■ Remuneration of Auditors		
Amounts received or due and receivable by Ernst & Young for:		
- an audit or review of the financial report of the entity and any other entity in the consolidated entity	**1,396,696**	1,650,934
- tax services in relation to the entity and any other entity in the consolidated entity	**165,824**	167,923
- other services in relation to the entity and any other entity in the consolidated entity	**9,102**	128,855
	1,571,622	1,947,712
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	**4,900**	31,900
- tax services in relation to the entity and any other entity in the consolidated entity	**39,862**	69,457
- other services in relation to the entity and any other entity in the consolidated entity	**9,275**	27,800
	54,037	129,157
	1,625,659	2,076,869

31 ■ 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	Thomas James Scott	General Manager – Property
Arthur Bayly Brew*	Executive Director	Sasha Luke Naish	General Manager – Computers
David Ackery	Executive Director	Leslie Robert Greeff	Chief Information Officer – up to 30 April 2010.
Chris Mentis	Chief Financial Officer and Company Secretary		Appointed to Program Director – Merchandise Management System Program on 1 May 2010.
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)		

* Mr Brew retired as director of Harvey Norman Holdings Limited on 1 September 2010. Mr Brew remains an executive employee of Yoogalu Pty Limited, a wholly-owned subsidiary of the Company.

(b) ■ *Compensation of Key Management Personnel*

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

	CONSOLIDATED	
	2010	2009
	$	$
Short – term	**11,585,025**	8,367,791
Post employment	**190,849**	172,655
Share – based payment	**-**	1,299,444
Reversal of share-based payment expenses	**(1,899,445)**	-
Termination payment	**-**	230,000
	9,876,429	10,069,890

31 ■ Key Management Personnel (continued)

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

30 June 2010						Vested at 30 June 2010		
Directors	Balance at Beginning of Period 01/07/2009	Granted as Remuneration	Options Exercised	Net Change Other	Balance at End of Period 30/06/2010	Total	Exercisable	Not Exercisable
G. Harvey	900,000	-	-	-	900,000	-	-	-
K.L. Page	1,000,000	-	-	-	1,000,000	-	-	-
A.B. Brew*	300,000	-	-	-	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	-	-	-	-	-	-	-	-
T.J. Scott	-	-	-	-	-	-	-	-
S.L. Naish	-	-	-	-	-	-	-	-
	4,150,000	-	-	-	4,150,000	-	-	-

* Mr Brew retired as director of Harvey Norman Holdings Limited on 1 September 2010. Mr Brew remains an executive employee of Yoogalu Pty Limited, a wholly-owned subsidiary of the Company.

The options pursuant to the 2007 EOP Allocation were subject to testing during each of the financials years in the qualifying period to determine whether Performance Conditions 1 and 2 were satisfied in accordance with the terms set out in the notice of meeting that accompanied the allocation. During each of the three financial years ending 30 June 2010, the earnings per share hurdle was not satisfied. As this performance condition must be met in order for any of the options to vest, the options in respect of the 2007 EOP Allocation did not vest as at 31 August 2010 and were not capable of exercise by the participants from 1 September 2010. On 27 September 2010, the Board of the Company determined that the 2007 EOP Allocation had lapsed.

30 June 2009						Vested at 30 June 2009		
Directors	Balance at Beginning of Period 01/07/2008	Granted as Remuneration	Options Exercised	Net Change Other	Balance at End of Period 30/06/2009	Total	Exercisable	Not Exercisable
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	-	-	-

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

Shares held in Harvey Norman Holdings Limited (number):

30 June 2010	Balance 1 July 2009	Granted as Remuneration	On Exercise of Options	Net Change Other (a)	Balance 30 June 2010
Directors					
G. Harvey	311,959,532	-	-	-	311,959,532
K.L. Page	16,995,133	-	-	-	16,995,133
A.B. Brew*	1,169,871	-	-	-	1,169,871
J.E. Slack-Smith	1,659,999	-	-	(1,400,000)	259,999
D. Ackery	496,667	-	-	(350,000)	146,667
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	-	-	-	-	-
L.R. Greeff	-	-	-	-	-
T.J. Scott	-	-	-	-	-
S.L. Naish	2,000	-	-	(2,000)	-
Total	510,499,882	-	-	(1,752,000)	508,747,882

* Mr Brew retired as director of Harvey Norman Holdings Limited on 1 September 2010. Mr Brew remains an executive employee of Yoogalu Pty Limited, a wholly-owned subsidiary of the Company.

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

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 30 June 2010.

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 30 June 2010.

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	-	-	-	-	-
L.R. Greeff	-	-	-	-	-
M. Stephen	-	-	-	-	-
T.J. Scott	-	-	-	-	-
S.L. Naish	2,000	-	-		2,000
Total	510,459,882	-	-	40,000	510,499,882

31 ■ 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.
2010						
Directors	-	-	-	-	-	-
Executives	58	5	-	-	40	1
	58	5	-	-	40	1
2009						
Directors	-	-	-	-	-	-
Executives	81	6	-	-	58	1
	81	6	-	-	58	1

Terms and Conditions of Loans

The consolidated entity had advanced a loan to one key management personnel during the year ended 30 June 2008 and has charged the executive a commercial rate of interest of 9.0%. This loan was an 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.

(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.
2010						
Directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-
2009						
Directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-

31 ■ Key Management Personnel (continued)

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

		CONSOLIDATED	
		2010 **$**	2009 $
(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.	**33,188,672**	28,877,283
	Net amounts (repaid to)/received from entities associated with the above mentioned directors and their related parties.	**4,311,229**	(2,299,418)
	Interest paid/payable	**1,426,099**	1,242,680
(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.	**579,522**	538,963
(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.	**3,821,846**	3,714,710
(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.	**1,859,926**	1,715,826

31 ■ 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 2010 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 2010 was $1.56 million each and for the year ended 30 June 2009 was $0.75 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 2010, 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 $0.62 million (2009: $0.61 million) and additional capital contributions required were $0.11 million each (2009: nil).

