

# **Harvey Norman**<sup>®</sup>

Holdings Limited



**2011**  
Annual Report



# Harvey Norman

## HOLDINGS LIMITED

ABN 54 003 237 545

### ANNUAL REPORT YEAR ENDED 30 JUNE 2011

#### Key Dates

30 August 2011	Announcement of Full Year Profit to 30 June 2011 Announcement of Final 2011 Dividend
4 November 2011	Record date for determining entitlement to Final 2011 Dividend
29 November 2011	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
5 December 2011	Payment of Final 2011 Dividend
28 February 2012	Announcement of Half-Year Profit to 31 December 2011 Announcement of Interim 2012 Dividend
13 April 2012	Record date for determining entitlement to Interim 2012 Dividend
7 May 2012	Payment of Interim 2012 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	Boardroom Pty 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



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Financial Highlights	FY2007	FY2008	FY2009	FY2010	FY2011
no. of franchised outlets in Australia <sup>1</sup>	192	194	195	194	195
no. of company-owned stores <sup>2</sup>	53	66	69	70	96
franchisee sales revenue <sup>1</sup>	\$4.50bn	\$4.86bn	\$5.06bn	\$5.19bn	\$5.08bn
company-owned sales revenue <sup>2</sup>	\$1,329.43m	\$1,428.85m	\$1,440.65m	\$1,344.46m	\$1,556.38m
other revenues and other income items from continuing operations	\$1,005.46m	\$1,058.16m	\$1,035.10m	\$1,097.39m	\$1,122.46m
earnings before interest and tax (EBIT) from continuing operations	\$522.27m	\$555.11m	\$382.95m	\$420.10m	\$416.92m
profit from continuing operations after tax and non-controlling interests	\$324.10m	\$358.45m	\$214.35m	\$231.41m	\$252.26m
profit from discontinued operations after tax and non-controlling interests	\$83.15m	\$0m	\$0m	\$0m	\$0m
net profit after tax and non - controlling interests	\$407.25m	\$358.45m	\$214.35m	\$231.41m	\$252.26m
net cash flows from operating activities	\$444.43m	\$289.45m	\$442.50m	\$386.87m	\$358.97m
basic earnings per share	30.63c	33.76c	20.18c	21.78c	23.75c
dividends per share (fully franked)	11.0c	14.0c	11.0c	14.0c	12.0c
return on invested capital (ROIC) %	24.36%	22.66%	15.39%	16.80%	15.30%
debt to equity ratio (%)	32.58%	29.12%	28.49%	23.23%	29.16%

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

<sup>2</sup> Includes the "Harvey Norman" and "Norman Ross" branded company-owned stores in New Zealand, Ireland, Northern Ireland, Singapore, Malaysia and Slovenia and the "Clive Peeters", "Rick Hart" and "OFIS" brand names in Australia. The OFIS brand ceased during the last quarter of the June 2009 financial year.



## Business Performance

Our integrated retail, franchise and property system is sustainable and robust, despite the current economic and market headwinds. We have a strong balance sheet underpinned by a \$2.04 billion property portfolio and generate strong free net cashflows from our franchising operations segment. Furniture and bedding franchisees continue to outperform the Australian market. Electrical and computer franchisees have maintained their dominant market position despite intense competition and deflationary pressure in key categories.

Although retail trading conditions remain challenging, our integrated retail, franchise and property system has delivered a net profit from continuing operations after tax and non-controlling interests of \$252.26 million for the year ended 30 June 2011 compared to \$231.41 million for the previous year, an increase of \$20.85 million or 9.0%.

This solid result has been achieved by focusing on our core competencies and by the prudent allocation of resources to those activities and assets that are capable of generating long term sustainable growth and value for our stakeholders.

These core competencies include:

■ *Investing in the growth and performance of our Franchising Operations segment:*

The result before tax of the franchising operations segment was \$254.59 million for the year ended 30 June 2011 compared to a result of \$310.68 million for the preceding year, a reduction of 18.1%. Our franchisees are committed to driving sales growth and growing market share. However, the strength of the Australian dollar, price deflation and intense competition has eroded average selling prices and, ultimately, retail gross profit margins. These factors have reduced franchise fees received.

Our franchisees have managed a difficult trading environment well and are in good stead to take advantage of any uplift in discretionary spending in the local market. We will continue to invest in the ongoing development of our robust franchise system and will continue to support our franchisees where necessary to effectively manage changing retail trends and varying consumer habits.

■ *Investing in and maintaining the high standard of quality of our consolidated property portfolio:*

A strong property portfolio is an essential component of the Harvey Norman brand and integrated retail and franchise system. Sustained but prudent investment in the property portfolio offers strength to our balance sheet and provides us with a steady and reliable income stream in the form of rent charged to franchisees and other third party tenants. Our consolidated property portfolio is valued at \$2.04 billion as at 30 June 2011. Property-related income has seen an increasing trend year upon year and the combination of rental growth and stabilising capitalisation rates has delivered a net revaluation increment of \$15.46 million for our Australian investment property portfolio and joint venture entities for the year ended 30 June 2011.

We continued our store roll-out program in Australia and have opened two (2) Harvey Norman complexes, re-branded three (3) former Clive Peeters stores to the Harvey Norman brand and re-branded one (1) former Clive Peeters store to the Joyce Mayne brand. We opened three (3) Harvey Norman company-owned stores in offshore markets located in Novo Mesto, Slovenia in October 2010, Mont Kiara, Malaysia in January 2011 and Gisborne, New Zealand in May 2011.

We have invested in a number of extensive new developments currently under construction or refurbishment. The large-scale developments at Springvale, Victoria (opening in October 2011) and Maroochydore, Queensland (opening in October 2012) will be anchored by Harvey Norman and Domayne franchised complexes and a vast array of dynamic external tenants to showcase the attributes of a truly integrated retail, franchise and property system.

■ *Maintaining a conservative gearing ratio*

We are conservatively geared and maintain a low debt to equity ratio of 29.16% and a low net debt to equity ratio of 21.87% as at 30 June 2011.

Throughout the 2011 financial year, we have embarked on a number of projects and opportunities that have the capacity to enhance our enterprise and strengthen our brand. Investment in our integrated retail, franchise and property system and the reorganisation of our investment in several controlled retail entities has necessitated a rise in funding requirements.

We will continue to take advantage of our strong balance sheet and low gearing to seize opportunities in the marketplace as they arise.





## Financial Analysis and Commentary

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

Net profit from continuing operations after tax and non-controlling interests was \$252.26 million for the year ended 30 June 2011 compared with \$231.41 million for the previous year, an increase of \$20.85 million or 9.0%.

This increase is mainly attributable to:

- the net property revaluation increment of \$15.46 million before tax (\$10.82 million after tax) recorded by the Australian investment property portfolio and joint venture entities for the current year compared to a net revaluation decrement of \$39.91 million before tax (\$27.93 million after tax) in prior year, a turnaround of \$55.37 million before tax (or \$38.75 million after tax);
- an increase of \$16.70 million before tax (\$11.69 million after tax) in rent received from franchisees and third party tenants;
- a reduction in the losses incurred by the company-run operations in the Republic of Ireland and Northern Ireland by \$12.55 million before and after tax attributable to favourable foreign currency movements, lower impairment charges recognised during the current year and operational efficiencies and cost control measures implemented by management during the year;
- the profit of \$7.34 million before tax (\$5.14 million after tax) recognised on the sale of a development property located in Mentone, Victoria;
- a rise of \$4.24 million before tax (\$2.97 million after tax) in the market value of the listed public securities and dividends received by the consolidated entity relative to prior year; and
- the stronger result generated by the retail operations in Singapore, Malaysia and Slovenia which have increased profitability by \$4.65 million before tax collectively compared to the previous year.

The impact of the above increases have been minimised by the following decreases in profit:

- a reduction in the profitability of the franchising operations segment by \$56.09 million or 18.1% before tax (\$39.26 million after tax) due to lower franchise fees collected during the year;
- start-up investment costs and trading losses of \$41.07 million before tax (\$28.75 million after tax) incurred in the Clive Peeters and Rick Hart operations since its acquisition in July 2010; and
- a reduction in the result of the retail operations in New Zealand by \$5.63 million before tax (\$3.94 million after tax) due to the turbulent trading environment which has deteriorated further pursuant to the GST increase in October 2010 and the major natural disasters in Christchurch.

The above factors contributed to a lower tax charge in the income statement by \$34.16 million mainly attributable to:

- a reduction in profit before tax from \$386.46 million in the previous year to \$373.94 million in the current year, a decrease of \$12.53 million;
- the recognition of deferred tax expense of \$19.67 million in the previous year (nil in the current year) resulting from a New Zealand legislative change effectively excluding a tax deduction for future building depreciation expense; and
- an increase in the research and development tax concessions following increased capital expenditure on eligible information technology projects.

### ■ Franchising Operations Segment

The franchising operations segment in Australia delivered a lower segment result before tax of \$254.59 million for the year ended 30 June 2011 compared with a segment result of \$310.68 million for the previous year, a decrease of 18.1%.

The reduction in franchisee sales revenue has translated into a decrease in the profitability of the franchising operations segment. Franchise fees received during the year decreased. Franchisees continued to grow market share across key product categories. Franchisees are well placed to take advantage of any improvement in discretionary retail.

The franchising operations margin is calculated as the segment result before tax of the franchising operations segment over franchisee aggregate sales revenue. The franchising operations margin was 5.01% for the year ended 30 June 2011 compared to 5.99% for the year ended 30 June 2010.



### Franchising Operations Segment (continued)

The table below shows the franchising operations margin for the following half-year ("HY") and full-year ("FY") periods.

Franchising Operations Margin		FY June 2009		FY June 2010		FY June 2011	
no. of franchised outlets in Australia <sup>1</sup>		195		194		195	
franchising operations segment result before tax		\$293.04m		\$310.68m		\$254.59m	
franchisee sales revenue <sup>1</sup>		\$5.06bn		\$5.19bn		\$5.08bn	
<b>franchising operations margin (%)</b>		<b>5.79%</b>		<b>5.99%</b>		<b>5.01%</b>	
		HY Dec-08	HY Jun-09	HY Dec-09	HY Jun-10	HY Dec-10	HY Jun-11
no. of franchised outlets in Australia <sup>1</sup>		198	195	195	194	198	195
franchising operations segment result before tax		\$148.17m	\$144.87m	\$186.79m	\$123.89m	\$150.36m	\$104.23m
franchisee sales revenue <sup>1</sup>		\$2.61bn	\$2.45bn	\$2.78bn	\$2.41bn	\$2.74bn	\$2.34bn
<b>franchising operations margin (%)</b>		<b>5.67%</b>	<b>5.91%</b>	<b>6.71%</b>	<b>5.15%</b>	<b>5.48%</b>	<b>4.46%</b>

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

Franchising Operations Segment Key Statistics:		2007	2008	2009	2010	2011
Franchising operations margin		6.30%	5.88%	5.79%	5.99%	5.01%
Return on franchising operations equity (a)		49.63%	47.95%	44.12%	44.13%	37.52%
Return on franchising operations assets (b)		27.08%	27.75%	24.85%	25.70%	20.88%
		\$000	\$000	\$000	\$000	\$000
Revenue from franchising operations		828,676	865,836	913,312	944,323	938,927
Franchising operations EBITDA		356,035	354,454	377,277	384,800	332,459
Net operating cash flows from franchising operations		287,298	312,439	280,708	286,907	301,771

(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)

### ■ Sales Revenue of Franchisees in Australia:

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

Australian franchisee sales data for the year ended 30 June 2011 indicated the following:

- Furniture and bedding franchisees continue to grow revenue and market share despite continued slowdown in the industry. We expect that our brands will again outperform the market in FY12.
- Electrical franchisees are operating in an extremely challenging environment accentuated by the strength of the Australian dollar. Price deflation in the television category has continued and has resulted in reduced revenues, however transactions continue to grow. The franchisees' continued focus on white goods, cooking, home appliances and floor care has resulted in growth in these categories. Deflation will continue to dampen revenue growth in the coming year.
- Computer franchisee sales continue to be affected by a cautious consumer. Average selling price (ASP) declines are hiding positive unit sales growth in major categories. We believe the IT retail industry is entering a new phase of product re-generation with great mainstream technology, where new product lines in major categories are offering real benefits for consumers. "Tablets", "Smart Phones", "Ultrabooks", "All in One Computers" and new generation DSLR cameras offer the next generation of exciting products. Harvey Norman franchisees are well positioned to continue to lead this market.



### ■ Acquisition of Clive Peeters and Rick Hart Retail Brands and Assets

On 1 July 2010 Harvey Norman CP Pty Limited, a wholly-owned subsidiary of Harvey Norman Holdings Limited, entered into an Asset Sale Agreement ("ASA") with Clive Peeters Limited ACN 058 868 018 (Administrators Appointed) (Receivers & Managers Appointed) ("CP") and certain associated companies of CP to purchase certain assets for an estimated purchase price of \$55 million inclusive of GST. The ASA was completed on 7 July 2010 and, subsequent to the satisfactory completion of the due diligence by management, a final purchase price of \$54.75 million inclusive of GST was agreed with the Receivers.

The inventory and plant and equipment assets of each of the twenty-eight (28) Clive Peeters and Rick Hart stores and the Rick Hart seconds store listed in the table below, the know-how and intellectual property rights and systems of the Vendors were acquired less an allowance for employee entitlement provisions and customer deposits received in advance. There was no goodwill recognised pursuant to the Clive Peeters business combination as the purchase consideration paid for the net assets acquired approximated fair value as at acquisition date.

### ■ Clive Peeters and Rick Hart – Sales and Profit Performance

Consolidated sales revenue for the year ended 30 June 2011 was \$209.20 million for Clive Peeters and \$70.46 million for Rick Hart, a total of \$279.66 million for the two brands. This was below management's expectations highlighting the impact of the damage to the brands prior to acquisition and the lead-time for customer acceptance and confidence following the period of receivership. Heavy discounting continued post acquisition to expedite the sale of inventory acquired from the former business whilst management focused on building a stronger retail offering to consumers by implementing a new computer business. The subdued sales result was compounded by the difficult trading conditions experienced by all retailers and price deflation on electrical goods.

The consolidated result for the Clive Peeters and Rick Hart brands for the year ended 30 June 2011 was a loss of \$41.07 million before tax. This loss reflects investment costs in attempting to rebuild the damaged Clive Peeters and Rick Hart brands. Significant investment costs included higher advertising and promotion costs to repair the brand, start-up costs associated with establishing the new computer business and the costs associated with altering and integrating the existing operations into the Harvey Norman system. The consolidated entity has determined that the Clive Peeters and Rick Hart retail operations were not viable businesses in its current form and as a result of worsening economic circumstances. The consolidated entity has acted decisively to cease trading under the impaired brands. In August 2011, the consolidated entity announced its intention to close seven (7) stores and to convert the eighteen (18) remaining stores to the Harvey Norman and Joyce Mayne brand formats.

The closure of the 4 Clive Peeters and 3 Rick Hart stores will result in a charge against the pre-tax profit of the consolidated entity of an amount presently estimated to be approximately \$10 million in respect of the financial year ending 30 June 2012.