(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 $2.53 million (2009: $3.38 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 $1.59 million as at 30 June 2010 (2009: $0.95 million). The consolidated entity received dividends from Gazal Corporation Limited amounting to $0.08 million for the year ended 30 June 2010 (2009: $0.11 million).

During the year ended 30 June 2010 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 $5.94 million (2009: $1.52 million). 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.

32 ■ Related Party Transactions

(a) ■ *Ultimate Controlling Entity*

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

	CONSOLIDATED	
	2010 **$**	2009 $
(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, marketing support, courier costs, other miscellaneous expenses and to provide working capital funding from time to time. Inter-company loans have been eliminated on consolidation. The amount of such inter-company loans on balance date were:	**87,923,420**	49,451,914
- 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:	**49,692,031**	48,384,178
- The aggregate amount of interest charged by Network Consumer Finance Pty Limited to controlled partnerships was at normal commercial terms and conditions. The aggregate amount of interest charged was:	**1,016,401**	968,652

	CONSOLIDATED 2010 $000	2009 $000
33 ■ Commitments		
(a) *Capital expenditure contracted but not provided is payable as follows:*		
Not later than one year	**64,642**	13,328
Later than one year but not later than five years	**44,026**	-
	108,668	13,328

The consolidated entity had contractual obligations to purchase property, plant and equipment and investment properties of $108.67 million (2009: $13.33 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:

	2010 $000	2009 $000
Not later than one year	**220**	162
Later than one year but not later than five years	**86**	176
Minimum finance lease payments	**306**	338
Deduct future finance charges	**(42)**	(29)
Total finance lease liabilities	**264**	309
Disclosed as follows:		
Current liabilities (refer Note 16)	**182**	148
Non-current liabilities (refer Note 20)	**82**	161
	264	309

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 2010 $000	2009 $000
33 (b) Commitments (continued)		
Lease expenditure commitments (continued)		
(ii) Operating lease expenditure contracted for is payable as follows:		
Not later than one year	**140,496**	144,320
Later than one year but not later than five years	**418,796**	414,292
Later than five years	**402,787**	482,684
Total operating lease liabilities	**962,079**	1,041,296

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

(c) *Capital expenditure commitments on behalf of joint ventures are payable by the consolidated entity as follows:*		
Not later than one year	-	3,753
Later than one year but not later than five years	-	402
	-	4,155

The consolidated entity and a subsidiary of Harvey Norman Holdings Limited did not have contractual obligations to purchase property, plant and equipment at balance date (2009: $4.16 million).

34 ■ Contingent Liabilities

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

- Bank performance guarantees given to various councils and other third parties on behalf of the consolidated entity	-	13,577
- 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
Total contingent liabilities	-	70,677

35 ■ 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.

35 ■ 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 2010, 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	
	2010	2009
	$000	$000
Financial assets		
Cash and cash equivalents	**24,084**	22,511
Trade and other receivables	**2,539**	2,774
Other financial assets	**13**	-
	26,636	25,285
Financial liabilities		
Trade and other payables	**15,912**	12,384
Interest bearing loans and borrowings	**16,250**	16,093
Derivatives payable	**-**	643
	32,162	29,120
Net exposure	**(5,526)**	(3,835)

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 2010, had the various currencies moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post Tax Profit increase/(decrease)		Other comprehensive income increase/(decrease)	
	2010	2009	**2010**	2009
	$000	$000	**$000**	$000
Consolidated				
Australian subsidiaries				
AUD/NZD + 5% (2009: + 5%)	**544**	483	**-**	-
AUD/NZD - 10% (2009: - 15%)	**(1,270)**	(1,789)	**-**	-
AUD/EURO + 5% (2009: + 15%)	**(17)**	234	**(55)**	(566)
AUD/EURO - 20% (2009: - 15%)	**91**	(317)	**289**	766
AUD/USD + 5% (2009: + 15%)	**(12)**	1	**-**	(14)
AUD/USD - 10% (2009: - 15%)	**28**	(2)	**-**	19
AUD/SGD + 5%	**(11)**	-	**-**	-
AUD/SGD - 10%	**26**	-	**-**	-
Ireland and Slovenia subsidiaries				
EURO/USD + 20% (2009: + 10%)	**(149)**	1	**-**	-
EURO/USD - 5% (2009: - 15%)	**47**	(3)	**-**	-
Singapore subsidiaries				
SGD/USD + 5% (2009: + 10%)	**(6)**	(7)	**-**	-
SGD/USD - 20% (2009: - 15%)	**30**	14	**-**	-
SGD/EURO + 5% (2009: + 10%)	**38**	35	**-**	-
SGD/EURO - 25% (2009: - 10%)	**(267)**	(43)	**-**	-
SGD/MYR + 5% (2009: + 5%)	**(497)**	(588)	**-**	-
SGD/MYR - 5% (2009: - 10%)	**549**	1,371	**-**	-
New Zealand subsidiaries/branches				
NZ/EURO + 5% (2009: +15%)	**4**	37	**-**	-
NZ/EURO - 25% (2009: - 15%)	**(27)**	(50)	**-**	-
NZ/USD + 15% (2009: +15%)	**7**	1	**-**	-
NZ/USD - 25% (2009: -15%)	**(16)**	(1)	**-**	-

35 ■ 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 2010 are comparable with the movements in 2009. The movements in other comprehensive income in 2010 are less sensitive than in 2009 because of the decreased use of foreign currency contracts designed as cash flow hedges.

(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						
30 June 2010	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	Average interest rate Floating	Fixed
Financial assets								
Cash	87,077	52,337	-	-	17,822	157,236	2.35%-3.50%	0.02%-2.50%
Consumer finance loans	-	219	109	-	5,324	5,652	-	9.00%-14.50%
Finance lease receivables	-	14,068	22,060	-	-	36,128	-	8.00%-12.50%
Trade debtors	-	-	-	-	1,043,686	1,043,686	-	-
Other financial assets	-	-	-	-	41,571	41,571	-	-
Non-trade debtors & loans	24,142	2,341	-	-	1,809	28,292	4.37%-9.30%	8.00%-12.50%
	111,219	68,965	22,169	-	1,110,212	1,312,565		
Financial liabilities								
Bank overdraft	36,649	19,677	-	-	-	56,326	2.40%-6.20%	2.50%-10.15%
Borrowings (*)	355,907	-	-	-	-	355,907	1.42%-7.51%	-
Trade creditors	-	-	-	-	763,047	763,047	-	-
Finance lease liabilities	-	182	82	-	-	264	-	3.24%-9.25%
Other loans	46,922	123	-	-	85	47,130	3.62%-6.30%	9.00%
Bills payable (*)								
- Australia	9,750	-	-	-	-	9,750	3.18%-4.80%	-
- Singapore	4,606	-	-	-	-	4,606	1.61%-2.19%	-
- Slovenia	24,635	-	-	-	-	24,635	1.60%-3.10%	-
- Space Malaysia	541	-	-	-	-	541	3.92%-5.45%	-
Other financial liabilities	-	246	1,798	-	(37)	2,007	-	3.27%-5.51%
	479,010	20,228	1,880	-	763,095	1,264,213		

35 ■ Financial Risk Management (continued)

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

30 June 2009	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	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		

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

Sensitivity analysis

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

A sensitivity of 100 basis points increase and 50 basis points decrease has been selected as this is considered reasonable given the current level of both short term and long term Australian dollar interest rates.

At 30 June 2010, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

35 ■ Financial Risk Management (continued)

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

	CONSOLIDATED			
	Post Tax Profit		**Other comprehensive income**	
	increase/(decrease)		increase/(decrease)	
	2010 $000	2009 $000	**2010 $000**	2009 $000
If there was 100 (2009: 50) basis points higher in interest rates with all other variables held constant	**(2,667)**	(754)	**2,447**	215
If there was 50 (2009: 50) basis points lower in interest rates with all other variables held constant	**1,333**	754	**(1,254)**	(215)

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

The movements in profit in 2010 are more sensitive than the movements in 2009 because of an increase in financial liabilities that are subject to variable interest rates. The movements in other comprehensive income in 2010 are more sensitive than the movements in 2009 because of the increased use of interest rate swaps which designated as cash flow hedges.

(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 $34.94 million as at 30 June 2010. The fair value of the equity investments publicly traded on the NZX was $5.38 million as at 30 June 2010.

As at 30 June 2010, 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		**Other comprehensive income**	
	increase/(decrease)		increase/(decrease)	
	2010 $000	2009 $000	**2010 $000**	2009 $000
If there was 10% (2009: 10%) increase movement in equity prices with all other variables held constant	**2,457**	1,808	**377**	298
If there was 10% (2009: 10%) decrease movement in equity prices with all other variables held constant	**(2,457)**	(1,808)	**(377)**	(298)

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.

35 ■ 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	**2010 $000**	2009 $000
Australia	**1,070,545**	1,053,439
New Zealand	**20,927**	25,291
Asia	**10,811**	11,234
Slovenia	**2,246**	1,623
Ireland and Northern Ireland	**2,298**	3,494
Total	**1,106,827**	1,095,081

(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.

35 ■ 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 2010 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	157,236	-	-	-	157,236
Trade and other receivables	1,084,856	14,494	12,812	431	1,112,593
Other financial assets	34,400	-	-	7,171	41,571
Total financial assets	1,276,492	14,494	12,812	7,602	1,311,400
Non derivative financial liabilities					
Trade and other payables	739,715	23,332	-	-	763,047
Interest bearing loans and borrowings	178,815	26,469	353,900	-	559,184
Derivative financial liabilities					
Derivatives	209	493	1,305	-	2,007
Total financial liabilities	918,739	50,294	355,205	-	1,324,238
Net maturity	357,753	(35,800)	(342,393)	7,602	(12,838)

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)

For detailed information on financing facilities available as at 30 June 2010 refer to note 21.

35 ■ Financial Risk Management (continued)

(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.

As of 1 July 2009, the consolidated entity has adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:
Level 1 – the fair value is calculated using quoted prices in active markets.
Level 2 – the fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices).
Level 3 – the fair value is estimated using inputs for the asset or liability that are not based on observable market data.

As at 30 June 2010, the fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

CONSOLIDATED	Quoted market price (Level 1) $000	Valuation technique – market observable inputs (Level 2) $000	Valuation technique – non market observable inputs (Level 3) $000	Total $000
Financial Assets				
Listed investments	40,315	-	-	**40,315**
Total Financial Assets	40,315	-	-	**40,315**
Financial Liabilities				
Foreign exchange contracts	-	(37)	-	**(37)**
Interest rate swaps	-	2,044	-	**2,044**
Total Financial Liabilities	-	2,007	-	**2,007**

Quoted market price represents the fair value determined based on quoted prices on active markets as at the reporting date without any deduction for transaction costs. The fair value of the listed equity investments are based on quoted market prices and are included in level 1.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. 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. These instruments are included in level 2. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

35 ■ 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 20, cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 23, 24 and 25 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 2010 and 2009 were as follows:

	CONSOLIDATED	
	2010	2009
	$000	$000
Borrowings (a)	**501,166**	586,680
Total equity	**2,157,211**	2,059,182
Debt to equity ratio	**23.23%**	28.49%

If cash and cash equivalents were to be deducted from total borrowings, the debt to equity ratio would have been 15.94% for the year ended 30 June 2010 and 20.82% for the year ended 30 June 2009.

(a) Borrowings for the purpose of calculating this debt to equity ratio consists of:
- Bank overdraft;
- Borrowings (current and non-current);
- Commercial bills payable (current and non-current);
- Derivatives payable (current and non-current);
- Lease liabilities (current and non-current); and
- Non trade amounts owing to directors, other related parties and other unrelated persons.