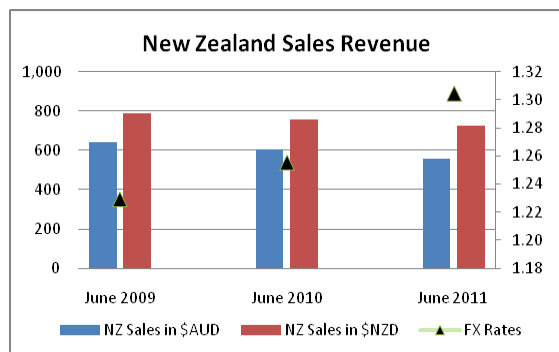
<b>Clive Peeters</b>		<i>* Rebranding to Harvey Norman and Joyce Mayne formats will commence in September 2011 and will be completed by December 2011</i>	
<i>Victoria</i>		<i>Queensland</i>	
▪ Bendigo	Closure (Aug 2011)	▪ Aspley	Rebrand to Harvey Norman *
▪ Braybrook	Rebrand to Harvey Norman *	▪ Bundaberg	Rebranded to Joyce Mayne in Oct 2010
▪ Coburg	Rebrand to Harvey Norman *	▪ Burleigh Waters	Rebrand to Harvey Norman *
▪ Dandenong	Closure (Aug 2011)	▪ Loganholme	Rebrand to Harvey Norman *
▪ Malvern	Closure (Aug 2011)	▪ Macgregor	Rebrand to Harvey Norman *
▪ Moorabbin	Rebrand to Harvey Norman *	▪ Mackay	Rebrand to Joyce Mayne *
▪ Mornington	Rebrand to Harvey Norman *	▪ Maroochydore	Rebrand to Harvey Norman *
▪ Richmond	Rebrand to Harvey Norman *	▪ Maryborough	Rebranded to Harvey Norman in Sep 2010
▪ Ringwood	Rebrand to Harvey Norman *	▪ Morayfield	Rebrand to Joyce Mayne *
▪ Thomastown	Closure (Aug 2011)		
<i>Tasmania</i>		<i>New South Wales</i>	
▪ Moonah	Rebranded to Harvey Norman in Nov 2010	▪ Mt. Druitt	Rebranded to Harvey Norman in Aug 2010
<b>Rick Hart</b>			
<i>Western Australia</i>			
▪ Belmont	Rebrand to Harvey Norman *	▪ O'Connor	Closure (Aug 2011)
▪ Joondalup	Rebrand to Harvey Norman *	▪ Osborne Park	Rebrand to Harvey Norman *
▪ Mandurah	Closure (Aug 2011)	▪ Victoria Park	Rebrand to Harvey Norman *
▪ Midland	Rebrand to Harvey Norman *	▪ Osborne Park Seconds	Closure (Aug 2011)





## Sales and Profitability of the Overseas Controlled Entities

### New Zealand



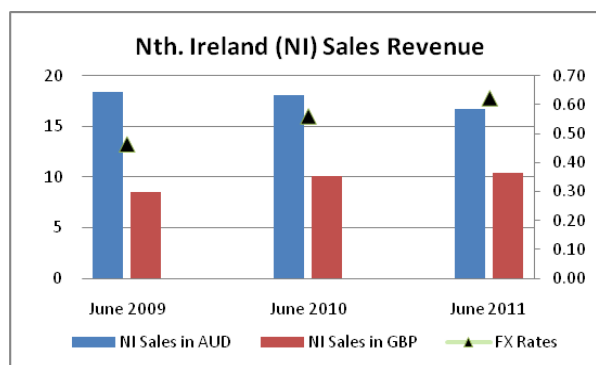
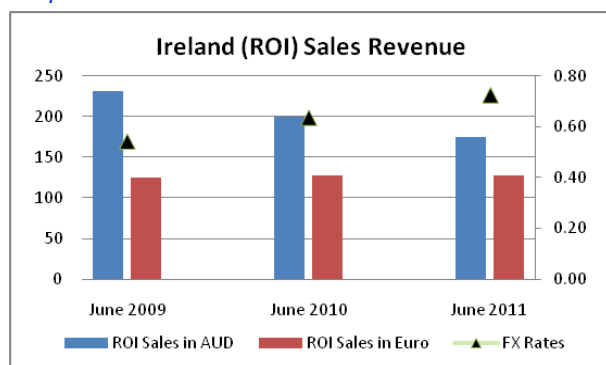
Sales revenue from the New Zealand company-owned stores decreased by \$NZ29.42 million (decrease of 3.9%) due to the New Zealand downturn and low consumer sentiment. When sales in New Zealand were translated into Australian dollars for the purposes of this report, the decrease in sales revenue was \$A45.31 million (decrease of 7.5%). This decrease is due to a 3.8% devaluation in the New Zealand dollar relative to the Australian dollar used for translation purposes.

The retail segment result in New Zealand was \$42.78 million for the year ended 30 June 2011 compared to \$48.41 million for the previous year, a decrease of 11.6%. The decrease in local currency would have been 8.2%.

New Zealand's challenging retail environment was further exacerbated by the GST increase in October 2010 and the major Christchurch earthquakes in September 2010 and February 2011. The New Zealand economy remains challenging characterised by low consumer confidence, high inflation and the significant decline in property prices. Whilst unit sales have increased, New Zealand turnover and gross profit margins have been adversely impacted by significant price erosion of key products, consistent with trends seen across the globe.

The New Zealand operations are robust and continue to dominate and grow market share across key categories, despite the volatility in the New Zealand economy.

### Republic of Ireland and Northern Ireland



Sales revenue from the company-owned stores in the Republic of Ireland decreased by €0.32 million (decrease of 0.3%) from €127.22 million in the previous year to €126.90 million for the year ended 30 June 2011. When sales in Ireland were translated into Australian dollars for the purposes of this report, sales revenue decreased by \$25.03 million (decrease of 12.5%). This decrease is due to a 12.3% decline 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 £0.32 million (increase of 3.2%) from £10.08 million in the previous year to £10.40 million for the year ended 30 June 2011. The sales increase can be attributed to increased brand awareness in Northern Ireland as the two (2) stores have been trading for over two years. When sales in Northern Ireland were translated into Australian dollars for the purposes of this report, sales revenue actually decreased by \$1.30 million (decrease of 7.2%) due to a 10.0% decline in the UK Pound Sterling relative to the Australian dollar used for translation purposes.

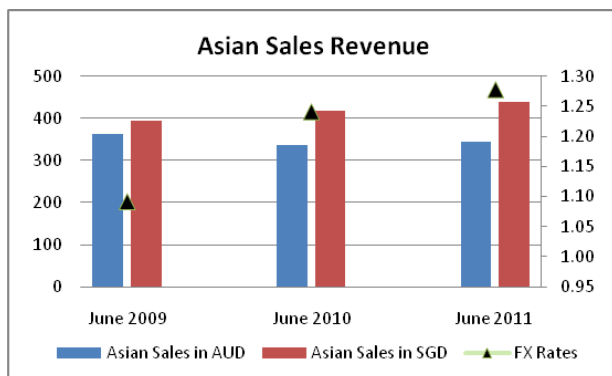
The segment result for the operations in Ireland and Northern Ireland was a trading loss of \$38.59 million for the current year compared to a loss of \$51.14 million for the preceding year. The loss was reduced by \$12.55 million or 24.5% partly due to the combination of an appreciation in the Australian dollar relative to the Euro, lower impairment charges recognised during the current year and cost control measures and operational efficiencies put in place by new management. We continue to grow market share in Ireland and are well positioned to take advantage of any improvement in macroeconomic conditions.

Ireland reported a loss of €24.54 million for the current year compared to a loss of €23.47 million in the previous year, an increase in loss of 4.6% in local currency. The Irish loss in Australian dollars improved on the previous year by 8.3%. Northern Ireland reported a loss of £2.93 million for the year compared to a loss of £7.94 million in the prior year, an improvement of 63.1% in local currency. In Australian dollars, the improvement in the Northern Ireland segment result was 66.8%. In the previous year ending 30 June 2010, the consolidated entity had incurred an impairment charge of \$6.62 million attributable to the write-down of plant and equipment assets located in Northern Ireland. The Board remains committed to Ireland for the long-term.



### Sales and Profitability of Overseas Controlled Entities (continued)

#### Asia



Sales revenue from the controlled entity Pertama Holdings Limited, Singapore, trading as "Harvey Norman" increased by \$S20.87 million (increase of 5.0%). When sales in Singapore were translated into Australian dollars for the purposes of this report, the increase in sales was \$A6.65 million (increase of 2.0%). There was a devaluation of 2.9% in the Singapore dollar relative to the Australian dollar used for translation purposes.

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 \$10.41 million in the previous year to \$13.05 million for the year ended 30 June 2011, an increase of 25.4%. The increase in local currency was 29.1%.

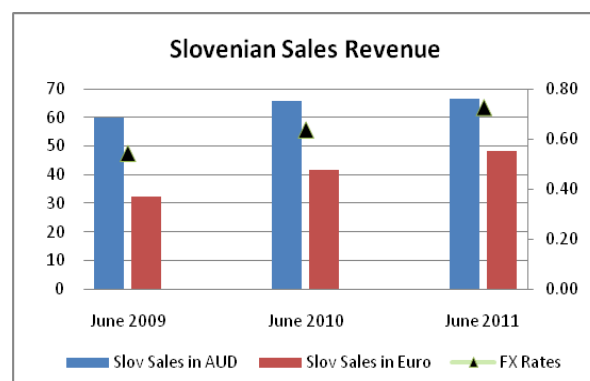
The Malaysian operations are expected to be a growth area within the Asian segment. The investment in the "Space Furniture" brand in Singapore has resulted in a 13.5% increase in sales revenue.

#### Slovenia

Sales revenue from the company-owned stores in Slovenia increased by €6.33 million (increase of 15.2%) relative to the previous year. This increase is mainly attributable to the sales revenue recorded by the new store at Novo Mesto which commenced trading in October 2010 and a full year's trading of the Celje store which opened in August 2009.

When sales in Slovenia were translated into Australian dollars for the purposes of this report, the increase in sales was \$A0.67 million (increase of 1.0%).

With the recent opening of Novo Mesto, there are now four (4) stores in Slovenia with strong market share in all categories. The segment result was \$5.37 million for the year ended 30 June 2011 compared to \$3.36 million for the preceding year.



#### Other Non-Franchised Retail

The non-franchised retail segment 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.

Sales revenue for the other non-franchised retail segment was \$112.58 million for the year ended 30 June 2011 compared to \$116.56 million for the previous year, a decrease of 3.4%.

The segment result for the non-franchised retail segment was a profit of \$7.87 million for the current year compared to a profit of \$7.02 million in the prior year, an improvement of \$0.85 million or 12.1%.



## ■ 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, properties located in Singapore, four (4) 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	FY2007	FY2008	FY2009	FY2010	FY2011
Investment properties	1,020,906	1,178,784	1,316,572	1,393,991	1,401,158
Investment properties under construction	79,620	134,829	80,172	95,209	200,443
Joint venture properties	106,416	187,222	189,571	140,581	158,978
Owned land & buildings in New Zealand, Singapore and Slovenia	207,089	183,500	214,184	230,595	257,765
Properties held for resale	-	-	20,063	17,485	26,579
<b>Total Property Portfolio</b>	<b>1,414,031</b>	<b>1,684,335</b>	<b>1,820,562</b>	<b>1,877,861</b>	<b>2,044,923</b>

### *Benefits of Property Ownership*

The ownership of a substantial property portfolio is an essential complement to the Harvey Norman brand and retail system. It enables shareholders to indirectly participate in the ownership of high-quality bulky goods retail and warehouse properties, geographically spread. Core properties within the portfolio comprise of bulky goods retail centres, stand-alone showrooms and warehouses.

Property ownership is integral to the success of the integrated retail, franchise and property system and delivers the following benefits to the consolidated entity:

- The presence of Harvey Norman, Domayne or Joyce Mayne franchisees as anchor tenants in a complex is a key drawcard to attract superior national third-party tenants and dynamic local operators to co-locate within the same complex. This provides the consolidated entity with a distinct advantage in its ability to create a solid, dynamic and cross-beneficial tenancy mix in order to maximise the profitability of the retail property segment.
- Despite the softening retail sector, property ownership delivers a steady and reliable income stream in the form of rent charged to franchisees and complementary third-party tenants.
- A large property portfolio under management creates economies of scale, delivers operational cost efficiencies and enhanced negotiating power in the property sector.

### *Key Statistics Relating to the Australian Property Portfolio:*

Australian Property Portfolio Statistics	FY2007	FY2008	FY2009	FY2010	FY2011
Weighted average capitalisation rates	8.69%	8.21%	8.36%	8.70%	8.77%
Average occupancy rates	98.56%	98.46%	97.89%	96.96%	97.56%
Net property yield (a)	14.11%	14.95%	6.76%	4.61%	9.10%
Return on equity (b)	25.86%	25.84%	12.00%	7.91%	16.35%

Australian Retail Property Portfolio:	\$000	\$000	\$000	\$000	\$000
Australian Retail Property Segment Result	139,128	177,666	82,813	53,639	123,313
Australian Retail Property EBIT	156,228	189,783	96,044	67,457	141,051

Revaluation increment/(decrement):					
(a) Australian investment properties	64,483	64,709	(4,620)	(30,052)	15,297
(b) Share of joint venture properties	866	37,572	14,304	(9,854)	158
<b>Total revaluation increment/(decrement)</b>	<b>65,349</b>	<b>102,281</b>	<b>9,684</b>	<b>(39,906)</b>	<b>15,455</b>

(a) Calculated as: EBIT from Australian Retail Property Segment ÷ 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



### *New Developments and Store Refurbishment Programme*

The consolidated entity has embarked on an extensive new development and store refurbishment programme that is driven by a commitment to growing the Harvey Norman brands and maintaining the high standard of presentation of the franchised complexes and company-owned stores. The highlights of the programme are large-scale developments at Springvale and Maroochydore and a boutique restoration in Singapore to house the flagship Space Furniture retail brand.



#### *Springvale, VIC: Opening October 2011*

Springvale is a landmark development that showcases for the first time the joint retail powers of Harvey Norman and IKEA together under one roof. The development includes both Harvey Norman and Domayne as part of the 72,000 sqm centre.



#### *Maroochydore, QLD: Opening October 2012*

The Maroochydore development is well located close to the CBD. The centre will boast over 32,600 sqm of lettable area anchored by Harvey Norman and Domayne. Construction of the multi-level centre commenced in April 2011 and is due for completion in October 2012.



#### *Bencoolen Street, Singapore: Opening September 2011*

In Singapore, a mixture of conservation restoration and cutting-edge design will combine to form the new SPACE Asian hub. The heritage site in the very heart of Singapore's arts district was purchased in 2007. An intense design and construction programme will see the world class showroom open in September 2011.

### *Breakdown of Owned and Leased Complexes*

30 June 2011	Number of Owned Sites	Leased**	Total
Australia: Franchised complexes	74	121	195
Australia: Clive Peeters & Rick Hart	0	25	25
New Zealand	15	16	31
Slovenia	4	0	4
Ireland & Northern Ireland	0	16	16
Asia	0	20	20
<b>TOTAL</b>	<b>93</b>	<b>198</b>	<b>291</b>

\*\* leased from external parties





## ■ 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, the Harvey Norman and Norman Ross ("NR") branded company-owned stores in New Zealand, Ireland, Northern Ireland, Singapore, Malaysia and Slovenia and the Clive Peeters ("CP") and Rick Hart ("RH") branded company-owned stores in Australia as at 30 June 2011.



## ■ Acquisitions, New Complex and Store Openings, Closures and Conversions

### *Store Openings Due to Acquisitions*

In July 2010 the consolidated entity acquired the Clive Peeters and Rick Hart brand names and the inventory and plant and equipment assets of twenty-eight (28) former CP and RH stores and a discounts "seconds" store at Osborne Park. The retail sites continued to trade under the Clive Peeters and Rick Hart brand names, with the exception of the following stores located at Mt. Druitt, Maryborough and Moonah, which were rebranded to Harvey Norman, and Bundaberg which was rebranded to Joyce Mayne during the year.

As at 30 June 2011, there were seventeen (17) CP stores located in Victoria and Queensland and seven (7) Rick Hart stores and one (1) Rick Hart seconds store located in Western Australia.

In August 2011, the consolidated entity announced its intention to restructure the Clive Peeters and Rick Hart businesses with the proposed closure of seven (7) CP and RH retail sites and the conversion of sixteen (16) CP and RH stores to the Harvey Norman brand format and two (2) CP stores to the Joyce Mayne brand format. This restructure will take place during the first half of the 2012 financial year.

### *Franchised Complex Openings, Conversions and Closures*

Two (2) new franchised Harvey Norman complexes, located at Morwell and Ipswich, commenced trading during the current year. There were 195 franchised complexes in Australia as at 30 June 2011 under the following brand names:

- Harvey Norman 166
- Domayne 15
- Joyce Mayne 14

Included in the above figures are the rebranding of the HN Bernoths store at Toowoomba and the former CP Bundaberg store to Joyce Mayne and the rebranding of three (3) former CP stores to Harvey Norman.

One (1) Harvey Norman franchised complex located at Ulverstone, Tasmania ceased trading during the year.

### *Company-Owned Store Openings and Closures in Offshore Markets*

One (1) new store was opened in Novo Mesto, Slovenia in October 2010 bringing the total number of stores in Slovenia to four (4). In New Zealand, one (1) new Harvey Norman store opened in May 2011 at Gisborne and the Lower Hutt Norman Ross store ceased trading. There are thirty-one (31) stores in total in New Zealand under the Harvey Norman and Norman Ross brand names. There are seven (7) HN stores in Malaysia with the opening of a new store at Mont Kiara in January 2011. There are thirteen (13) HN stores in Singapore following one (1) store closure during the year. We remain committed to our company-owned stores in the Republic of Ireland and Northern Ireland with fourteen (14) and two (2) HN stores respectively.

There were 71 company-owned stores located in offshore markets as at 30 June 2011.





## ■ Outlook

In the midst of challenging macroeconomic conditions, the outlook for the integrated retail, franchise and property system of the company remains positive. There is a clear strategy that is supported by a strong asset base.

The franchising operations within Australia are performing strongly in the cooking, white goods, and furniture and bedding categories. Intense competition and the improved and ongoing strength of the Australian dollar has continued to drive deflationary pressure within the electrical and computer categories. The franchise system remains strong in this challenging market.

The most significant addition to our business in the first half of the 2012 financial year will be the launching of our e-commerce site for Harvey Norman in early October 2011. Using market intelligence we have already gained from our successful photo-finishing and Domayne sites, we are confident our on-line transactional strategy will produce incremental dollars to the existing channel. Added to this, we will be pioneering a "software on demand" multi-channel offer as an extension to our successful photo-finishing business.

Our Irish business continues to outperform the Irish market although the economic environment remains very challenging. We continue to be resilient and committed to the Ireland and Northern Ireland markets.