36 ■ Derivative Financial Instruments

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

At 30 June 2010 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 28 (a))	157,236	157,236	-	-	-
Trade and other receivables (note 5)	1,081,645	1,081,645	-	-	-
Other financial assets (note 6)	34,400	-	-	-	34,400
Total current financial assets	1,273,281	1,238,881	-	-	34,400
Non-Current Financial Assets					
Trade and other receivables (note 10)	25,182	25,182	-	-	-
Other financial assets (note 11)	7,171	-	5,375	-	1,796
Total non-current financial assets	32,353	25,182	5,375	-	1,796
Total Financial Assets	1,305,634	1,264,063	5,375	-	36,196
Current Financial Liabilities					
Trade and other payables (note 15)	739,715	-	-	-	739,715
Interest–bearing loans and borrowings (note 16)	154,342	-	-	-	154,342
Total current financial liabilities	894,057	-	-	-	894,057
Non-Current Financial Liabilities					
Trade and other payables (note 19)	23,332	-	-	-	23,332
Interest-bearing loans and borrowings (note 20)	346,824	-	-	-	346,824
Total non-current financial liabilities	370,156	-	-	-	370,156
Total financial Liabilities	1,264,213	-	-	-	1,264,213

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 28 (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 20)	11,714	-	-	-	11,714
Total non-current financial liabilities	11,714	-	-	-	11,714
Total financial Liabilities	1,326,164	-	-	-	1,326,164

36 ■ 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	
	2010	2009
	$000	$000
Current Liabilities		
Interest swap contracts – cash flow hedges	**246**	454
Forward currency contracts – held for trading	**(39)**	-
Forward currency contracts – cash flow hedges	**2**	642
Non-current Liabilities		
Interest swap contracts – cash flow hedges	**1,798**	151

(i) ■ *Forward currency contracts – held for trading*

The consolidated entity has entered into forward currency contracts which are economic hedges but do not satisfy the requirements of hedge accounting.

			CONSOLIDATED			
			2010		2009	
Currency	Average Exchange Rate		Buy	Sell	Buy	Sell
	2010	2009	$000	$000	$000	$000
Euro (0-12 months)	**69.76**	-	**2,344**	**-**	-	-
US Dollar (0-12 months)	**85.14**	-	**1,421**	**-**	-	-
Total			**3,765**	**-**	-	-

These contracts are fair valued by comparing the contracted rate to the market rates at balance date. All movements in fair value are recognised in profit or loss in the period they occur. The net fair value gains on foreign currency derivatives during the year were $39,000 for the consolidated entity.

(ii) ■ *Forward currency 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 12 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			
			2010		2009	
Currency	Average Exchange Rate		Buy	Sell	Buy	Sell
	2010	2009	$000	$000	$000	$000
Euro (0-12 months)	**69.84**	52.78	**1,642**	**-**	7,512	-
US Dollar (0-12 months)	**-**	70.86	**-**	**-**	197	-
Total			**1,642**	**-**	7,709	-

36 ■ Derivative Financial Instruments (continued)

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

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 year the hedges were 100% effective (2009: 100% effective), therefore gain or loss on the contracts attributable to the hedged risk is taken directly to equity. When the inventory is delivered the amount recognised in equity is adjusted to the stock account in the balance sheet.

Movement in forward currency contract cash flow hedge reserve:

	CONSOLIDATED	
	2010	2009
	$000	$000
	Increase/(Decrease)	
Opening balance	(450)	5
Transferred to inventory	450	(5)
Charged to other comprehensive income	2	(450)
Closing balance	2	(450)

(iii) ■ *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 2010			
Less than 1 year	3.27%	26,381,910	(246,002)
1 to 2 years	5.23%	100,000,000	(492,707)
2 to 5 years	5.51%	100,000,000	(1,305,267)
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)

The floating rate on the Australian interest rate swap is the Australian BBSY. The interest rate swap settles on a monthly 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 swap in Singapore do not qualify for hedge accounting as the hedge is not highly effective therefore gains or losses on the interest rate swap is taken directly to the income statement.

Movement in interest rate swap contract cash flow hedge reserve:

	CONSOLIDATED	
	2010	2009
	$000	$000
	Increase/(Decrease)	
Opening balance	(10)	3,534
Transferred to interest expense/interest income	67	(3,435)
Charged to equity	(1,260)	(109)
Closing balance	(1,203)	(10)
Unrealised loss on interest rate swaps recognised immediately in profit and loss	246	(3,137)

	CONSOLIDATED Investment		CONSOLIDATED Share of net profit/(loss)	
	June 2010 $000	June 2009 $000	**June 2010 $000**	June 2009 $000
37 ■ Associates and Joint Venture Entities				
Joint venture entities	**140,581**	189,571	**7,260**	5,645
Total accounted for using equity method	**140,581**	189,571	**7,260**	5,645

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 2010 %	June 2009 %	**June 2010 $000**	June 2009 $000	**June 2010 $000**	June 2009 $000
NZ						
- Lincoln Junction	**50%**	50%	**(225)**	(28)	**-**	-
Noarlunga						
- Shopping complex	**50%**	50%	**881**	302	**1,067**	(41)
Perth City West						
- Shopping complex	**50%**	50%	**3,132**	1,734	**(7,746)**	(210)
Kelso						
- Development of land for resale	**50%**	50%	**42**	104	**-**	-
Tweed Heads – Stage 1						
- Shopping complex	**50%**	50%	**955**	941	**(2,764)**	(59)
Warrawong King St (a)						
- Shopping complex	**62.5%**	62.5%	**976**	954	**-**	546
Tweed Heads Traders Way						
- Building development	**50%**	50%	**67**	89	**-**	-
Sylvania						
- Residential development	**40%**	40%	**(80)**	(44)	**-**	-
Mentone						
- Shopping complex/residential	**50%**	50%	**(198)**	(163)	**-**	-
Byron Bay						
- Residential/convention development	**50%**	50%	**(895)**	(888)	**-**	-
Byron Bay (2)						
- Resort operations	**50%**	50%	**697**	897	**-**	-
Dubbo						
- Shopping complex / building	**50%**	50%	**510**	533	**(411)**	(25)
Cubitt						
- Showroom and warehouse	**50%**	50%	**73**	79	**-**	5
Cambridge (b)						
- Building and office complex/building	**100%**	50%	**1,326**	1,135	**-**	14,088
Bundaberg						
- Warehouse	**50%**	-	**(1)**	-	**-**	-
			7,260	5,645	**(9,854)**	14,304

(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) During the year, the consolidated entity acquired the 50% share of the Cambridge joint venture property from the other joint venture partner for a purchase consideration of $33.32 million. This resulted in 100% ownership of the land and buildings in the Cambridge Park joint venture, the wind up of the joint venture entity and the cessation of equity accounting.