Within New Zealand, our strong position will be enhanced by the positive stimulus that is expected from the commencement of the rebuilding of the city of Christchurch. A projected net population and employment growth within New Zealand, combined with the national economic uplift of the rugby world cup, has us well placed in this competitive market.

Within the property portfolio, the Springvale development in Victoria, comprising 72,000 sqm, will open in October 2011 accommodating Harvey Norman, Domayne and IKEA along with 25 other retail tenancies all integrated under the one roof. This landmark development will be the largest of its kind in Australia. Construction has recently commenced at Maroochydoore Queensland to develop an internal centre comprising 32,600sqm of space, accommodating both Harvey Norman and Domayne along with 23 other retail tenancies. Completion is scheduled for October 2012.

We continue to grow market share within our Slovenian business despite the challenging European conditions. The Maribor store, opening in the north east of Slovenia in October 2011, will provide us with a broad coverage of Slovenia, bringing the total number of stores to 5. Maribor is Slovenia's second largest city, and we have high expectations from this 10,000 sqm store. October 2011 will also see the opening of our first Croatian store in the capital Zagreb. Croatia is set to join the European Union in 2013, which will provide us with many opportunities to continue our European growth and expansion. With a population of almost 1 million people, a catchment of approximately double this, and located 1 hour from Ljubljana (the capital of Slovenia) we anticipate the 9,500 sqm single-level leased Zagreb store to perform well.

The balance sheet of the company remains strong through conservative fiscal management. The low debt to equity ratio with tangible property assets in excess of \$2 billion has the company well positioned to manage the core business within the respective territories and take advantage of opportunities in the future.

## ■ Equity

Consolidated equity as at 30 June 2011 was \$2.23 billion compared to \$2.16 billion at 30 June 2010 – an increase of \$71.25 million or 3.3%. Of the total equity of \$2.23 billion, an amount of \$34.88 million (June 2010: \$53.99 million) is attributable to non-controlling interests mainly relating to Pertama Holdings Limited, Singapore. The reduction of \$19.11 million in equity relating to non-controlling interests is due to the on-market acquisitions during the year totalling 44,459,000 shares in Pertama Holdings Limited, Singapore by Harvey Norman Singapore Pte Limited, a wholly-owned subsidiary of Harvey Norman Holdings Limited. Consolidated equity was diluted by \$6.92 million due to the consideration paid in excess of the carrying value of the non-controlling interest.

## ■ Dividend

The recommended final dividend is 6.0 cents per share fully franked (June 2010: 7.0 cents per share fully franked). This final dividend will be paid on 5 December 2011 to shareholders registered at 5:00 pm on 4 November 2011. 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, 29 September 2011



Your directors submit their report for the year ended 30 June 2011.

## ■ Directors

### **Names, qualifications, experience and special responsibilities:**

The names and details of the directors of Harvey Norman Holdings Limited (the "Company") 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 72, 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. Mr. G. Harvey is 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 54, joined Harvey Norman in 1983 and was appointed a director of Harvey Norman Holdings Limited in 1987.

Ms. Page became the Chief Executive Officer of the Company in February 1999 and has overall executive responsibility for the consolidated entity.

Ms. Page is a director of the following other listed/public companies:

- Pertama Holdings Limited, Singapore
- National Rugby League Limited
- Australian National Retailers Association (ANRA)
- Museum of Contemporary Art, Sydney

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

Mr. Slack-Smith, aged 42, 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. Mr. Slack-Smith is a director of the public company, Lifehouse At RPA.

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

Mr. Ackery, aged 51, was appointed a director of Harvey Norman Holdings Limited on 20 December 2005. Mr. Ackery has overall executive responsibility for the relationship between the consolidated entity and Harvey Norman electrical franchisees and strategic partners.

#### ■ *Chris Mentis B.Bus., CA, ACIS – Director, Chief Financial Officer and Company Secretary*

Mr. Mentis, aged 45, 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 24 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 72, was co-founder of Harvey Norman with Mr. G. Harvey in 1982.



■ *Michael John Harvey B.Com. - Non-Executive Director*

Mr. M. Harvey, aged 46, 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 LL.M, FAICD, FTIA - Non-Executive Director*

Mr. Brown, aged 61, 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 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. Mr. Brown is the Chairman of Windgap Foundation Limited.

■ *Kenneth William Gunderson-Briggs B.Bus., FCA, MAICD – Non-Executive Director*

Mr. Gunderson-Briggs, aged 49, 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. Mr. Gunderson-Briggs continues to serve as a director of Windgap Foundation Limited and Glenaeon Rudolph Steiner School Limited.

■ *Graham Charles Paton AM, B.Ec., FCPA, MAICD - Non-Executive Director*

Mr. Paton, aged 66, 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.

■ *Arthur Bayly Brew - Director*

Mr. Brew, aged 61, 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.



### ■ 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	10
Nomination	1

#### Attendance at Remuneration Committee Meetings:

- C.H. Brown (Chairman): 7 [10]
- K.W. Gunderson-Briggs: 10 [10]
- G.C. Paton AM: 7 [10]

#### Attendance at Nomination Committee Meeting:

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

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

Director	Board of Directors	Audit Committee
G. Harvey	10 [10]	n/a
K.L. Page	10 [10]	n/a
J.E. Slack-Smith	10 [10]	n/a
D.M. Ackery	10 [10]	n/a
M.J. Harvey	10 [10]	n/a
C.H. Brown	7 [10]	6 [8]
I.J. Norman	9 [10]	n/a
K.W. Gunderson-Briggs	10 [10]	8 [8]
G.C. Paton	9 [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:

Director	HARVEY NORMAN HOLDINGS LIMITED	
	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	1,000,000
D.M. Ackery	146,667	1,000,000
K. W. Gunderson-Briggs	3,000	-
G.C. Paton	15,000	-
C. Mentis	7,450	1,000,000
<b>TOTAL</b>	<b>507,585,461</b>	<b>3,000,000</b>

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 16 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 shares held by K. Page Pty Limited, 150,000 shares held by K. Page Superannuation Fund Pty Limited and 333,333 shares held by HVN Share Plan Pty Limited.
J.E. Slack-Smith	has a beneficial interest in 59,999 shares held by HVN Share Plan Pty Limited and 200,000 shares held by J. E. Slack-Smith as Trustee for Slack-Smith 2003 Option Trust (Shares).
D.M. Ackery	has a beneficial interest in 133,334 shares held by HVN Share Plan Pty Limited and 13,333 shares held by D.M. Ackery as Trustee for Ackery 2005 Option Trust (Shares).
M.J. Harvey	has a beneficial interest in 678,735 shares held by M.J. Harvey Option Trust.
C.H. Brown	has a beneficial interest in 41,763 shares held by PWSD Pty Limited and 61,704 shares held by Starmoro Pty Limited.
K.W. Gunderson-Briggs	has a beneficial interest in 3,000 shares held by Nosrednug Superannuation Fund Pty Limited.
G.C. Paton	has a beneficial interest in 15,000 shares held by G.C. Paton and V. Paton as trustee for The St. Georges Superannuation Fund.

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 3,000,000 unissued ordinary shares under options (30 June 2011: 3,000,000). Details of share options are set out in Note 29 and Note 31 to the financial statements and form part of this report.

The options pursuant to the 2007 Executive Option Plan ("EOP") Allocations had lapsed as at 27 September 2010.

## ■ 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 and non-controlling interests for the year ended 30 June 2011 was \$252.26 million. This represents an increase of 9.0% on the profit after tax and non-controlling interests for the year ended 30 June 2010.





## ■ Dividends

The directors recommend a fully franked dividend of 6.0 cents per share to be paid on 5 December 2011 (total dividend, fully franked - \$63,739,007). The following fully franked dividends of the parent entity have also been paid, declared or recommended since the end of the preceding financial year:

Dividend	Payment Date	\$
2010 final fully franked dividend	6 December 2010	74,362,175
2011 interim fully franked dividend	2 May 2011	63,739,007

The dividend payment in respect of the year ended 30 June 2011 represents 54.75% (2010: 59.68%) of profit after tax and non-controlling interests, 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 2011 increased over the previous financial year due to the following:

- Net profit generated by the Franchising Operations segment;
- Profit attributable to increased rental income from franchisees and external tenants;
- The net property revaluation increment recorded by the Australian investment property portfolio and joint venture entities;
- The profit recognised on the sale of a development property; and
- The stronger result generated by the retail operations in Singapore, Malaysia and Slovenia.

## ■ Significant Changes in the State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year.

## ■ Likely Developments and Future Results

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

## ■ Significant Events After Balance Date

In August 2011, the consolidated entity announced its intention to close seven (7) Clive Peeters and Rick Hart stores and to convert the eighteen (18) remaining Clive Peeters and Rick Hart stores to the Harvey Norman and Joyce Mayne brand formats.

The closure of the 4 Clive Peeters and 3 Rick Hart stores will result in a charge against the pre-tax profit of the consolidated entity of an amount presently estimated to be approximately \$10 million in respect of the financial year ending 30 June 2012.

## ■ 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 2011 and up to the date of this report.

## ■ Company Secretary

Mr Chris Mentis, aged 45, is a chartered accountant and became Company Secretary on 20 April 2006. Mr. Mentis has over 24 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 for the year ended 30 June 2011 outlines the remuneration arrangements of the Company and the consolidated entity in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report details the remuneration arrangements for key management personnel (KMP) who 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 Company and the consolidated entity receiving the highest remuneration.

The remuneration report is presented under the following sections:

- Individual key management personnel disclosures
- Remuneration at a glance
- Board oversight of remuneration
- Non-executive director remuneration arrangements
- Executive remuneration arrangements
- Company performance and the link to remuneration
- Executive contractual arrangements

### ■ Individual Key Management Personnel Disclosures

Details of KMP including the top five remunerated executives of the Company and consolidated entity are set out below.

#### *Key Management Personnel*

##### *(i) Directors*

Gerald Harvey	Executive Chairman
Kay Lesley Page	Chief Executive Officer
John Evyn Slack-Smith	Executive Director and Chief Operating Officer
David Matthew Ackery	Executive Director
Chris Mentis	Executive Director, Chief Financial Officer and Company Secretary
Arthur Bayly Brew	Executive Director (retired on 1 September 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
Graham Charles Paton AM	Non-Executive Director

##### *(ii) Executives*

Martin Anderson	General Manager – Generic Publications Pty Limited
Rodney Orrock	General Manager – Domayne
Thomas James Scott	General Manager – Property
Sasha Luke Naish	General Manager – Computers (resigned with effect from 31 December 2010)
Leslie Robert Greeff	Chief Information Officer to 30 April 2010, 1 May 2010 appointed Program Director – Merchandise Management System Program (resigned with effect from 17 December 2010)
Benjamin Scott McIntosh	General Manager – Computers (appointed 18 October 2010)
Gordon Ian Dingwall	General Manager – Information Technology (appointed 1 February 2011)

Other than the resignation and retirement of A.B. Brew, S.L. Naish and L.R. Greeff, there were no other changes to KMP after reporting date and before the date the financial report was authorised for issue.



## Remuneration Report (Audited) (continued)

### ■ Remuneration At A Glance

The remuneration strategy of the consolidated entity is designed to attract, motivate and retain employees and non-executive directors ("NEDs") by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the consolidated entity.

The remuneration policy is to position total employment cost ("TEC") close to the median of its defined talent market to ensure a competitive offering.

There have been no material changes to the short-term incentive bonus plan ("STI") for the 2011 financial year. For the 2011 performance period, the STI was in the form of a performance cash incentive ("PCI") payment based on attainment of non-financial measures including, internal financial budget achievement, operating priorities, retail operations including franchising operations, overseas retail and other non-franchised retail and maintenance and growth of the strategic retail property portfolio. In recognition of the performance of the executives during the year, a total of \$2,250,000 in PCI was earned by executive directors during the 2011 financial year.

Long-term incentive awards consisting of share options that vest based on attainment of pre-determined performance goals are awarded to select executive directors. On 23 November 2010, shareholders of the Company in general meeting approved the grant of 3,000,000 options to subscribe for 3,000,000 fully paid ordinary shares in the Company to each of David Matthew Ackery, Chris Mentis and John Evyn Slack-Smith, subject to terms and conditions ("2010 Share Option Plan"). The terms and conditions included the following provisions:

- (i) up to one third of the options will be granted within seven (7) days of the meeting and will be exercisable between 1 January 2014 and 30 June 2016 (the "First Tranche");
- (ii) up to one third of the options will be granted within seven (7) days of the first anniversary of the meeting and will be exercisable between 1 January 2015 and 30 June 2017 (the "Second Tranche"); and
- (iii) up to one third of the options will be granted within seven (7) days of the second anniversary of the meeting and will be exercisable between 1 January 2016 and 30 June 2018 (the "Third Tranche").

The issue of each of the second tranche of options and the third tranche of options is subject to the discretion of the Board of the Company.

For the 2011 financial year, the Company used a combination of financial and non-financial performance measures for the share option awards pursuant to the 2010 Share Option Plan ("LTI"). During the 2011 financial year, the performance hurdles for the 2011 grant of options pursuant to the 2010 Share Option Plan were partially met and 37.8% of the relevant options in respect of the 2011 financial year, vested, subject to the terms and conditions of the 2010 Share Option Plan, including service conditions.

The remuneration of non-executive directors of the Company consists only of directors' fees. Director fees were maintained at a similar level to the prior year.

### ■ Board Oversight of Remuneration

#### *Remuneration Committee*

The remuneration committee is responsible for making recommendations to the board on the remuneration arrangements for executive directors and NEDs.

The remuneration committee assesses the appropriateness of the nature and amount of remuneration of NEDs and executives on a periodic basis by reference to relevant employment market conditions, with the overall objective of ensuring maximum stakeholder benefit from the retention of a high performing director and executive team. In determining the level and composition of executive remuneration, the remuneration committee has not engaged external consultants to provide independent advice or make any remuneration recommendation.

The remuneration committee comprises three NEDs, two of whom are independent NEDs. Further information on the committee's role, responsibilities and membership can be seen at [www.harveynormanholdings.com.au](http://www.harveynormanholdings.com.au).

#### *Remuneration Approval Process*

The board approves the remuneration arrangements of the CEO and executives and all awards made under the LTI, following recommendations from the remuneration committee. The board sets the aggregate remuneration of NEDs, subject to shareholder approval.

The remuneration committee approves, having regard to the recommendations made by the CEO, the level of the consolidated entity STI pool, in the form of PCI, for executive directors.

No director may participate in deliberations about, or decisions, in respect of the remuneration of that director.



## Remuneration Report (Audited) (continued)

### Remuneration Strategy

The remuneration strategy of the consolidated entity is designed to attract, motivate and retain employees and NEDs by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the consolidated entity.

To this end, key objectives of the reward framework of the consolidated entity are to ensure that remuneration practices:

- are aligned to the business strategy of the consolidated entity
- offer competitive remuneration benchmarked against the external market
- provide strong linkage between individual and consolidated entity performance and rewards
- align the interests of executive directors with shareholders through the LTI

### Remuneration Structure

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

## ■ Non-Executive Director Remuneration Arrangements

### Remuneration Policy

The board seeks to set aggregate remuneration at a level that provides the consolidated entity with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The amount of aggregate remuneration sought to be approved by shareholders and the fee structure is reviewed annually against fees paid to NEDs of comparable companies. The board considers published material from external sources and makes its own enquiries when undertaking the annual review process.

The Company's constitution and the ASX listing rules specify that the NED fee pool shall be determined from time to time by a general meeting. The latest determination was at the 2006 annual general meeting (AGM) held on 21 November 2006 when shareholders approved an aggregate fee NED pool of \$1,000,000 per year.

The board will not seek any increase for the NED pool at the 2011 AGM.

### Structure

The remuneration of NEDs consists of directors' fees. NEDs do not receive retirement benefits, nor do they participate in any incentive programs.

Each NED receives a fee for being a director of the Company.

The structure of NED remuneration is separate and distinct from executive remuneration.

The remuneration of NEDs for the year ended 30 June 2011 and 30 June 2010 are disclosed in table 1 on page 27 of this report.

## ■ Executive Remuneration Arrangements

### Remuneration Levels and Mix

The consolidated entity aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the consolidated entity and to align operations with strategy.

The policy of the consolidated entity is to position total employment cost (TEC) so as to ensure a competitive offering. Total reward opportunities are between the 50<sup>th</sup> and 75<sup>th</sup> percentile of the comparator group. The Company and the consolidated entity undertakes an annual remuneration review to determine the total remuneration of executives having regard to the circumstances of the consolidated entity.

The CEO's target remuneration mix comprises 75% fixed remuneration, 25% target STI opportunity. The CEO did not have any target LTI during the year. Target remuneration mix of executive directors ranges from 65% to 75% fixed remuneration, 24% to 35% target STI opportunity and 0% to 10% LTI.