37 ■ Associates and Joint Venture Entities (continued)

Aggregate carrying amounts of joint venture entities

	CONSOLIDATED 2010			
	Retained Profits $000	Other Reserves $000	Cost $000	Total carrying amount $000
Balance at the beginning of the year	-	56,603	132,968	189,571
Movements during the year:				
Capital contributions	-	-	2,238	2,238
Revaluation increment	-	1,067	-	1,067
Revaluation decrement	-	(10,921)	-	(10,921)
Impairment expense	-	(703)	-	(703)
Distributions received	(7,260)	(14,088)	(26,646)	(47,994)
Share of net profit	7,260	-	-	7,260
Net foreign currency differences arising from self-sustaining foreign operations	-	63	-	63
Balance at the end of the year	-	32,021	108,560	140,581

	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	-	(336)	-	(336)
Impairment expense	-	(1,419)	-	(1,419)
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

Financial summary of joint venture entities

	CONSOLIDATED	
	2010 $000	2009 $000
Current assets	**4,052**	4,589
Non-current assets	**209,205**	258,290
Current liabilities	**(2,592)**	(4,080)
Net Assets	**210,665**	258,799
Revenues	**85,261**	32,107
Expenses	**(70,721)**	(20,447)
Profit from ordinary activities before income tax expense	**14,540**	11,660
Income tax expense relating to ordinary activities	**-**	-
Net profit	**14,540**	11,660
Share of net profit of joint venture entities	**7,260**	5,645

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
ABSC Online Pty Limited[27]
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[21]
Arpayo Pty Limited[1]
Aspley Furniture Pty Limited[8]
Aubdirect Pty Limited
Australian Business Skills Centre Pty Limited[23]
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[24]
Byron Bay Management Pty Limited[25]
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 Bundaberg Pty Limited[7]
Calardu Bundaberg WH Pty Limited[7]
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
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
Calardu Jandakot No. 1 Pty Limited
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 Lismore Pty Limited[7]
Calardu Loganholme Pty Limited
Calardu Mackay No. 1 Pty Limited
Calardu Mackay No. 2 Pty Limited
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 Morwell Pty Limited[7]
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
Calardu Rutherford Pty Limited
Calardu Rutherford Warehouse Pty Limited
Calardu Sale Pty Limited
Calardu Silverwater Pty Limited
Calardu South Australia Pty Limited[1]
Calardu Springvale Pty Limited

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Calardu Swan Hill Pty Limited
Calardu Sylvania Pty Limited
Calardu Taree Pty Limited
Calardu Thebarton Pty Limited
Calardu Toorak Pty Limited
Calardu Toowoomba WH Pty Limited[7]
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 [1,2]
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
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]
D.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[22]
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]
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
H.N. Cambridge Park Leasing Pty Limited
H.N. Campbelltown Franchisor Pty Limited[1]
H.N. Campbelltown Leasing Pty Limited

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

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]
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
H.N. Gepps Cross Leasing Pty Limited
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
H.N. Gympie Leasing Pty Limited
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
H.N. Mentone Leasing Pty Limited
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

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

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 Limited1
H.N. Noarlunga Leasing Pty Limited
H.N. Noosa Franchisor Pty Limited1
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
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

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

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 Limited1
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[19,28]
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 [18,19]
Harvey Norman Leasing (Cork) Limited[18,19]
Harvey Norman Leasing (Drogheda) Limited[18,19]
Harvey Norman Leasing (Dublin) Limited[18,19]
Harvey Norman Leasing (Dundalk) Limited[18,19]
Harvey Norman Leasing (Eastgate) Limited[18,19]
Harvey Norman Leasing (Limerick) Limited[18,19]
Harvey Norman Leasing (Mullingar) Limited[18,19]
Harvey Norman Leasing (N.Z.) Limited[9,10]
Harvey Norman Leasing (Naas) Limited[18,19]
Harvey Norman Leasing (NI) Limited[18,19]
Harvey Norman Leasing (Rathfarnham) Limited[18,19]
Harvey Norman Leasing (Tralee) Limited[18,19]
Harvey Norman Leasing (Waterford) Limited[18,19]
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]
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[18,19]
Harvey Norman Trading d.o.o.[12]
Harvey Norman Ulverstone Franchisor Pty Limited[1]
Harvey Norman Ulverstone Leasing Pty Limited
Harvey Norman Victoria Pty Limited1
Harvey Norman Zagreb d.o.o.[14]
Havrex Pty Limited[1,6]
HN Abuzz Holdings Pty Limited
HN Albury Leasing Pty Limited
HN Alexandria Franchisor Pty Limited1
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]
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
J.M. Ballina Leasing Pty Limited
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
J.M. Maroochydoore Leasing Pty Limited
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
J.M. West Gosford Leasing Pty Limited

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

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 Limited[1]
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
Lesandu Batemans Bay Pty Limited
Lesandu Bathurst Pty Limited
Lesandu Bella Vista Pty Limited
Lesandu Belmont Pty Limited
Lesandu Belrose DM Pty Limited
Lesandu Benalla Pty Limited[7]
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
Lesandu Coorparoo Pty Limited
Lesandu Cranbourne Pty Limited
Lesandu Dalby Pty Limited
Lesandu Dandenong Pty Limited
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 Ipswich Pty Limited[7]
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
Lesandu Launceston Pty Limited
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
Lesandu Mandurah Pty Limited
Lesandu Marion Pty Limited
Lesandu Maroochydoore JM Pty Limited
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
Lesandu Moe Pty Limited
Lesandu Moore Park Pty Limited
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