### Structure

In the 2011 financial year, the executive remuneration framework consisted of the following components:

- Fixed remuneration
- Variable remuneration



### Remuneration Report (Audited) (continued)

The table below illustrates the structure of the executive remuneration arrangements of the consolidated entity:

Remuneration component	Method	Purpose	Link to performance
Fixed remuneration	<ul style="list-style-type: none"> <li>Represented by total employment cost (TEC).</li> <li>Comprises base salary, superannuation contributions and other benefits.</li> </ul>	<ul style="list-style-type: none"> <li>Set with reference to role, market and experience.</li> <li>Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the consolidated entity.</li> </ul>	<ul style="list-style-type: none"> <li>No link to company performance.</li> </ul>
STI component	<ul style="list-style-type: none"> <li>Paid in cash, as PCI.</li> </ul>	<ul style="list-style-type: none"> <li>Rewards executives for their contribution to the achievement of consolidated entity and business unit outcomes, as well as individual key performance indicators (KPIs).</li> </ul>	<ul style="list-style-type: none"> <li>Linked to internal financial and non-financial performance measures including achievement of internal budgets, operating priorities, franchising operations, property priorities, and risk management.</li> </ul>
LTI component	<ul style="list-style-type: none"> <li>Awards are made in the form of options pursuant to the 2010 Share Option Plan.</li> </ul>	<ul style="list-style-type: none"> <li>Rewards executive directors for their contribution to the creation of shareholder value over the longer term.</li> </ul>	<ul style="list-style-type: none"> <li>Vesting of awards is dependent on satisfaction of terms and conditions of the 2010 Share Option Plan.</li> </ul>

#### Fixed Remuneration

Executive contracts of employment do not include any guaranteed base pay increases. TEC of executive directors is reviewed annually by the remuneration committee. The process consists of a review of company, business unit and individual performance, relevant comparative remuneration internally and externally and, where appropriate, external advice independent of management.

The fixed component of the remuneration of executive directors is disclosed in Table 1 on page 27 of this report.

#### Variable Remuneration – Short-Term Incentive (STI)

The consolidated entity operates an annual STI program that is available to executives and awards a cash bonus or PCI, subject to the attainment of clearly defined consolidated entity, business unit and individual measures.

The total potential STI available is set at a level so as to provide sufficient incentive to executive directors to achieve the operational targets and such that the cost to the consolidated entity is reasonable in the circumstances.

Actual STI payments awarded to each executive director depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of performance measures covering both financial and non-financial, corporate and individual measures of performance.

Performance measures	Proportion of STI award measure applies to
Financial measure:	
<ul style="list-style-type: none"> <li>Achievement of internal budgets</li> </ul>	25%
Non-financial measures:	
<ul style="list-style-type: none"> <li>Operating Priorities</li> <li>Retail Operations</li> <li>Property</li> </ul>	75%

These measures were chosen as they represent the key drivers for the short-term success of the business and provide a framework for delivering long-term value.

The aggregate of annual STI payments available for executive directors is subject to the approval of the remuneration committee. On an annual basis, after consideration of performance measures, the remuneration committee confirms the amount, if any, of the STI to be paid to each executive director. This process usually occurs within three months after the reporting date. Payments made are delivered as a cash bonus or PCI in the following reporting period.





## Remuneration Report (Audited) (continued)

### STI Awards for 2010 and 2011 Financial Years

For the 2010 financial year, 100% of the STI performance cash incentive of \$2,350,000 as previously accrued in that period vested in executive directors and was paid in the 2011 financial year. There were no forfeitures.

The remuneration committee considered the STI payments for the 2011 financial year in August 2011. The PCI for the 2011 financial year was confirmed as \$2,250,000. This amount has been accrued on the basis that the STI conditions for the year ended 30 June 2011 have been met.

There was no alteration to the STI performance cash incentive plan for the year.

### Variable Remuneration – Long-Term Incentives (LTI)

LTI awards are made annually to executive directors in order to align remuneration with the creation of shareholder value over the long-term. As such, LTI awards are only made to executive directors who have an impact on the performance of the consolidated entity against the relevant long-term performance measures.

## LTI – Share Options

### Structure

LTI awards to executive directors are made under the 2010 Share Option plan and are delivered in the form of share options. Each option entitles the holder to one fully paid ordinary share in the Company. The number, and terms and conditions of each issue of options to executive directors was approved by shareholders of the Company in the annual general meeting on 23 November 2010. Options are awarded to executive directors with more than 12 months service. The options will vest over a period of three years subject to meeting performance measures. The exercise price of the options is set at the market price at the date of grant. Executive directors are able to exercise the options up to two years after vesting, before the options lapse, subject to the satisfaction of performance conditions, including service conditions.

### Performance Measures to Determine Vesting

Subject to the terms and conditions of the 2010 Share Option Plan, the Company issued 1,000,000 options to subscribe for 1,000,000 fully paid ordinary shares in the Company, at an exercise price of \$3.02 per option, on 29 November 2010, to each of David Matthew Ackery, Chris Mentis and John Evyn Slack-Smith ("First Tranche of Options").

Each of the options the subject of the First Tranche of Options is subject to performance conditions. The performance conditions are subject to service conditions and:

- (a) as to 30% - to a financial performance condition ("2011 Financial Performance Condition"); and
- (b) as to 70% - to non-financial performance conditions ("2011 Non-Financial Performance Conditions").

The 2011 Financial Performance Condition (the "2011 EPS Condition") is:

- (a) partly satisfied if the earnings per share growth is 10% per annum or more on a cumulative basis over the earnings per share in respect of the year ended 30 June 2010 ("Base Year"); or
- (b) wholly satisfied if the earnings per share growth is 15% per annum or more on a cumulative basis over the earnings per share in respect of the Base Year.

Earnings per share growth was selected as a performance measure in respect of the 2010 Share Option Plan for reasons which included the following:

- (i) rises (or falls) in share prices can often be attributable to general market trends, unrelated to the performance of executives or contribution by executives to the creation of long-term shareholder values;
- (ii) long-term value for shareholders is best created by requiring that the executive director team should focus on, and achieve and execute measures, targets and initiatives critical to the execution of the strategic objectives of the company; and
- (iii) relevant measures, targets and initiatives will involve both financial and non-financial criteria, and flexibility to adjust to changing circumstances, to avoid short-term decision-making.

The 2011 Non-Financial Performance Conditions (the "2011 Critical Success Factors") were weighted:

- (a) as to 20% relating to the achievement of key operating priorities including implementation of IT systems within budget and timeframe constraints, operational consistency, and the maintenance, improvement and implementation of risk management programs;
- (b) as to 20% relating to the level of operating cash flow and operating budget constraints by reference to cost control;
- (c) as to 20% relating to the successful achievement of the integration of any specified developed or acquired discrete business unit;
- (d) as to 20% relating to improvements in retailing operations; and
- (e) as to 20% relating to the maintenance and growth of the retail property portfolio, by reference to return on equity and completion of any key designated developments within the cost estimates and construction time lines.



### Remuneration Report (Audited) (continued)

Service conditions in respect of a grantee of the First Tranche of Options will be deemed to be satisfied if at the time of exercise of an option the subject of the First Tranche of Options:

- (a) the grantee has not resigned or provided notice of resignation of employment from the Company, except in order to retire from the workplace;
- (b) the Company has not terminated the employment of the grantee for cause; or
- (c) the board has not determined that the relevant options should lapse as a result of any fraud, gross misconduct or conduct of the grantee which brings the Company into disrepute.

If a grantee has died before a relevant option is exercised, but the performance conditions have been satisfied, the estate of the grantee may exercise the relevant options.

### Termination and change of control provisions

Subject to ASX Listing Rules relevant options may be exercised before their specified exercise date, but only if:

- (a) a change of control of the Company happens; or
- (b) in special circumstances, including retirement, redundancy, death or permanent disability of the grantee.

Where a participant ceases employment prior to the vesting of their award, the options are forfeited unless the board applies its discretion to allow vesting at or post cessation of employment in appropriate circumstances.

In the event of a change of control of the Group, the performance period end date will generally be brought forward to the date of the change of control and awards will vest subject to performance over this shortened period, subject to ultimate board discretion.

### LTI Awards for 2011 Financial Year

Options were granted under the 2010 Share Option Plan to David Matthew Ackery, Chris Mentis and John Evyn Slack-Smith on 29 November 2010. Details in respect of the awards are set out in table 2 on page 28 of this report.

### Independent Valuation of Options Granted Under The 2010 Share Option Plan

The options in respect of the 2010 Share Option Plan were independently valued at grant date utilising the assumptions underlying the Black-Scholes methodology. Under this valuation methodology, the value of each option in the 2010 Share Option Plan was \$0.87 per option or \$2,610,000 in total.

### LTI Awards for Previous Financial Years

#### *Proposed Issue of Options (the "2008 EOP Allocation" and the "2009 EOP Allocation")*

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.

#### *Options Issued on 26 November 2007 ("2007 EOP Allocation")*

On 26 November 2007, 4,150,000 options to subscribe for 4,150,000 fully paid ordinary shares were issued, free of charge, to the respective trustees of trusts for the benefit of certain executive directors at an exercise price of \$6.77 per option. The qualifying period for the 2007 EOP Allocation is the three years ending 30 June 2010. The 2007 EOP Options were valued at grant date utilising the assumptions underlying the Black-Scholes methodology to produce a Monte-Carlo simulation model which allows for the incorporation of the vesting conditions (namely Performance Condition 2). Under this valuation methodology, the value of each option in the 2007 EOP Allocation was \$1.69 per option or \$7,013,500 in total.

The 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 27.



## Remuneration Report (Audited) (continued)

### *Hedging of Equity Awards*

The Company prohibits executive directors from entering into arrangements to protect the value of unvested LTI awards. The prohibition includes entering into contracts to hedge their exposure to options awarded as part of their remuneration package.

Adherence to this policy is monitored on an annual basis and involves each KMP signing an annual declaration of compliance with the hedging policy.

### *Margin Loans*

If a director or executive, acting reasonably, would believe that there will be an unmet margin call or event of default in relation to any margin loan arrangements, the director or executive must immediately disclose to the chairman, company secretary or chief executive officer, full and complete details of the arrangement as is necessary to ensure the Company can comply with continuous disclosure obligations of the Company under ASX Listing Rules and the law.

### *Satisfaction of Performance Conditions in Respect of First Tranche of Options*

The earnings per share in respect of the Company for the year ended 30 June 2011 was \$0.2375c. The 2011 EPS Condition was not satisfied but 30% of the First Tranche of Options are still eligible for further testing up to 30 June 2013, subject to service conditions and the terms and conditions of the 2010 Share Option Plan.

The remuneration committee had regard to certificates and reports from officers of the Company, other board committees and management, and own enquiries, and determined that the 2011 Critical Success Factors had been satisfied as to 54% of the 70% weighting of those 2011 Critical Success Factors, resulting in the vesting of 37.8% of the First Tranche of Options, subject to service conditions and the terms and conditions of the 2010 Share Option Plan.

## ■ Company Performance and the Link to Remuneration

The award of 2011 STI target remuneration to executive directors required satisfaction and achievement of non-financial performance measures, targets and initiatives, critical to the success of the enterprise in 2011, as disclosed on page 23 of this report ("2011 Critical Success Factors"). The 2011 Critical Success Factors were satisfied, in respect of the 2011 STI target remuneration, resulting in an increase in net profit after tax and non-controlling interests, and basic earnings per share, over the prior year.

The award of 2011 LTI target remuneration in the form of share option awards to executive directors, required satisfaction and achievement of both financial (weighted as to 30%) and non-financial (weighted as to 70%) performance measures, including the 2011 Critical Success Factors. The financial measure required an increase in earnings per share of at least 10% over the base year ("2011 EPS Condition"). The 2011 EPS Condition was not satisfied but is eligible for further testing up to 30 June 2013. In respect of the 2011 LTI target remuneration, the 2011 Critical Success factors have been satisfied as to 54% of the 70% weighting allocated to this performance condition. Both the 2011 EPS Condition and the 2011 Critical Success Factors are subject to the satisfaction of service conditions as stipulated in the 2010 Share Option Plan. The individual performance of each executive director and the overall performance of the consolidated entity are assessed over the three-year vesting period of the 2010 Share Option Plan. The value recognised as share-based payments remuneration in table 1 of this report represents the Company's expectation of achieving the performance measures in respect of the 2010 Share Option Plan.



## Remuneration Report (Audited) (continued)

### ■ Executive Contractual Arrangements

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are provided below.

#### *Chief Executive Officer*

The CEO, Ms. K.L. Page is employed under a rolling contract.

Under the terms of the present contract:

- The CEO receives fixed remuneration of \$1,500,000 per annum
- The CEO's maximum STI opportunity in respect of the year ended 30 June 2011 was 25% of annual TEC
- The CEO did not have an LTI target opportunity under her present contract

The CEO's termination provisions are as follows:

	Notice period	Payment in lieu of notice	Treatment of STI on termination	Treatment of LTI on termination
Employer-initiated termination	4 weeks	4 weeks	Pro-rated for time and performance	Board discretion
Termination for serious misconduct	None	None	Unvested awards forfeited	Unvested awards forfeited
Employee-initiated termination	4 weeks	4 weeks	Unvested awards forfeited, subject to Board discretion	Unvested awards forfeited subject to board discretion

#### *Minimum Shareholding Requirement*

There are no minimum shareholding requirements imposed on the CEO.

#### *Other KMPs*

All other KMPs have rolling contracts.

Standard KMP termination provisions are as follows:

	Notice period	Payment in lieu of notice	Treatment of STI on termination	Treatment of executive director LTI on termination
Employer-initiated termination	4 weeks	4 weeks	Pro-rated for time and performance	Board discretion
Termination for serious misconduct	None	None	Unvested awards forfeited	Unvested awards forfeited
Employee-initiated termination	4 weeks	4 weeks	Unvested awards forfeited, subject to Board discretion	Unvested awards forfeited subject to board discretion



Remuneration Report (Audited) (continued)

■ TABLE 1: Compensation of Key Management Personnel for the Year Ended 30 June 2011 - Directors of Harvey Norman Holdings Limited:

		Short Term Benefits				Post-Employment	Share-Based Payments		Total Remuneration			
		Salary & fees \$	Performance 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
<b>G. Harvey</b>	<b>2011</b>	<b>724,401</b>	<b>400,000</b>	<b>10,400</b>	-	<b>15,199</b>	-	-	<b>1,150,000</b>	-	<b>1,150,000</b>	-
<i>Chairman</i>	2010	725,139	400,000	10,400	-	14,461	-	-	1,150,000	(411,928)	738,072	-
<b>K.L. Page</b>	<b>2011</b>	<b>1,441,677</b>	<b>500,000</b>	-	<b>43,124</b>	<b>15,199</b>	-	-	<b>2,000,000</b>	-	<b>2,000,000</b>	-
<i>Chief Executive Officer</i>	2010	1,431,866	500,000	-	53,673	14,461	-	-	2,000,000	(457,698)	1,542,302	-
<b>J.E. Slack-Smith</b>	<b>2011</b>	<b>1,201,839</b>	<b>500,000</b>	-	<b>32,962</b>	<b>15,199</b>	-	<b>139,544</b>	<b>1,889,544</b>	-	<b>1,889,544</b>	<b>7.4%</b>
<i>Executive Director</i>	2010	1,210,315	500,000	-	25,224	14,461	-	-	1,750,000	(366,158)	1,383,842	-
<b>D.M. Ackery</b>	<b>2011</b>	<b>1,216,801</b>	<b>500,000</b>	<b>18,000</b>	-	<b>15,199</b>	-	<b>139,544</b>	<b>1,889,544</b>	-	<b>1,889,544</b>	<b>7.4%</b>
<i>Executive Director</i>	2010	1,217,539	500,000	18,000	-	14,461	-	-	1,750,000	(366,158)	1,383,842	-
<b>C. Mentis</b>	<b>2011</b>	<b>888,279</b>	<b>350,000</b>	-	<b>46,522</b>	<b>15,199</b>	-	<b>139,544</b>	<b>1,439,544</b>	-	<b>1,439,544</b>	<b>9.7%</b>
<i>Executive Director</i>	2010	909,777	350,000	-	25,762	14,461	-	-	1,300,000	(160,194)	1,139,806	-
<b>A.B. Brew (a)</b>	<b>2011</b>	<b>68,816</b>	-	-	<b>5,195</b>	<b>2,533</b>	-	-	<b>76,544</b>	-	<b>76,544</b>	-
<i>Executive Director</i>	2010	413,633	100,000	-	21,906	14,461	-	-	550,000	(137,309)	412,691	-
<b>M.J. Harvey</b>	<b>2011</b>	<b>110,092</b>	-	-	-	<b>9,908</b>	-	-	<b>120,000</b>	-	<b>120,000</b>	-
<i>Non-Executive</i>	2010	150,000	-	-	-	-	-	-	150,000	-	150,000	-
<b>C.H. Brown</b>	<b>2011</b>	<b>110,092</b>	-	-	-	<b>9,908</b>	-	-	<b>120,000</b>	-	<b>120,000</b>	-
<i>Non-Executive</i>	2010	110,092	-	-	-	9,908	-	-	120,000	-	120,000	-
<b>I.J. Norman</b>	<b>2011</b>	<b>18,349</b>	-	-	-	<b>1,651</b>	-	-	<b>20,000</b>	-	<b>20,000</b>	-
<i>Non-Executive</i>	2010	18,349	-	-	-	1,651	-	-	20,000	-	20,000	-
<b>K.W. Gunderson – Briggs</b>	<b>2011</b>	<b>109,646</b>	-	-	-	<b>10,354</b>	-	-	<b>120,000</b>	-	<b>120,000</b>	-
<i>Non-Executive</i>	2010	110,958	-	-	-	10,354	-	-	121,312	-	121,312	-
<b>G.C. Paton</b>	<b>2011</b>	<b>110,500</b>	-	-	-	<b>9,500</b>	-	-	<b>120,000</b>	-	<b>120,000</b>	-
<i>Non-Executive</i>	2010	112,156	-	-	-	8,086	-	-	120,242	-	120,242	-
<b>TOTAL</b>	<b>2011</b>	<b>6,000,492</b>	<b>2,250,000</b>	<b>28,400</b>	<b>127,803</b>	<b>119,849</b>	-	<b>418,632</b>	<b>8,945,176</b>	-	<b>8,945,176</b>	<b>4.7%</b>
<b>TOTAL</b>	<b>2010</b>	<b>6,409,824</b>	<b>2,350,000</b>	<b>28,400</b>	<b>126,565</b>	<b>116,765</b>	-	-	<b>9,031,554</b>	<b>(1,899,445)</b>	<b>7,132,109</b>	-

(a) Mr Brew retired as director of Harvey Norman Holdings Limited on 1 September 2010. The 2011 remuneration for Mr Brew disclosed in Table 1 above is for the period from 1 July 2010 up to the date of retirement, 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 in respect of the year ended 30 June 2008 (of \$600,000) and the year ended 30 June 2009 (of \$1,299,445).

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 (b)							Options Lapsed During the Year (c)	
	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 Lapsed During the Year	Value of Options Lapsed During the Year \$
G. Harvey	-	-	-	-	-	-	-	900,000	\$1,521,000
K.L. Page	-	-	-	-	-	-	-	1,000,000	\$1,690,000
J.E. Slack-Smith	29/11/2010	1,000,000	\$0.87	\$870,000	01/01/2014	30/06/2016	-	800,000	\$1,352,000
D.M. Ackery	29/11/2010	1,000,000	\$0.87	\$870,000	01/01/2014	30/06/2016	-	800,000	\$1,352,000
C. Mentis	29/11/2010	1,000,000	\$0.87	\$870,000	01/01/2014	30/06/2016	-	350,000	\$591,500
A.B. Brew (a)	-	-	-	-	-	-	-	300,000	\$507,000
<b>TOTAL</b>		<b>3,000,000</b>		<b>\$2,610,000</b>			-	<b>4,150,000</b>	<b>\$7,013,500</b>

- (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) Subject to the terms and conditions of the 2010 Share Option Plan, the Company issued 1,000,000 options to subscribe for 1,000,000 fully paid ordinary shares in the Company, at an exercise price of \$3.02 per option, on 29 November 2010, to each of David Matthew Ackery, Chris Mentis and John Evyn Slack-Smith ("First Tranche of Options"). The qualifying period for the 2010 EOP Allocation is the three years ending 30 June 2013. The 2010 EOP Options were valued at grant date utilising the assumptions underlying the Black-Scholes methodology. Under this valuation methodology, the value of each option in the 2010 EOP Allocation was \$0.87 per option or \$2,610,000 in total.
- (c) The options issued on 26 November 2007 to the respective trustees of trusts for the benefit of certain executive directors of the Company ("2007 EOP Allocation") were subject to testing during each of the financial years in the qualifying period to determine whether performance conditions were satisfied. As the performance conditions applicable to the 2007 EOP Allocation were not satisfied, the Board of the Company determined that the 2007 EOP Allocation had lapsed on 27 September 2010.



Remuneration Report (Audited) (continued)

■ TABLE 3: Compensation of Key Management Personnel for the Year Ended 30 June 2011 – Executives of Harvey Norman Holdings Limited:

		Short-Term Benefits				Post-Employment	Share-Based Payments		Other	TOTAL	% of options
		Salary & fees	Performance Cash Incentive	Other Short-Term	Non monetary benefits	Super-annuation	Value of Shares	Value of Options	Termination Benefits		
		\$	\$	\$	\$		\$	\$	\$	\$	
<b>R. Orrock</b>	<b>2011</b>	<b>513,639</b>	-	<b>21,162</b>	-	<b>15,199</b>	-	-	-	<b>550,000</b>	-
<i>General Manager: Domayne</i>	2010	320,976	362,930	21,162	-	14,461	-	-	-	719,529	-
<b>M.L. Anderson</b>	<b>2011</b>	<b>331,618</b>	-	-	<b>21,466</b>	<b>15,199</b>	-	-	-	<b>368,283</b>	-
<i>General Manager: Advertising</i>	2010	318,039	-	-	22,688	16,240	-	-	-	356,967	-
<b>L.R. Greeff</b>	<b>2011</b>	<b>366,475</b>	-	-	-	<b>7,600</b>	-	-	<b>226,663</b>	<b>600,738</b>	-
<i>CIO / Program Director – Merchandise Management System Program</i>	(a) 2010	653,916	-	-	-	14,461	-	-	-	668,377	-
<b>G.I. Dingwall</b>	<b>2011</b>	<b>306,269</b>	<b>50,000</b>	-	-	<b>15,199</b>	-	-	-	<b>371,468</b>	-
<i>General Manager: IT</i>	(b) 2010	-	-	-	-	-	-	-	-	-	-
<b>T.J. Scott</b>	<b>2011</b>	<b>384,248</b>	<b>50,000</b>	-	-	<b>15,199</b>	-	-	-	<b>449,447</b>	-
<i>General Manager: Property</i>	2010	384,986	50,000	-	-	14,461	-	-	-	449,447	-
<b>S.L. Naish</b>	<b>2011</b>	<b>281,231</b>	-	-	-	<b>7,600</b>	-	-	-	<b>288,831</b>	-
<i>General Manager: Computers</i>	(c) 2010	485,539	50,000	-	-	14,461	-	-	-	550,000	-
<b>B.S. McIntosh</b>	<b>2011</b>	<b>405,531</b>	-	-	<b>105</b>	<b>15,199</b>	-	-	-	<b>420,835</b>	-
<i>General Manager: Computers</i>	(d) 2010	-	-	-	-	-	-	-	-	-	-
<b>TOTAL KEY MANAGEMENT PERSONNEL 2011</b>		<b>2,589,011</b>	<b>100,000</b>	<b>21,162</b>	<b>21,571</b>	<b>91,195</b>	-	-	<b>226,663</b>	<b>3,049,602</b>	-
<b>TOTAL KEY MANAGEMENT PERSONNEL 2010</b>		<b>2,163,456</b>	<b>462,930</b>	<b>21,162</b>	<b>22,688</b>	<b>74,084</b>	-	-	-	<b>2,744,320</b>	-

- (a) Mr L. R. Greeff was the Chief Information Officer ("CIO") of Harvey Norman Holdings Limited up to 30 April 2010. He was appointed to Program Director – Merchandise Management System Program on 1 May 2010. Mr. Greeff resigned with effect from 17 December 2010.
- (b) Mr G. I. Dingwall was appointed as General Manager – Information Technology on 1 February 2011.
- (c) Mr S. L. Naish resigned as General Manager – Computers with effect from 31 December 2010.
- (d) Mr B. S. McIntosh was appointed as General Manager – Computers on 18 October 2010.



## 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 2011

	Short Term Benefits				Post Employment	Share-Based Payments		TOTAL \$
	Salary & fees \$	Performance Cash Incentive \$	Other Short-Term \$	Non monetary benefits \$	Super \$	Value of Shares \$	Value of Options \$	
<b>S. Taylor</b> <i>Chief Executive Officer: Arisit Pty Ltd</i>	183,486	2,131,609	-	50,446	18,584	-	-	2,384,125
<b>B. Callard</b> <i>Chief Executive Officer: Ireland &amp; Northern Ireland</i>	981,449	-	38,647	19,667	-	-	-	1,039,763
<b>N. Papa</b> <i>General Manager - Clive Peeters</i>	215,000	700,000	-	69,801	15,199	-	-	1,000,000
<b>J. Wieden</b> <i>Chief Executive Officer: Harvey Norman Slovenia</i>	565,893	279,485	-	42,933	-	-	-	888,311
<b>A.A. Augustus</b> <i>Chief Executive Officer: Pertama Holdings Limited, Singapore</i>	469,814	208,160	35,211	-	6,970	-	-	720,155
<b>TOTAL</b>	<b>2,415,642</b>	<b>3,319,254</b>	<b>73,858</b>	<b>182,847</b>	<b>40,753</b>	<b>-</b>	<b>-</b>	<b>6,032,354</b>



#### ■ 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 the Company 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.

#### ■ Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of the Company 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 2011 are as follows:

- Tax compliance services \$479,655 (2010: \$165,824);
- Other services \$23,491 (2010: \$9,102)



■ Auditor Independence and Non-Audit Services

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



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

Tel: +61 2 9248 5555  
Fax: +61 2 9248 5959  
[www.ey.com/au](http://www.ey.com/au)

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

In relation to our audit of the financial report of Harvey Norman Holdings Limited for the financial year ended 30 June 2011, 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

Christopher George  
Partner  
Sydney  
29 September 2011

Liability limited by a scheme approved under  
Professional Standards Legislation

Signed in accordance with a resolution of directors.

**G. HARVEY**  
Chairman  
Sydney  
29 September 2011

**K.L. PAGE**  
Director / Chief Executive Officer  
Sydney  
29 September 2011





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 No	Reference/ Explanation in Annual Report	ASX Listing Rule/ Recommendation
<b>■ Principle 1 – Lay solid foundations for management and oversight</b>				
1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	Yes	Page 35	ASXLR 1.1
1.2	Companies should disclose the process for evaluating the performance of senior executives.	Yes	Pages 20-24 & 36	ASXLR 1.2
1.3	Companies should provide the information indicated in the guide to reporting on Principle 1.	Yes		ASXLR 1.3
<b>■ Principle 2 – Structure the board to add value</b>				
2.1	A majority of the board should be independent directors.	No	Page 35	ASXLR 2.1
2.2	The chair should be an independent director.	No	Pages 35 & 36	ASXLR 2.2
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Yes	Page 36	ASXLR 2.3
2.4	The board should establish a nomination committee.	Yes	Pages 36 & 37	ASXLR 2.4
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Yes	Pages 20-24 & 36	ASXLR 2.5
2.6	Companies should provide the information indicated in the guide to reporting on Principle 2.	Yes		ASXLR 2.6
<b>■ Principle 3 – Promote ethical and responsible decision-making</b>				
3.1	Companies should establish a code of conduct and disclose the code or a summary of the code as to: <ul style="list-style-type: none"> <li>▪ The practices necessary to maintain confidence in the company's integrity.</li> <li>▪ The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders.</li> <li>▪ The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.</li> </ul>	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 36	ASXLR 3.2
3.3	Companies should provide the information indicated in the guide to reporting on Principle 3.	Yes		ASXLR 3.3
<b>■ Principle 4 – Safeguard integrity in financial reporting</b>				
4.1	The board should establish an audit committee.	Yes	Page 37	ASXLR 4.1
4.2	The audit committee should be structured so that it: <ul style="list-style-type: none"> <li>▪ Consists only of non-executive directors</li> <li>▪ Consists of a majority of independent directors</li> <li>▪ Is chaired by an independent chair, who is not chair of the board</li> <li>▪ Has at least three members</li> </ul>	Yes	Page 37	ASXLR 4.2 ASXLR 12.7
4.3	The audit committee should have a formal charter.	Yes	Page 37	ASXLR 4.3



Recommendation		Comply Yes 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
<b>■ Principle 5 – Make timely and balanced disclosures</b>				
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
<b>■ Principle 6 – Respect the rights of shareholders</b>				
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 39	ASXLR 6.1
6.2	Companies should provide the information indicated in the guide to reporting on Principle 6.	Yes		ASXLR 6.2
<b>■ Principle 7 – Recognise and manage risk</b>				
7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	Pages 37 & 38	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	Pages 37 & 38	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 38	ASXLR 7.3
7.4	Companies should provide the information indicated in the guide to reporting on Principle 7.	Yes		ASXLR 7.4
<b>■ Principle 8 – Remunerate fairly and responsibly</b>				
8.1	The board should establish a remuneration committee.	Yes	Pages 20, 38 & 39	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 20-24, 38 & 39	ASXLR 8.2
8.3	Companies should provide the information indicated in the Guide to reporting on Principle 8.	Yes		ASXLR 8.3
				<b>ASX Listing Rule/ Recommendation</b>

The corporate governance practices of the Company were in place throughout the year ended 30 June 2011.

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.harveynormanholdings.com.au](http://www.harveynormanholdings.com.au).



## ■ 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

<b>Name</b>	<b>Position</b>	<b>Appointed to Board of Company</b>
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 2011.

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.



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.harveynormanholdings.com.au](http://www.harveynormanholdings.com.au) is a dedicated Investor Relations section 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.

# STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

2011 ANNUAL REPORT



		CONSOLIDATED	
	NOTE	2011 \$000	2010 \$000
<b>Current Assets</b>			
Cash and cash equivalents	28(a)	162,779	157,236
Trade and other receivables	5	1,065,232	1,081,645
Other financial assets	6	41,229	34,400
Inventories	7	336,742	261,674
Other assets	8	21,040	20,913
Intangible assets	9	322	761
Total current assets		1,627,344	1,556,629
<b>Non-Current Assets</b>			
Trade and other receivables	10	14,538	25,182
Investments accounted for using equity method	37	158,978	140,581
Other financial assets	11	8,294	7,171
Property, plant and equipment	12	512,479	439,033
Investment properties	13	1,601,601	1,489,200
Intangible assets	14	58,294	24,229
Deferred income tax assets	4(d)	22,481	22,488
Total non-current assets		2,376,665	2,147,884
Total Assets		4,004,009	3,704,513
<b>Current Liabilities</b>			
Trade and other payables	15	854,897	739,715
Interest-bearing loans and borrowings	16	105,275	154,342
Income tax payable		7,366	41,040
Other liabilities	17	1,603	2,930
Provisions	18	25,235	23,326
Total current liabilities		994,376	961,353
<b>Non-Current Liabilities</b>			
Payables	19	-	23,332
Interest-bearing loans and borrowings	20	546,483	346,824
Provisions	18	9,675	8,819
Deferred income tax liabilities	4(d)	208,036	184,990
Other liabilities	22	16,978	21,984
Total non-current liabilities		781,172	585,949
Total Liabilities		1,775,548	1,547,302
<b>NET ASSETS</b>		<b>2,228,461</b>	<b>2,157,211</b>
<b>Equity</b>			
Contributed equity	23	259,610	259,610
Reserves	24	32,621	56,418
Retained profits	25	1,901,350	1,787,196
Parent entity interest		2,193,581	2,103,224
Non-controlling interests	26	34,880	53,987
<b>TOTAL EQUITY</b>		<b>2,228,461</b>	<b>2,157,211</b>

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



		CONSOLIDATED	
	NOTE	2011	2010
		\$000	\$000
<b>Continuing Operations</b>			
Sales revenue	2	1,556,384	1,344,455
Cost of sales		(1,129,517)	(968,273)
<b>Gross profit</b>		<b>426,867</b>	<b>376,182</b>
Revenues and other income items	2	1,122,459	1,097,389
Distribution expenses		(8,591)	(8,108)
Marketing expenses		(373,314)	(355,039)
Occupancy expenses		(217,637)	(228,121)
Administrative expenses		(447,951)	(373,836)
Other expenses from ordinary activities		(102,960)	(85,773)
Finance costs	3	(42,984)	(33,638)
Share of equity accounted entities:			
- Share of net profit of joint venture entities (a)	37	17,888	7,260
- Share of joint venture property revaluation (a)	37	158	(9,854)
<b>Profit from continuing operations before tax</b>		<b>373,935</b>	<b>386,462</b>
Income tax expense	4(a)	(114,315)	(148,474)
<b>Profit from continuing operations after tax</b>		<b>259,620</b>	<b>237,988</b>
Attributable to:			
Owners of the parent		252,255	231,409
Non-controlling interests		7,365	6,579
		<b>259,620</b>	<b>237,988</b>
<b>Earnings Per Share</b>			
<b>From continuing operations:</b>			
Basic earnings per share (cents per share)	27	23.75	21.78
Diluted earnings per share (cents per share)	27	23.75	21.78
<b>Dividends per share (cents per share)</b>		<b>12.0 cents</b>	<b>14.0 cents</b>

(a) The total share of net profit of joint venture entities, including the share of joint venture property revaluation, was \$18.05 million before tax for the year ended 30 June 2011 (2010: a net loss of \$2.59 million before tax).