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Lesandu Penrith DM Pty Limited
Lesandu Penrith Pty Limited[7]
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
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
Lesandu West Wyalong Pty Limited
Lesandu Wiley Park Pty Limited
Lesandu Windsor Pty Limited
Lesandu Wonthaggi Pty Limited
Lesandu Wonthaggi Pty Limited[7]
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]
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[18,19]
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[8]
P & E Homewest Pty Limited
P & E Leichhardt Pty Limited
P & E Maddington Pty Limited
P & E Shopfitters Pty Limited
PEM Corporate Pty Limited
Pertama Holdings Limited[11,16,17]
Plezero Pty Limited[1]
Poliform Pty Limited[26]
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 Limited1
Stupendous Pty Limited[1,20]
Superguard Pty Limited
Swaneto Pty Limited[1]
Swanpark Pty Limited[1,5]
Tatroko Pty Limited[1]
Tessera Stones & Tiles Pty Australia Limited
Tessera Stones & Tiles Pty Limited[1,13]
The Byron At Byron Pty Limited[1]
Tisira Pty Limited[1]
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% 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. Shares held by Harvey Norman Holdings (Ireland) Limited.
19. These companies are incorporated in Ireland.
20. Shares held by Calardu Pty Limited.
21. Shares held by Calardu Armidale Pty Limited.
22. Lighting Venture Pty Limited owns 50.1% of shares in Glo Light Pty Limited.
23. Yoogalu Pty Ltd holds 50.5% of the shares in Australian Business Skills Centre Pty Limited.
24. HN Byron No 3 Pty Limited holds 50% of the shares in Byron Bay Facilities Pty Limited.
25. Yoogalu Pty Ltd holds 50% of the shares in Byron Bay Management Pty Limited.
26. Kita Pty Ltd holds 99% and Derni Pty Ltd owns 1% of the shares in Poliform Pty Ltd.
27. Yoogalu Pty Limited owns 100% (2009: 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

A.C.N. 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
Armlect 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
Ayr Superstore No. 2 Trust**
Ayrcom No. 2 Trust
Ayrel No. 2 Trust
Ayrstore No. 2 Trust
Ayrtec No. 2 Trust**
Bamsett 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
Belavit 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
Brofloor No. 2 Trust**
Broncom No. 2 Trust**
Bronel No. 2 Trust
Bronlect No.2 Trust
Brooktore No. 2 Trust**
Browns Plains Bedding No 2 Trust
Brownsell No. 2 Trust
Buddlect No. 2 Trust**
Bumbury Computers No. 2 Trust**
Bunbury WA No 2 Trust
Bunburybed No. 2 Trust
Bunburycom No. 2 Trust
Bunburyfurn No. 2 Trust
Bundalect No. 2 Trust**
Bundallfurn No. 2 Trust
Bundalltec No. 2 Trust
Bundatec No. 2 Trust**
Bundell No. 2 Trust
Burleigh Flooring No. 2 Trust
Busselcom No. 2 Trust
Busseltec No. 2 Trust**
Busstor 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 No. 1 Trust**
Calardu Bundaberg Trust
Calardu Bundaberg WH 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

38. Controlled Entities and Unit Trusts (continued)

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

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
Calardu Kingaroy Trust
Calardu Kotara Trust
Calardu Launceston Trust
Calardu Lismore 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 Morwell 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 Toowoomba WH 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
Calel No. 2 Trust**
Calfurn No. 2 Trust
Camfurn 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
Cannstore No. 2 Trust**
Cannters No. 2 Trust
Cantonel No 2 Trust
Cantrics No. 2 Trust
Capalaba Flooring No. 2 trust**
Caplect 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
Carinlect No. 2 Trust**
Castore 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 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
Citystore 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
Comdaw No. 2 Trust**
Comdore No. 2 Trust**
Comgamb No. 2 Trust
Comgel No. 2 Trust
Comgos 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
Comvey 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
Coravit No. 2 Trust**
Cosgrove Shopfitting Services No. 2 Trust
Craigstore No. 2 Trust**
Crosstore No. 2 Trust**
Custom Cinema No. 2 Trust**
Dalball No. 2 Trust
Dalby Superstore No 2 Trust
Dalefurn No. 2 Trust**
Dallac No. 2 Trust

38. Controlled Entities and Unit Trusts (continued)

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

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
Daystore No. 2 Trust**
Derindale No. 2 Trust**
Druin ACT No 2 Trust
Dubbobed No 2 Trust
Dubora No. 2 Trust
Duostore No. 2 Trust**
E P Bedding No. 2 Trust**
E P Furniture No. 2 Trust
Eastim No. 2 Trust
Eldalb No 2 Trust
Electall No. 2 Trust
Electcam No. 2 Trust**
Electcann No. 2 Trust
Electen No. 2 Trust
Electley No. 2 Trust**
Electmore No. 2 Trust**
Electgos No. 2 Trust**
Electoo No. 2 Trust
Electwind No. 2 Trust
Elekaw No. 2 Trust
Elmoray No. 2 Trust**
Enbed No. 2 Trust
Enfiel No. 2 Trust
Enfield Computers No. 2 Trust
Evcomputers No. 2 Trust
Everel No. 2 Trust
Everton Park Bedding No. 2 Trust
Everton Park Computers No. 2 Trust**
Everton Park Electrics No. 2 Trust
Everton Park Furniture No.2 Trust
Evlect No. 2 Trust
Evtonel No. 2 Trust**
Ewencom No. 2 Trust
Favstore No 2 Trust
Fedrics No. 2 Trust
Fieldbed 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 Furniture No. 2 Trust**
Fortitude Valley Electrics No. 2 Trust
Fortley No. 2 Trust
Fraserfurn No. 2 Trust**
Frelcom No. 2 Trust
Fremlect No 2 Trust
Fremstore No. 2 Trust
Fremtel No. 2 Trust
Furnaley 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
Furnfield No. 2 Trust
Furngamb No. 2 Trust
Furnjoon No. 2 Trust
Furnkay No. 2 Trust**
Furnmay No. 2 Trust
Furnmore No 2 Trust
Furnoosa No. 2 Trust**
Furnor No. 2 Trust
Furnpel No 2 Trust
Furnplain No. 2 Trust**
Furnroc No. 2 Trust
Furnsal No. 2 Trust
Furnsoon No. 2 Trust
Furntoo No. 2 Trust
Furnville No. 2 Trust**
Furnwhy 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
Gamstore 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
Gardfurn No. 2 Trust**
Gardstore No 2 Trust
GC Superstore No. 2 Trust
Gelfurn No. 2 Trust
Gellect No. 2 Trust**
Geradel No. 2 Trust
Geraldcom No. 2 Trust
Geraldfurn No. 2 Trust
Geraldstore 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
Glenorchy Furniture 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
Heyfurn No. 2 Trust**
Hillect No. 2 Trust
Homefloor No. 2 Trust**
Homefurn No. 2 Trust**
Homely No. 2 Trust**
HS Computers No 2 Trust
Huntfurn No 2 Trust
Incomputers No 2 Trust
Indel No. 2 Trust
Indolect No. 2 Trust
Inelect 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
Inropel No. 2 Trust**
Jadlec No 2 Trust
Jayola No 2 Trust
Jonbed No. 2 Trust
Joolbed 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