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



	CONSOLIDATED	
	2011	2010
	\$000	\$000
<b>Profit for the year</b>	<b>259,620</b>	237,988
<b>Other comprehensive income</b>		
Foreign currency translation	(23,756)	431
Net fair value gains on available-for-sale investments	973	981
Cash flow hedges:		
Gains / (losses) taken to equity	567	(1,797)
Transferred realised (losses) / gains to other income	(57)	67
Transferred to statement of financial position	(4)	450
Fair value revaluation of land and buildings	(544)	4,176
Income tax on items of other comprehensive income	(1,988)	415
<b>Other comprehensive income for the year (net of tax)</b>	<b>(24,809)</b>	4,723
<b>Total comprehensive income for the year</b>	<b>234,811</b>	242,711
Total comprehensive income attributable to:		
Owners of the parent	235,315	237,303
Non-controlling interests	(504)	5,408
	<b>234,811</b>	242,711
<b>Dividends per share (cents per share)</b>	<b>12.0 cents</b>	14.0 cents

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



# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011

2011 ANNUAL REPORT



Attributable to Equity Holders of the Parent									Non-controlling Interest	TOTAL EQUITY
Contributed Equity	Retained Profits	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve	Acquisition Reserve			
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>AT 1 JULY 2010</b>	259,610	1,787,196	68,980	(20,107)	1,354	(1,201)	7,392	-	53,987	<b>2,157,211</b>
Revaluation of land and buildings	-	-	(2,423)	-	-	-	-	-	60	<b>(2,363)</b>
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	(61)	-	-	-	<b>(61)</b>
Currency translation differences	-	-	-	(15,827)	-	-	-	-	(7,929)	<b>(23,756)</b>
Fair value of interest rate swaps	-	-	-	-	-	394	-	-	-	<b>394</b>
Fair value of forward foreign exchange contracts	-	-	-	-	-	4	-	-	-	<b>4</b>
Fair value of available for sale financial assets	-	-	-	-	973	-	-	-	-	<b>973</b>
<b>Other comprehensive income</b>	-	-	(2,423)	(15,827)	973	337	-	-	(7,869)	<b>(24,809)</b>
Profit for the year	-	252,255	-	-	-	-	-	-	7,365	<b>259,620</b>
<b>Total comprehensive income for the year</b>	-	<b>252,255</b>	<b>(2,423)</b>	<b>(15,827)</b>	<b>973</b>	<b>337</b>	-	-	<b>(504)</b>	<b>234,811</b>
Acquisition of non-controlling interest	-	-	-	-	-	-	-	(6,917)	(13,992)	<b>(20,909)</b>
Cost of share based payments	-	-	-	-	-	-	419	-	-	<b>419</b>
Reversal of share expenses	-	-	-	-	-	-	(359)	-	-	<b>(359)</b>
Dividends paid	-	(138,101)	-	-	-	-	-	-	(4,611)	<b>(142,712)</b>
<b>AT 30 JUNE 2011</b>	<b>259,610</b>	<b>1,901,350</b>	<b>66,557</b>	<b>(35,934)</b>	<b>2,327</b>	<b>(864)</b>	<b>7,452</b>	<b>(6,917)</b>	<b>34,880</b>	<b>2,228,461</b>

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011 (CONTINUED)

2011 ANNUAL REPORT



Attributable to Equity Holders of the Parent							Non-controlling Interest	TOTAL EQUITY
Contributed Equity	Retained Profits	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve		
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000

<b>AT 1 JULY 2009</b>	259,610	1,693,888	64,928	(21,715)	373	(460)	9,419	53,139	<b>2,059,182</b>
Revaluation of land and buildings	-	-	4,052	-	-	-	-	-	<b>4,052</b>
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	517	-	-	<b>517</b>
Currency translation differences	-	-	-	1,608	-	-	(6)	(1,171)	<b>431</b>
Fair value of interest rate swaps	-	-	-	-	-	(1,260)	-	-	<b>(1,260)</b>
Fair value of forward foreign exchange contracts	-	-	-	-	-	2	-	-	<b>2</b>
Fair value of available for sale financial assets	-	-	-	-	981	-	-	-	<b>981</b>
<b>Other comprehensive income</b>	-	-	4,052	1,608	981	(741)	(6)	(1,171)	<b>4,723</b>
Profit for the year	-	231,409	-	-	-	-	-	6,579	<b>237,988</b>
<b>Total comprehensive income for the year</b>	-	<b>231,409</b>	<b>4,052</b>	<b>1,608</b>	<b>981</b>	<b>(741)</b>	<b>(6)</b>	<b>5,408</b>	<b>242,711</b>
Cost of share based payments	-	-	-	-	-	-	843	-	<b>843</b>
Reversal of share expenses	-	-	-	-	-	-	(2,864)	-	<b>(2,864)</b>
Dividends paid	-	(138,101)	-	-	-	-	-	(2,800)	<b>(140,901)</b>
Distribution to members	-	-	-	-	-	-	-	(1,760)	<b>(1,760)</b>
<b>AT 30 JUNE 2010</b>	<b>259,610</b>	<b>1,787,196</b>	<b>68,980</b>	<b>(20,107)</b>	<b>1,354</b>	<b>(1,201)</b>	<b>7,392</b>	<b>53,987</b>	<b>2,157,211</b>



	NOTE	CONSOLIDATED	
		2011 \$000	2010 \$000
		Inflows / (Outflows)	
<b>Cash Flows from Operating Activities</b>			
Net receipts from franchisees	A	998,052	1,016,090
Receipts from customers	B	1,634,885	1,392,072
Payments to suppliers and employees	C	(2,130,828)	(1,824,296)
Distributions received from joint ventures	D	37,217	7,811
GST paid	E	(22,294)	(49,837)
Interest received		7,738	5,786
Interest and other costs of finance paid	F	(43,045)	(33,515)
Income taxes paid		(126,924)	(132,752)
Dividends received		2,587	1,916
Cash flows from operation activities prior to consumer finance related cash flows		357,388	383,275
Consumer finance related cash flows:			
Consumer finance loans granted by the consolidated entity		(1,330)	(1,559)
Repayments received from consumers on consumer finance loans granted by the consolidated entity		2,915	5,151
Consumer finance related cash flows		1,585	3,592
<b>Net Cash Flows from Operating Activities</b>	28(b)	358,973	386,867
<b>Cash Flows from Investing Activities</b>			
Payment for purchases of property, plant and equipment and intangible assets	G	(170,783)	(84,089)
Payment for the purchase of Investment properties	G	(172,709)	(87,709)
Proceeds from sale of property, plant and equipment		5,836	8,287
(Payments to) / proceeds from sale of units in unit trusts		(4)	6
Payments for purchase of equity investments	H	(5,643)	(1,744)
Payments for purchase of listed securities		-	(3,487)
Proceeds from sale of listed securities		4,838	2,944
Loans (granted to) / repaid from other entities		(6,776)	2,752
Payment for purchase of shares in a controlled entity	I	(21,485)	-
<b>Net Cash Flows Used in Investing Activities</b>		(366,726)	(163,040)
<b>Cash Flows from Financing Activities</b>			
Proceeds from syndicated loan facility	J	164,500	321,400
Dividends paid		(138,101)	(138,101)
(Repayments) / proceeds of loans from directors and other persons		(1,149)	8,824
Proceeds / (repayments) of borrowings	J	322	(376,415)
<b>Net Cash Flows Used in Financing Activities</b>		25,572	(184,292)
Net increase in cash and cash equivalents		17,819	39,535
Cash and cash equivalents at beginning of year		100,910	61,375
<b>Cash and Cash Equivalents at End of Year</b>	28 (a)	118,729	100,910



■ **Commentary to the Statement of Cash Flows:**

- <A> Total revenue received from franchisees decreased from \$1.024 billion for the prior year to \$989.04 million for the year ended 30 June 2011, a decrease of \$35.14 million or 3.4% (see note 2). As a result, net receipts from franchisees decreased by \$18.04 million compared to the prior year.
- <B> Sales revenue derived by company-owned stores increased for the year ended 30 June 2011 relative to the previous year due to the inclusion of seventeen (17) Clive Peeters stores, seven (7) Rick Hart stores and one (1) Rick Hart seconds store pursuant to the acquisition of the two brands in July 2010. The consolidated sales revenue for the year ended 30 June 2011 for Clive Peeters and Rick Hart was \$279.66 million.
- Three (3) new stores commenced trading in offshore markets located in Novo Mesto, Slovenia, Mont Kiara, Malaysia and Gisborne, New Zealand.
- <C> The increase in payments to suppliers and employees is attributable to the acquisition of inventory of selected Clive Peeters and Rick Hart stores in July 2010 and the build up of inventory for the Clive Peeters and Rick Hart businesses.
- The remainder of the increase relates to increased inventory payments and operating expenses by company-owned stores.
- <D> The distributions received from joint venture entities in the current year included \$21.99 million in proceeds received from the sale of a development property located in Mentone, Victoria.
- <E> Net GST payments are lower by \$27.54 million in the year ended 30 June 2011 compared to the previous year. The current year contained higher GST input tax credits (cash inflows) resulting from increased capital acquisitions and lower GST outputs (cash outflows) due to lower revenue received from franchisees.
- <F> Interest and other costs of finance paid have increased by \$9.53 million largely due to an increase in the utilised Syndicated Facility in Australia. The increase in interest rates in Australia also had the effect of increasing interest payments.
- <G> Payments for the purchases of property, plant and equipment, intangible assets and investment properties increased by \$171.69 million relative to the previous year. This increase is attributable to several significant property acquisitions during the current year including the At Home Centre at Penrith and several extensive new developments under construction including the Springvale complex in Victoria, the Maroochy development in Queensland and the new SPACE Asian hub at Bencoolen Street in Singapore.
- <H> The increase in payments for the purchase of equity investments is largely due to capital contributions required for a mining camp joint venture in Queensland of \$4.79 million.
- <I> During the current year, the consolidated entity acquired an additional 44,459,000 shares in Pertama Holdings Limited, Singapore for a total purchase consideration of \$21.49 million.
- <J> 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 2011, \$485.90 million had been drawn down pursuant to the Facility to fund operating activities and investing activities including significant property acquisitions (see Note G above) and the Clive Peeters asset acquisition.



## ■ OPERATING SEGMENTS – 30 June 2011

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	Share of Joint Venture Revaluation	Share of Net Profit/(Loss) of Equity Accounted Investments	Segment Revenue
	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000
FRANCHISING OPERATIONS	3,836	935,091	-	-	938,927
Retail – New Zealand	557,959	11,986	-	-	569,945
Retail – Asia	343,901	2,519	-	-	346,420
Retail – Slovenia	66,395	406	-	-	66,801
Retail – Ireland & Northern Ireland	191,903	3,161	-	-	195,064
Non-Franchised Retail – Clive Peeters and Rick Hart	279,663	12,677	-	-	292,340
Other Non-Franchised Retail	112,578	2,738	-	-	115,316
<b>TOTAL RETAIL</b>	<b>1,552,399</b>	<b>33,487</b>	<b>-</b>	<b>-</b>	<b>1,585,886</b>
Retail Property	149	161,468	-	9,958	171,575
Property Under Construction for Retail	-	890	-	367	1,257
Property Development for Resale	-	(6,023)	158	7,563	1,698
<b>TOTAL PROPERTY</b>	<b>149</b>	<b>156,335</b>	<b>158</b>	<b>17,888</b>	<b>174,530</b>
Equity Investments	-	14,657	-	-	14,657
Other	-	12,248	-	-	12,248
Inter-company eliminations	-	(29,359)	-	-	(29,359)
<b>Total from continuing operations</b>	<b>1,556,384</b>	<b>1,122,459</b>	<b>158</b>	<b>17,888</b>	<b>2,696,889</b>





## Operating Segments – 30 June 2011 (continued)

## SEGMENT RESULT

	Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense	Amortisation & Impairment Expense	Segment Result Before Tax
	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000
FRANCHISING OPERATIONS	332,459	(15,887)	(54,925)	(7,055)	254,592
Retail – New Zealand	49,963	(416)	(6,748)	(22)	42,777
Retail – Asia	16,952	(828)	(2,991)	(83)	13,050
Retail – Slovenia	7,267	(1,055)	(811)	(27)	5,374
Retail – Ireland & Northern Ireland	(31,654)	(2,565)	(3,407)	(968)	(38,594)
Non-Franchised Retail – Clive Peeters and Rick Hart	(37,085)	(737)	(2,871)	(375)	(41,068)
Other Non-Franchised Retail	11,312	(1,704)	(1,516)	(221)	7,871
<b>TOTAL RETAIL</b>	<b>16,755</b>	<b>(7,305)</b>	<b>(18,344)</b>	<b>(1,696)</b>	<b>(10,590)</b>
Retail Property	139,765	(17,738)	(3,810)	-	118,217
Property Under Construction for Retail	(3,899)	(2,314)	(289)	-	(6,502)
Property Development for Resale	683	(380)	-	-	303
<b>TOTAL PROPERTY</b>	<b>136,549</b>	<b>(20,432)</b>	<b>(4,099)</b>	<b>-</b>	<b>112,018</b>
Equity Investments	14,657	(488)	-	-	14,169
Other	9,897	(832)	(4,226)	(1,093)	3,746
Inter-company eliminations	(1,960)	1,960	-	-	-
<b>Total from continuing operations</b>	<b>508,357</b>	<b>(42,984)</b>	<b>(81,594)</b>	<b>(9,844)</b>	<b>373,935</b>
Income tax expense					(114,315)
Profit from continuing operations attributable to non-controlling interests					(7,365)
<b>Net profit for the year attributable to owners of the parent</b>					<b>252,255</b>



## Operating Segments – 30 June 2011 (continued)

	SEGMENT ASSETS			SEGMENT LIABILITIES		
	Segment Assets	Inter-company Eliminations	Segment Assets After Eliminations	Segment Liabilities	Inter-company Eliminations	Segment Liabilities After Eliminations
	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000	2011 \$000
FRANCHISING OPERATIONS	3,299,119	(2,003,809)	<b>1,295,310</b>	1,556,043	(594,789)	<b>961,254</b>
Retail – New Zealand	161,842	-	<b>161,842</b>	44,293	(1,071)	<b>43,222</b>
Retail – Asia	131,981	-	<b>131,981</b>	73,325	(24,125)	<b>49,200</b>
Retail – Slovenia	23,667	-	<b>23,667</b>	19,146	217	<b>19,363</b>
Retail – Ireland & Northern Ireland	53,343	-	<b>53,343</b>	197,175	(129,331)	<b>67,844</b>
Non-Franchised Retail – Clive Peeters and Rick Hart	96,135	-	<b>96,135</b>	137,695	(65,940)	<b>71,755</b>
Other Non-Franchised Retail	76,116	(24,454)	<b>51,662</b>	99,639	(68,780)	<b>30,859</b>
<b>TOTAL RETAIL</b>	<b>543,084</b>	<b>(24,454)</b>	<b>518,630</b>	<b>571,273</b>	<b>(289,030)</b>	<b>282,243</b>
Retail Property	1,784,562	(13,938)	<b>1,770,624</b>	1,162,629	(927,496)	<b>235,133</b>
Property Under Construction for Retail	246,468	(6,119)	<b>240,349</b>	232,477	(174,091)	<b>58,386</b>
Property Development for Resale	50,903	(16,951)	<b>33,952</b>	44,298	(39,147)	<b>5,151</b>
<b>TOTAL PROPERTY</b>	<b>2,081,933</b>	<b>(37,008)</b>	<b>2,044,925</b>	<b>1,439,404</b>	<b>(1,140,734)</b>	<b>298,670</b>
Equity Investments	48,251	-	<b>48,251</b>	6,398	-	<b>6,398</b>
Other	119,156	(44,744)	<b>74,412</b>	97,043	(85,462)	<b>11,581</b>
<b>CONSOLIDATED</b>	<b>6,091,543</b>	<b>(2,110,015)</b>	<b>3,981,528</b>	<b>3,670,161</b>	<b>(2,110,015)</b>	<b>1,560,146</b>
Unallocated			<b>22,481</b>			<b>215,402</b>
<b>TOTAL</b>			<b>4,004,009</b>			<b>1,775,548</b>



■ OPERATING SEGMENTS – 30 June 2010

**SEGMENT REVENUE**

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



## 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
FRANCHISING OPERATIONS	384,800	(13,678)	(53,717)	(6,721)	310,684
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 (a)	(35,933)	(2,277)	(5,130)	(7,803)	(51,143)
Other Non-Franchised Retail	10,183	(1,424)	(1,430)	(305)	7,024
TOTAL RETAIL	50,427	(5,662)	(18,474)	(8,225)	18,066
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	63,774	(15,049)	(3,438)	(703)	44,584
Equity Investments	10,406	(356)	-	-	10,050
Other	3,806	(532)	(196)	-	3,078
Inter-company Eliminations	(1,639)	1,639	-	-	-
<b>Total from continuing operations</b>	<b>511,574</b>	<b>(33,638)</b>	<b>(75,825)</b>	<b>(15,649)</b>	<b>386,462</b>
Income tax expense					(148,474)
Profit from continuing operations attributable to non-controlling interests					(6,579)
<b>Net profit for the year attributable to owners of the parent</b>					<b>231,409</b>

- (a) 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.