38. Controlled Entities and Unit Trusts (continued)

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

Kalgel No. 2 Trust
Kalgfurn No. 2 Trust
Kalgoorlie Computers No. 2 Trust**
Kalgoorlie Electrics No 2 Trust
Kalinya Unit Trust
Kallect No. 2 Trust
Kallie No. 2 Trust**
Kalofurn No. 2 Trust
Karral No 2 Trust
Karrasel No. 2 Trust
Karratec No 2 Trust
Karrif No. 2 Trust
Karstore 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
Kennylect No. 2 Trust**
Kingalect 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
Lanlect 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
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
Limel No. 2 Trust**
Lisbed No. 2 Trust**
Lodare No 2 Trust
Loganap No. 2 Trust
Loganbed No. 2 Trust
Logancom No. 2 Trust
Loganel 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
Malaga Electrics 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
Malstore No. 2 Trust**
Malvis No 2 Trust
Mandbed No. 2 Trust
Mandlect No. 2 Trust
Mandurbed 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
Marionel No. 2 Trust**
Marionfurn No. 2 Trust
Marlect No. 2 Trust
Marncom No. 2 Trust
Marnfurn No. 2 Trust
Marocom No. 2 Trust**
Maryfloor 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
Midlandel No. 2 Trust**
Moecom No. 2 Trust
Moorcom No 2 Trust
Morafel No. 2 Trust
Morayfield Computers No 2 Trust
Moraystore 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
Moybed No. 2 Trust**
Moycom No. 2 Trust
Moyel No. 2 Trust
Moyfurn No. 2 Trust
Moylect No. 2 Trust**
Mt Gambier Computers No. 2 Trust
Mt Gambier Electrics 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
Norfurn 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
O'Connor Furniture No. 2 Trust
O'Connor Superstore No. 2 Trust
Oconnel No. 2 Trust
Osbcomm No. 2 Trust
Osbed WA No. 2 Trust
Osborne Park Computers 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
Parkbed No. 2 Trust**
Parkborne No. 2 Trust
Parkel No. 2 Trust

38. Controlled Entities and Unit Trusts (continued)

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

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
PH Superstore No. 2 Trust**
Planlect No. 2 Trust**
Playel No. 2 Trust**
Plazacom No. 2 Trust
Podalza No 2 Trust
Porterel No. 2 Trust**
Portfurn No. 2 Trust
Portkenn No. 2 Trust
Portlect No. 2 Trust
Prestbed No. 2 Trust
Prestoncom No. 2 Trust
QVDesign No. 2 Trust**
Recway No. 2 Trust
Renovic No 2 Trust
Richfloors No. 2 Trust**
Rockel No. 2 Trust
Rockhampton Furniture No. 2 Trust**
Rocklect No. 2 Trust**
Rockstore No. 2 Trust
Rosny Computers No 2 Trust
Rosny Electrics No 2 Trust
Rosny Furniture No 2 Trust
Rothfloors No. 2 Trust**
Rothwell Computers No. 2 Trust
Rothwell Electrics No. 2 Trust
Rothwell Flooring 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
Shinefurn No. 2 Trust**
Shortell No. 2 Trust**
Showtara No. 2 Trust
Sotel No. 2 Trust
Spencity 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
Tecken No. 2 Trust**
Tecmont No 2 Trust
The Calardu Trust
Throntar No. 2 Trust
Tonfurne No. 2 Trust**
Toofloor No. 2 Trust**
Toofurn Qld No 2 Trust
Toowel No. 2 Trust
Toowoomba Bedding No. 2 Trust**
Torcarsa No 2 Trust
Town Electrics No.2 Trust
Towncom No. 2 Trust**
Townfurn No. 2 Trust
Tracfurn No. 2 Trust
Tralgfurn No. 2 Trust
Valecomp No. 2 Trust**
Vallcom No. 2 Trust
Vallect No. 2 Trust
Vallel No. 2 Trust
Valley Superstore No. 2 Trust**
Valleybed No. 2 Trust
Valleyfurn No. 2 Trust
Vallfurn No. 2 Trust
Vallit No. 2 Trust
Vallstore No. 2 Trust**
Vallware No. 2 Trust
Verlect No. 2 Trust**
Villect No. 2 Trust**
Volect 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
Warnerstore No. 2 Trust**
Warracom No. 2 Trust
Warrapp No. 2 Trust
Warrics No 2 Trust
Warstore No. 2 Trust
Wartec No. 2 Trust**
Warwickfurn No. 2 Trust
Watlect No. 2 Trust**
Waycom No 2 Trust
Wayel No. 2 Trust
Wayfurn No 2 Trust
Westerncom No. 2 Trust
Westernel No. 2 Trust**
Westernfurn No. 2 Trust
Westfurn No. 2 Trust
Westlect No. 2 Trust
Westore No. 2 Trust**
Wickson No. 2 Trust
Wicomp No. 2 Trust
Wikstore No 2 Trust
Wiley Park Computers No 2 Trust
Windsorall 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	
	2010 $000	2009 $000
Current Assets		
Cash and cash equivalents	**84,936**	83,766
Trade and other receivables	**1,081,258**	1,038,521
Other financial assets	**18,150**	25,874
Inventories	**53,917**	28,991
Intangible assets	**761**	537
Other assets	**15,078**	8,091
Total current assets	**1,254,100**	1,185,780
Non-Current Assets		
Trade and other receivables	**24,110**	15,649
Investments accounted for using equity method	**134,144**	183,196
Other financial assets	**110,892**	109,707
Property, plant and equipment	**124,694**	220,443
Investment properties	**1,489,200**	1,316,572
Intangible assets	**23,786**	17,732
Deferred income tax assets	**17,903**	16,891
Total non-current assets	**1,924,729**	1,880,190
Total Assets	**3,178,829**	3,065,970
Current Liabilities		
Trade and other payables	**585,382**	584,920
Interest-bearing loans and borrowings	**42,000**	389,589
Income tax payable	**29,724**	31,680
Provisions	**10,956**	9,374
Other liabilities	**1,266**	1,407
Total current liabilities	**669,328**	1,016,970
Non-Current Liabilities		
Trade and other payables	**23,332**	
Interest-bearing loans and borrowings	**318,855**	-
Provisions	**7,204**	7,331
Deferred income tax liabilities	**159,214**	164,003
Other liabilities	**4,239**	5,197
Total non-current liabilities	**512,844**	176,531
Total Liabilities	**1,182,172**	1,193,501
NET ASSETS	**1,996,657**	1,872,469
Equity		
Contributed equity	**259,610**	259,610
Reserves	**9,217**	12,476
Retained profits	**1,727,830**	1,600,383
TOTAL EQUITY	**1,996,957**	1,872,469

39 ■ Deed of Cross Guarantee (continued)

Consolidated Income Statement

	CONSOLIDATED	
	2010 $000	2009 $000
Profit from continuing operations before income tax expense	**374,150**	367,313
Income tax expense	**(108,602)**	(109,945)
Profit after tax from continuing operations	**265,548**	257,368
Profit for the year	**265,548**	257,368
Retained earnings at the beginning of the year	**1,600,383**	1,470,493
Dividends provided for or paid	**(138,101)**	(127,478)
Retained earnings at the end of the year	**1,727,830**	1,600,383

40 ■ Parent Entity Financial Information

(a) Summary Financial Information

	PARENT ENTITY	
	2010 $000	2009 $000
Statement of Financial Position		
Non-current assets	**1,634,871**	1,469,984
Total assets	**1,634,871**	1,469,984
Current liabilities	**34,561**	36,400
Non-current liabilities	**24,384**	16,719
Total liabilities	**58,945**	53,119
Contributed equity	**259,610**	259,610
Retained profits	**1,316,316**	1,157,255
Total Equity	**1,575,926**	1,416,865
Profit for the Year	**297,163**	275,127
Total Comprehensive Income	**297,163**	275,127

(b) Contingent Liabilities

As at 30 June 2010, the parent entity had guaranteed the performance of a number of controlled entities which have entered into operating leases and facilities with other parties totalling $453,631,000 (2009: $598,646,000).

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 2010 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 2010.

In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in Note 38 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board.

G. HARVEY
Chairman
Sydney
28 September 2010

K.L. PAGE
Director / Chief Executive Officer
Sydney
28 September 2010

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
www.ey.com/au

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 statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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 consolidated entity's financial position at 30 June 2010 and of its 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 17 to 26 of the directors' report for the year ended 30 June 2010. 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 2010, complies with section 300A of the *Corporations Act 2001.*

Ernst & Young

Christopher D. George
Partner

Sydney
28 September 2010

Distribution of Shareholdings as at 24 September 2010

Size of Holding	Ordinary Shareholders
1 – 1,000	7,780
1,001 – 5,000	9,618
5,001 – 10,000	2,194
10,001 – 100,000	1,643
100,001 and over	150
	21,385
Number of Shareholders With less than a marketable parcel	601

Voting Rights

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

Twenty Largest Shareholders as at 24 September 2010

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%
98,658,337	National Nominees Limited	9.29%
86,433,584	HSBC Custody Nominees (Australia) Limited	8.14%
84,247,521	JP Morgan Nominees Australia Limited	7.93%
49,990,575	Ms Margaret Lynette Harvey	4.71%
28,006,821	Citicorp Nominees Pty Limited	2.64%
25,286,782	RBC Dexia Investor Services Australia Nominees Pty Limited	2.38%
20,415,961	Cogent Nominees Pty Ltd	1.92%
17,118,200	Enbeear Pty Limited	1.61%
16,995,133	Ms Kay Lesley Page	1.60%
5,647,148	AMP Life Limited	0.53%
5,434,357	USB Wealth Management Australia Nominees Pty Limited	0.51%
4,516,101	Australian Reward Investment	0.43%
4,030,000	Argo Investments Limited	0.38%
3,380,180	ANZ Nominees Limited	0.32%
3,058,700	Bond Street Custodians Limited	0.29%
2,845,553	Mr Michael Harvey	0.27%
1,805,078	Omnilab Media Investments Pty Limited	0.17%
1,674,798	Queensland Investment Corporation	0.16%
946,754,021		89.12%

Total held by twenty largest shareholders as a percentage of total ordinary shares is 89.12% as at 24 September 2010.

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

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
Letališka 3D
1000 Ljubljana
Phone: 0011 386 1585 5000

KOPER
Ankaranska c3C
Koper
Phone: 0011 386 5610 0102

CELJE
Kidričeva ulica 26A
3000 Celje
Phone: 0011 386 3425 0050

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

Harvey Norman

DOMAYNE

Norman Ross

JOYCE MAYNE

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RICK HART

Harvey Norman Holdings Limited
ABN 54 003 237 545