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



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

Segment	Description of Segment
<b>Franchising Operations</b>	Consists of the franchising operations of the consolidated entity (other than retailing, property and financial services).
<b>Retail – New Zealand</b>	Consists of the wholly-owned operations of the consolidated entity in New Zealand.
<b>Retail – Asia</b>	Consists of the controlling interest of the consolidated entity in the retail trading operations in Singapore and Malaysia under the Harvey Norman and Space brand names.
<b>Retail – Slovenia</b>	Consists of the controlling interest of the consolidated entity in the retail trading operations in Slovenia under the Harvey Norman brand name.
<b>Retail – Ireland &amp; Northern Ireland</b>	Consists of the wholly-owned operations of the consolidated entity in Ireland and Northern Ireland.
<b>Non-Franchised Retail – Clive Peeters and Rick Hart</b>	Consists of the wholly-owned operations of the consolidated entity under the Clive Peeters and Rick Hart brands.
<b>Non-Franchised Retail</b>	Consists of the retail trading operations in Australia which are controlled by the consolidated entity and does not include any operations of Harvey Norman franchisees. This segment includes the Space Furniture brand in Malaysia.
<b>Retail Property</b>	Consists of land and buildings for each retail site that is fully operational or is ready and able to be tenanted. The revenue and results of this segment consists of rental income, outgoings recovered and the net property revaluation increments 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.
<b>Property Under Construction for Retail</b>	Consists of sites that are currently undergoing construction at year-end intended for retail leasing. It also includes vacant land that has been purchased for the purposes of generating future investment income and facilitating the expansion and operation of the franchising operations.
<b>Property Developments for Resale</b>	Consists of land and buildings acquired by the consolidated entity, to be developed, or currently under development, for the sole purpose of resale at a profit.
<b>Equity Investments</b>	This segment refers to the trading of, and investment in, listed securities.
<b>Other</b>	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, Northern 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, listed shares held for trading 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 2011 was authorised for issue in accordance with a resolution of the directors on 29 September 2011.

### (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 interpretations, 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 entity for the annual reporting period ended 30 June 2011. For details on the impact of future accounting standards, refer to page 67.

### (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.



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

*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.

*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.

*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.

The acquisition method of accounting involves recognising at acquisition date, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree. The identifiable assets acquired and the liabilities assumed are measured at their acquisition date fair values.

The difference between the above items and the fair value of the consideration (including the fair value of any pre-existing investment in the acquiree) is goodwill or a discount on acquisition.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the consolidated entity's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed, 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. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Non-controlling interests are allocated their share of net profit after tax in the statement of comprehensive income and are 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.

A change in the ownership interest of a subsidiary (without a change in control) is to be accounted for as a transaction with owners in their capacity as owners. Therefore such transactions will no longer give rise to goodwill, nor will they give rise to a gain or loss in the statement of comprehensive income.

### *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:

- Acquisitions of non-controlling interests were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired was recognised in goodwill.
- 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 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 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 on buildings and any impairment losses recognised after the date of the revaluation. Valuations are performed frequently to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

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

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

#### Impairment

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

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

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

**(v) Property, plant and equipment (continued)****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. Properties in New Zealand, Slovenia and Singapore owned by the consolidated entity, upon any revaluation, are valued at fair value, determined by independent licensed valuers, in accordance with the respective local statutory requirements.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position 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.

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 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 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

***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.

**(viii) Discontinued operation**

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

**(ix) Goodwill**

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

## (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 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 a 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').

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. The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

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

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

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



## (xxi) Leases

### Consolidated entity as lessor

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

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

### Consolidated entity as lessee

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

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

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis 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 balance date.

Deferred income tax is provided on all temporary differences at balance 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 balance 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 Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows 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.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

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".

### (xxxi) Business combinations

#### *Subsequent to 1 July 2009*

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred, and included in administrative expenses.

When the consolidated entity acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

#### *Prior to 1 July 2009*

In comparison to the above-mentioned requirements, the following difference applied:

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for in separate steps. Any additional acquired share of interest did not affect previously recognised goodwill. The goodwill amounts calculated at each step acquisition were accumulated. When the consolidated entity acquired a business, embedded derivatives separated from the host contract by the acquire were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that otherwise would have been required under the contract.

Contingent consideration was recognised if, and only if, the consolidated entity had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to the contingent consideration were adjusted against goodwill.

**(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 2011.

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 material impact on the consolidated entity's financial statements.	1 July 2011



## (e) Future Accounting Standards (continued)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 1054	Australian Additional Disclosures	The standard is as a consequence of phase 1 of the joint Trans-Tasman Convergence project of the AASB and FRSB. This standard relocates all Australian specific disclosures from other standards to one place and revises disclosure in the following areas: 1) Compliance with Australian Accounting Standards; 2) The statutory basis or reporting framework for financial statements; 3) Whether the financial statements are general purpose or special purpose; 4) Audit fees; 5) Imputation credits	1 July 2011	The amendments are not expected to have any material impact on the consolidated entity's financial statements.	1 July 2011
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 amendments are not expected to have any material impact on the consolidated entity's financial statements.	1 July 2011
AASB 2010-6	Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7]	The amendments increase the disclosure requirements for transactions involving transfers of financial assets. <i>Disclosures</i> require enhancements to the existing disclosures in IFRS 7 where an asset is transferred but is not derecognised and introduce new disclosures for assets that are derecognised but the entity continues to have a continuing exposure to the asset after the sale.	1 July 2011	The amendments are not expected to have any material impact on the consolidated entity's financial statements.	1 July 2011
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023, & 1038 and interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: 1) The change attributable to changes in credit risk are presented in other comprehensive income (OCI). The remaining change is presented in profit or loss.	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*
AASB 2010-8	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	These amendments address the determination of deferred tax on investment property measured at fair value and introduce a rebuttable presumption that deferred tax on investment property measured at fair value should be determined on the basis that the carrying amount will be recoverable through sale. The amendments also incorporate SIC-21 Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.	1 January 2012	The consolidated entity is in the process of assessing the impact on the consolidated entity's financial statements and disclosures.	1 July 2012
AASB 10	Consolidated Financial Statements	<p>AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation – Special Purpose Entities.</p> <p>The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control. This is likely to lead to more entities being consolidated into the group.</p>	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 11	Joint Arrangements	AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly- controlled Entities – Non-monetary Contributions by Ventures. AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement.	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*
		<p>Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations.</p> <p>Joint ventures that give the venturers a right to the net assets is accounted for using the equity method. This may result in a change in the accounting for the joint arrangements held by the group.</p>			
AASB 12	Disclosure of Interests in Other Entities	AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgements made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.	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 13	Fair Value Measurement	<p>AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.</p> <p>AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.</p>	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

\*designates the beginning of the applicable annual reporting period



		CONSOLIDATED	
		2011	2010
	NOTE	\$000	\$000
<b>2. ■ Revenues from Continuing Operations</b>			
<b>Revenues from Continuing Operations:</b>			
Revenue from the sale of products		1,556,384	1,344,455
Gross revenue from franchisees:			
- Franchise fees		750,563	789,625
- Rent		204,181	196,336
- Interest		34,292	38,219
Total revenue received from franchisees		989,036	1,024,180
Rent received from other third parties		44,219	34,274
Interest received from other unrelated parties		7,739	5,786
Dividends from other unrelated parties		2,587	1,916
Total other revenues from continuing operations		54,545	41,976
Share of net profit of joint venture entities	37	17,888	7,260
Share of joint venture property revaluation	37	158	-
Total revenues from continuing operations		2,618,011	2,417,871
<b>Other Income Items:</b>			
Net property revaluation increment on Australian investment properties		15,297	-
Net profit on the revaluation of equity investments to fair value		12,070	8,499
Net foreign exchange gains		2,258	357
Unrealised gain on interest rate swaps		230	246
Other revenue		49,023	22,131
Total other income items		78,878	31,233
<b>Total revenues and other income items from continuing operations</b>		<b>2,696,889</b>	<b>2,449,104</b>
Total revenues from continuing operations is disclosed on the Income Statement as follows:			
Sales revenue		1,556,384	1,344,455
Other revenues from continuing operations		1,043,581	1,066,156
Other income items		78,878	31,233
Total other revenues and income items		1,122,459	1,097,389
Share of net profit of joint venture entities		17,888	7,260
Share of joint venture property revaluations		158	-
<b>Total revenues and other income items from continuing operations</b>		<b>2,696,889</b>	<b>2,449,104</b>





	CONSOLIDATED	
	2011 \$000	2010 \$000
<b>3. ■ Expenses and Losses from Continuing Operations</b>		
In arriving at profit from continuing operations before Income tax, the following items were taken into account:		
<b>Depreciation, amortisation and impairment:</b>		
Depreciation of:		
- Buildings	4,097	3,438
- Plant and equipment	77,416	72,445
Amortisation of:		
- Leased plant and equipment	81	28
- Computer software	7,773	7,016
Impairment of (included in administrative and other expenses line in the Income Statement):		
- Plant and equipment – Ireland	968	1,182
- Plant and equipment – Northern Ireland	-	6,621
- Capitalised IT projects	1,093	41
- Other assets	10	703
<b>Total depreciation, amortisation and impairment</b>	<b>91,438</b>	<b>91,474</b>
<b>Finance costs:</b>		
Interest paid or payable:		
- Loans from directors and director-related entities	2,835	1,972
- Bank interest paid to financial institutions	37,694	29,540
- Interest paid on non-trade amounts owing to Commercial Mortgage Backed Securities	-	281
- Other	2,455	1,845
<b>Total finance costs</b>	<b>42,984</b>	<b>33,638</b>
<b>Employee benefits expense:</b>		
- Wages and salaries	228,862	182,893
- Workers' compensation costs	1,539	1,390
- Superannuation contributions expense	13,231	8,602
- Payroll tax expense	10,934	7,994
- Share-based payment expense	419	(2,021)
- Other employee benefit expense	6,776	5,216
<b>Total employee benefits expense</b>	<b>261,761</b>	<b>204,074</b>
<b>Property revaluation decrements:</b>		
- Net revaluation decrement for Australian investment properties	-	30,052
- Share of joint venture property revaluations	-	9,854
<b>Total property revaluation decrements</b>	<b>-</b>	<b>39,906</b>
<b>Other expense items:</b>		
- Net bad debts – provided for or written off	1,999	1,587
- Net charge to provision for doubtful debts	(2,533)	(3,182)
- Net loss on disposal of plant and equipment	2,344	272
- Minimum lease payments	161,009	146,941
- Provision for obsolescence of inventories	(336)	977
- Provision for employee benefits	5,494	(56)



## CONSOLIDATED

2011 2010  
\$000 \$000

## 4. ■ Income Tax

## (a) ■ Income tax recognised in the Income Statement

The major components of income tax expense are:

Current income tax:		
Current income tax charge	93,701	133,906
Adjustments in respect of current income tax of previous years	(1,284)	(476)
Deferred income tax:		
Relating to the origination and reversal of temporary differences	21,898	14,339
Write-downs (reversals of previous write-downs) of deferred tax assets	-	705
Total income tax expense reported in the income statement	114,315	148,474

## (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	169	(539)
Net gain on revaluation of land and buildings	1,819	124
Total income tax expense reported in equity	1,988	(415)

## (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	373,935	386,462
At the consolidated entity's statutory income tax rate of 30% (2010: 30%)	112,181	115,939
Adjustments to arrive at total income tax expense recognised for the year:		
Adjustments in respect of current income tax of previous years	(1,284)	(476)
Share-based payment expenses	125	(606)
Expenditure not allowable for income tax purposes	84	(65)
Income not assessable for income tax purposes	(878)	69
Unrecognised tax losses	13,368	16,111
Utilisation of tax losses	(691)	(365)
Reversal of deferred tax balances raised in previous years	-	705
Tax concession for research and development expenses	(6,004)	(114)
Investment allowance on eligible assets	-	(269)
Non-allowable building and motor vehicle depreciation	90	86
Non-allowable building depreciation due to a legislative change in New Zealand	87	19,672
Receipt of fully franked dividends	(776)	(486)
Sundry items	(615)	(531)
Effect of different rates of tax on overseas income and exchange rate differences	(1,372)	(1,196)
	2,134	32,535
Total income tax expense reported in the income statement	114,315	148,474



## 4. ■ Income Tax (continued)

	STATEMENT OF FINANCIAL POSITION		INCOME STATEMENT	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
<b>(d) ■ Deferred income tax assets and liabilities:</b>				
Deferred income tax at 30 June relates to the following:				
<b>CONSOLIDATED</b>				
<b>Deferred tax liabilities:</b>				
Revaluations of investment properties to fair value	(136,021)	(131,596)	4,424	(12,251)
Revaluations of owner-occupied land and buildings to fair value	(7,199)	(5,682)	-	-
Non-allowable building depreciation due to a legislative change in New Zealand	(19,150)	(20,062)	87	19,672
Reversal of building depreciation expense for investment properties	(25,519)	(20,152)	5,371	4,819
Differences between accounting carrying amount and tax cost base of computer software assets	(700)	(906)	(206)	(72)
Unrealised profits on investments	(4,062)	(1,355)	2,707	2,611
Adjustments in respect of deferred tax liabilities of previous years	-	-	-	(1,053)
Accretion of FAST receivables	(3,496)	(3,431)	65	101
Unrealised foreign exchange gains	-	(360)	(360)	(47)
Research and development	(10,673)	(441)	8,642	441
Other items	(1,216)	(1,005)	904	1,074
	<b>(208,036)</b>	<b>(184,990)</b>		
<b>CONSOLIDATED</b>				
<b>Deferred tax assets:</b>				
Employee provisions	6,428	5,077	(235)	(197)
Unused tax losses and tax credits	233	817	594	918
Other provisions	1,874	2,001	76	568
Provision for lease makegood	135	698	528	(392)
Provision for deferred lease expenses	1,633	1,527	(106)	(159)
Lease incentives	511	580	76	88
Provision for executive remuneration	675	705	30	(705)
Inventory valuation adjustments	1,565	1,565	-	-
Unearned income for accounting purposes	7	1,004	109	(762)
Unrealised losses on foreign exchange				
Transactions	139	129	(19)	16
Finance leases	1,507	580	(608)	(555)
Discount interest-free receivables	3,564	3,520	(45)	(52)
Adjustments in respect of deferred tax assets of previous years	-	-	-	1,053
Equity-accounted investments	2,078	1,931	(19)	35
Provisions for onerous leases	728	892	164	30
Other items	1,404	1,462	(281)	(137)
	<b>22,481</b>	<b>22,488</b>	<b>21,898</b>	<b>15,044</b>



#### 4. ■ Income Tax (continued)

The consolidated entity has not recognised deferred tax assets relating to tax losses of \$194.27 million (2010: \$157.09 million) which are available for offset against taxable profits of the companies in which the losses arose.

At 30 June 2011, there is no recognised or unrecognised deferred income tax liability (2010: \$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	
	2011	2010
	\$000	\$000

#### 5. ■ Trade and Other Receivables (Current)

Trade debtors (a)	1,022,892	1,042,461
Provision for doubtful debts (a)	(990)	(3,289)
Trade debtors, net	1,021,902	1,039,172
Consumer finance loans (b)	2,970	3,735
Amounts receivable in respect of finance leases (c)	8,685	14,068
Non-trade debts receivable from: (d)		
- Related parties	1,797	1,550
- Other unrelated persons	33,270	26,742
- Provision for doubtful debts (d)	(3,392)	(3,622)
Non-trade debts receivable, net	31,675	24,670
Total trade and other receivables (current)	1,065,232	1,081,645

(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 \$1.78 million (2010: \$0.73 million) 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 \$12.48 million (2010: \$9.85 million) 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
2011 (\$000)	1,009,866	6,338	1,153	4,985	5	60	925	1,023,332
2010 (\$000)	1,030,551	6,661	992	2,192	65	14	3,211	1,043,686

	CONSOLIDATED	
	2011	2010
	\$000	\$000
Reconciled to:		
Trade debtors (Current)	1,022,892	1,042,461
Trade debtors (Non- Current – Note 10)	440	1,225
	1,023,332	1,043,686



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

### (a) ■ Trade receivables and allowance for doubtful debts (continued)

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

	CONSOLIDATED	
	2011	2010
	\$000	\$000
At 1 July	3,289	4,336
Charge for the year	1,780	728
Foreign exchange translation	(275)	(131)
Amounts written off	(3,804)	(1,644)
At 30 June	990	3,289

### (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	10,658	17,083
Later than one year but not later than five years	14,089	24,514
	24,747	41,597
Future finance revenue:		
Not later than one year	(1,973)	(3,015)
Later than one year but not later than five years	(1,493)	(2,454)
Net finance lease receivables	21,281	36,128
Reconciled to:		
Trade and other receivables (Current)	8,685	14,068
Trade and other receivables (Non-current – Note 10)	12,596	22,060
	21,281	36,128

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 \$0.20 million (2010: \$0.84 million) 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 \$1.26 million (2010: \$1.83 million) 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 \$0.85 million (2010: \$0.85 million).

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

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

	Neither past due nor impaired	Past due but not impaired			Past due and impaired			Total
		31-60 Days	61-90 Days	+90 Days	31-60 Days	61-90 Days	+90 Days	
2011 (\$000)	30,417	-	-	1,258	-	-	3,392	35,067
2010 (\$000)	22,838	-	-	1,832	-	-	3,622	28,292

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

	CONSOLIDATED	
	2011 \$000	2010 \$000
At 1 July	3,622	5,747
Charge for the year	202	839
Amounts written off	(432)	(2,964)
At 30 June	3,392	3,622

## 6. ■ Other Financial Assets (Current)

Listed shares held for trading at fair value	40,171	33,350
Other investments	1,058	1,050
Total other financial assets (current)	41,229	34,400

## 7. ■ Inventories (Current)

Finished goods at cost	316,453	250,815
Provision for obsolescence	(6,290)	(6,626)
Finished goods at cost, net	310,163	244,189
Finished goods at net realisable value	26,579	17,485
Total current inventories, net	336,742	261,674

## 8. ■ Other Assets (Current)

Prepayments	16,378	17,209
Other current assets	4,662	3,704
Total other assets (current)	21,040	20,913



	CONSOLIDATED	
	2011	2010
	\$000	\$000
<b>9. ■ Intangible Assets (Current)</b>		
Net Licence Property	322	761
<b>10. ■ Trade and Other Receivables (Non-Current)</b>		
Trade debtors (a)	440	1,225
Consumer finance loans (b)	1,518	1,917
Provision for doubtful debts (b)	(16)	(20)
	1,942	3,122
Amounts receivable in respect of finance leases	12,596	22,060
Total trade and other receivables (non-current)	14,538	25,182

**(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 \$0.016 million (2010: \$0.02 million) 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, \$0.54 million (2010: \$0.39 million) 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
2011 (\$000)	3,930	163	180	199	-	-	16	4,488
2010 (\$000)	5,243	140	66	183	-	-	20	5,652



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

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

	CONSOLIDATED	
	2011	2010
	\$000	\$000
Reconciled to:		
Consumer finance loans (Current – Note 5)	2,970	3,735
Consumer finance loans (Non – Current)	1,518	1,917
	<b>4,488</b>	<b>5,652</b>
Movements in the allowance for doubtful debts for non-current consumer finance loans were as follows:		
At 1 July	20	30
Charge for the year	16	20
Amounts written off	(20)	(30)
At 30 June	16	20

## 11. ■ Other Financial Assets (Non-Current)

Listed shares held for trading	2,000	1,590
Listed shares held as available for sale	6,080	5,375
Units in unit trusts held as available for sale	210	206
Other non-current financial assets	4	-
Total other financial assets (non-current)	<b>8,294</b>	<b>7,171</b>



	CONSOLIDATED	
	2011	2010
	\$000	\$000
<b>12. ■ Property, Plant and Equipment (Non-Current)</b>		
■ <i>Summary</i>		
Land		
- At fair value	95,928	102,527
- Properties under construction, at cost	20,325	1,403
Total Land	116,253	103,930
Buildings		
- At fair value	127,940	125,549
- Properties under construction, at cost	13,572	1,116
Total buildings	141,512	126,665
Net land and buildings	257,765	230,595
Plant and equipment		
- At cost	755,771	692,172
- Accumulated depreciation	(501,557)	(485,609)
Net plant and equipment, at cost	254,214	206,563
Lease make good asset		
- At cost	2,723	4,921
- Accumulated depreciation	(2,223)	(3,046)
Net lease make good asset, at cost	500	1,875
<b>Total plant and equipment</b>	<b>254,714</b>	<b>208,438</b>
Total property, plant and equipment		
- Land and buildings at cost and fair value	257,765	230,595
- Plant and equipment at cost	758,494	697,093
Total Property, plant and equipment	1,016,259	927,688
Accumulated depreciation and amortisation	(503,780)	(488,655)
<b>Total written down amount</b>	<b>512,479</b>	<b>439,033</b>
■ <i>Reconciliations</i>		
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year are as follows:		
<b>Land (at fair value):</b>		
Opening balance	102,527	90,730
Additions	4,217	8,774
(Decrease) / increase resulting from revaluation	(6,852)	3,023
Transfers to investment properties	-	(545)
Transfers from land under construction at cost	1,403	3,775
Net foreign currency differences arising from foreign operations	(5,367)	(3,230)
Closing balance	95,928	102,527



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

	CONSOLIDATED	
	2011	2010
	\$000	\$000
<b>Land under construction (at cost):</b>		
Opening balance	1,403	61,114
Transfers from / (to) investment properties	22,733	(55,636)
Transfers to land at fair value	(1,403)	(3,775)
Net foreign currency differences arising from foreign operations	(2,168)	(300)
Closing balance	20,565	1,403
Accumulated Depreciation		
Opening balance	-	-
Depreciation for the year (a)	240	-
Closing balance	240	-
Net book value of land under construction	20,325	1,403
<b>Buildings (at fair value):</b>		
Opening balance	125,549	109,590
Additions	6,981	17,055
Increase resulting from revaluation	803	-
Reversal of depreciation upon revaluation	61	(2,531)
Transfers from buildings under construction at cost	1,116	8,277
Net foreign currency differences arising from foreign operations	(6,570)	(6,842)
Closing balance	127,940	125,549
Accumulated Depreciation		
Opening balance	-	-
Depreciation for the year	19,989	18,623
Disposals	-	20
Reversal upon revaluation	(19,987)	(18,607)
Net foreign currency differences arising from foreign operations	(2)	(36)
Closing balance	-	-
Net book value of buildings	127,940	125,549

(a) The depreciation charge for the current year relates to a leasehold land located in Singapore.



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

	<b>CONSOLIDATED</b>	
	<b>2011</b>	2010
	<b>\$000</b>	\$000
<b>Buildings under construction (at cost):</b>		
Opening balance	1,116	32,923
Additions	5,721	1,026
Transfers to buildings at fair value	(1,116)	(8,277)
Transfers from / (to) investment properties	8,684	(24,537)
Net foreign currency differences arising from foreign operations	(833)	(19)
Closing balance	13,572	1,116
Net book value of land and buildings	257,765	230,595
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 \$162.33 million (2010: \$160.97 million).		
<b>Plant and equipment (at cost):</b>		
Opening balance	692,032	670,040
Additions	132,136	42,764
Disposals	(77,773)	(35,410)
Transfers (to) / from leased plant and equipment	(416)	671
Transfers	-	22,919
Transfers from other assets	21,238	-
Impairment	(419)	-
Net foreign currency differences arising from foreign operations	(11,470)	(8,952)
Closing balance	755,328	692,032
<b>Accumulated Depreciation</b>		
Opening balance	485,564	417,409
Depreciation for the year	76,751	71,563
Disposals	(57,418)	(29,709)
Transfers (to) / from leased plant and equipment	(252)	262
Transfers	-	22,919
Transfers from other assets	4,211	-
Impairment (a)	968	7,803
Net foreign currency differences arising from foreign operations	(8,557)	(4,683)
Closing balance	501,267	485,564
Net book value	254,061	206,468

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

Ireland and Northern Ireland operations incurred a trading loss of \$37.63 million for the current year compared to a loss of \$42.65 million for the preceding year. Consequently, the recoverable amount of plant and equipment assets in Ireland and Northern Ireland was reviewed.

As a result of this review, an impairment loss of \$0.97 million (2010: \$7.80 million) was recognised in the Republic of Ireland 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 the "Retail – Ireland & Northern Ireland" reportable segment.

Management determined the cash generating units to be each of the 14 retail stores in the Republic of 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 2011 based on financial budgets approved by senior management. The pre-tax discount rate applied to the cash flow projections was 16.0% (2010: 9.9% to 11.0%). The terminal growth rate applied to the cash flow projections was 4.23% (2010: 2.43% to 3.15%).





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

	CONSOLIDATED	
	2011	2010
	\$000	\$000
<b>Lease make good asset (at cost):</b>		
Opening balance	4,921	3,604
Additions	781	1,990
Disposals	(2,503)	(676)
Net foreign currency differences arising from foreign operations	(476)	3
Closing balance	2,723	4,921
<i>Accumulated Depreciation</i>		
Opening balance	3,046	2,509
Amortisation for the year	665	882
Disposals	(1,147)	(380)
Net foreign currency differences arising from foreign operations	(341)	35
Closing balance	2,223	3,046
Net book value	500	1,875
<b>Leased Plant and Equipment (at cost):</b>		
Opening balance	139	820
Additions	35	-
Disposals	(126)	-
Transfers from / (to) plant and equipment	416	(671)
Transfers from accumulated depreciation	-	(10)
Net foreign currency differences arising from foreign operations	(21)	-
Closing balance	443	139
<i>Accumulated Depreciation</i>		
Opening balance	44	288
Amortisation for the year	81	28
Disposals	(74)	-
Transfers from / (to) plant and equipment	252	(262)
Transfers to leased plant and equipment at cost	-	(10)
Net foreign currency differences arising from foreign operations	(13)	-
Closing balance	290	44
Net book value	153	95
Total plant and equipment	254,714	208,438
Total property, plant and equipment	512,479	439,033

The financing facilities as disclosed in Note 21 to the financial statements are secured by charges and mortgages over all of the assets of the consolidated entity.



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

	CONSOLIDATED					
	Completed investment property	Investment property under construction	Total	Completed investment property	Investment property under construction	Total
	2011 \$000	2011 \$000	2011 \$000	2010 \$000	2010 \$000	2010 \$000
Opening balance	1,362,574	126,626	1,489,200	1,316,572	-	1,316,572
Additions	58,945	113,939	172,884	81,595	30,124	111,719
Transfer (to) / from property, plant and equipment	-	(31,417)	(31,417)	545	80,173	80,718
Transfer (to) / from investments accounted for using equity method	(32,532)	-	(32,532)	14,088	-	14,088
Transfer from / (to) completed investment property	8,705	(8,705)	-	(16,357)	16,357	-
Transfer to inventory	(8,869)	-	(8,869)	-	-	-
Net foreign currency differences arising from foreign operations	-	-	-	(140)	-	(140)
Adjustment to fair value	17,320	(2,023)	15,297	(30,052)	-	(30,052)
Disposals	(2,962)	-	(2,962)	(3,677)	(28)	(3,705)
<b>Closing balance</b>	<b>1,403,181</b>	<b>198,420</b>	<b>1,601,601</b>	<b>1,362,574</b>	<b>126,626</b>	<b>1,489,200</b>

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 \$1.29 billion (2010: \$1.14 billion) generally have capitalisation rates within the range of 8.25% to 9.00% (2010: 8.0% to 9.5%). Secondary sites (as determined by management), which have been operating for greater than a twelve-month period, totalling \$242.06 million (2010: \$236.53 million) generally have capitalisation rates within the range of 8.75% to 11.0% (2010: 8.5% to 11.0%). The consolidated entity has a strict property maintenance program to ensure that all investment properties are continuously maintained to a high standard. The vacancy rate of the investment property portfolio in Australia is 2.44% (2010: 3.04%).

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 \$140.91 million for the year ended 30 June 2011 (2010: \$128.38 million). Operating expenses recognised in the income statement in relation to investment properties amounted \$32.50 million for the year ended 30 June 2011 (2010: \$27.12 million).

Investment properties can be analysed as follows:

	CONSOLIDATED	
	2011 \$000	2010 \$000
Completed investment properties at fair value	1,403,181	1,362,574
Investment properties under construction at fair value	198,420	126,626
<b>Total investment properties</b>	<b>1,601,601</b>	<b>1,489,200</b>



	CONSOLIDATED	
	2011	2010
	\$000	\$000
<b>14. ■ Intangible Assets (Non-Current)</b>		
<b>Computer Software (summary)</b>		
Cost (gross carrying amount)	98,236	58,325
Accumulated amortisation and impairment	(40,445)	(34,580)
Net carrying amount	57,791	23,745
<b>Computer Software:</b>		
Net of accumulated amortisation and impairment		
Opening balance	23,745	17,772
Additions	42,648	14,441
Disposals	(142)	(1,429)
Impairment	(674)	-
Amortisation	(7,773)	(7,016)
Net foreign currency differences arising from foreign operations	(13)	(23)
Net book value	57,791	23,745
<b>Goodwill:</b>		
Opening balance	11	11
Net foreign currency differences arising from foreign operations	(2)	-
Carrying value	9	11
<b>Licence property:</b>		
Net book value	494	473
<b>Total intangible assets</b>	<b>58,294</b>	<b>24,229</b>

■ *Computer Software*

Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. 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 impairment indicators are present, 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*

After initial recognition, goodwill acquired in a business combination is measured at cost less any accumulated impairment losses. Goodwill is not amortised but is subject to impairment testing on an annual basis whenever there is an indication of impairment.

*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. Based on the annual impairment review, the goodwill recognised in respect of Pertama Holdings Limited, Singapore is not impaired.



	CONSOLIDATED	
	2011	2010
	\$000	\$000
<b>15. ■ Trade and Other Payables (Current)</b>		
Trade creditors	701,823	656,042
Accruals	77,761	36,900
Other creditors	75,313	46,773
<b>Total trade and other payables (current)</b>	<b>854,897</b>	<b>739,715</b>
<b>16. ■ Interest-Bearing Loans and Borrowings (Current)</b>		
Secured:		
Non trade amounts owing to:		
- Commercial bills payable (a)	15,075	15,988
- Other short-term borrowings	-	34,507
- Bank overdraft (a)	44,050	56,326
Unsecured:		
Derivatives payable	-	209
Lease liabilities (b) Note 33 (b)(i)	168	182
Non trade amounts owing to:		
- Directors (c)	36,944	33,189
- Other related parties (c)	8,844	13,733
- Other unrelated persons	194	208
<b>Total interest-bearing loans and borrowings (current)</b>	<b>105,275</b>	<b>154,342</b>
<i>(a) Commercial Bills Payable and Bank Overdraft</i>		
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.		
<i>(b) Lease Liabilities</i>		
The implicit interest rate on lease liabilities is within a range of 1.0% to 9.5% over a term of 3 years.		
<i>(c) Directors and Other Related Parties</i>		
Interest is payable at normal commercial bank bill rates. The loans are unsecured and repayable at call.		
<i>(d) Defaults and Breaches</i>		
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.		
The Company has not received notice of the occurrence of any Relevant Event from the financier.		
<b>17. ■ Other Liabilities (Current)</b>		
Lease incentives	1,545	2,003
Unearned revenue	58	927
<b>Total other liabilities (current)</b>	<b>1,603</b>	<b>2,930</b>



	CONSOLIDATED	
	2011	2010
	\$000	\$000
Current:		
Employee benefits (Note 29)	20,450	15,360
Make good provision	658	3,507
Deferred lease expenses	1,058	801
Onerous lease costs	2,426	2,972
Other	643	686
Total provisions (current)	25,235	23,326
Non-Current:		
Employee benefits (Note 29)	2,343	1,939
Make good provision	2,058	1,437
Deferred lease expenses	5,274	5,443
Total provisions (non-current)	9,675	8,819

Movements in the provisions for the year are as follows:

	Make Good Provision \$000	Deferred Lease Expenses \$000	Onerous Lease Costs \$000	Other \$000	Total \$000
CONSOLIDATED					
At 1 July 2010	4,944	6,244	2,972	686	14,846
Arising during the year	769	1,190	1,076	919	3,954
Utilised	(2,586)	(1,012)	(1,622)	(930)	(6,150)
Discount rate adjustment	8	-	-	-	8
Exchange rate variance	(419)	(90)	-	(32)	(541)
At 30 June 2011	2,716	6,332	2,426	643	12,117
Current 2011	658	1,058	2,426	643	4,785
Non-current 2011	2,058	5,274	-	-	7,332
Total provisions 2011	2,716	6,332	2,426	643	12,117
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

#### ■ *Make good provision*

In accordance with certain lease agreements, the consolidated entity is obligated to restore certain leased premises to a specified condition at the end of the lease term. The balance of the make good provision as at 30 June 2011 was \$2.72 million representing the expected costs to be incurred in restoring the leased premises to the condition specified in the lease. The provision has been calculated using a discount rate of 3 per cent.

#### ■ *Onerous lease costs*

The provision for onerous lease costs 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. This obligation may be reduced by the 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. During the year ended 30 June 2011, the consolidated entity closed one (1) leased franchised store. The balance of the provision for onerous lease costs as at 30 June 2011 was \$2.43 million.



## 18. ■ Provisions (continued)

### ■ *Deferred lease expenses*

Deferred lease expenses represent the present value of the future lease payments that the consolidated entity is presently obligated to make under non-cancellable operating lease agreements to enable the even recognition of lease payments as an expense on a straight-line basis over the lease term.

### ■ *Other*

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

	CONSOLIDATED	
	2011	2010
	\$000	\$000

## 19. ■ Trade and Other Payables (Non-Current)

Other creditors	-	23,332
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## 20. ■ Interest-Bearing Loans and Borrowings (Non-Current)

Secured:

Non trade amounts owing to:

- Syndicated Facility Agreement (a)	485,900	321,400
- Commercial bills payable	32,428	23,544
- Other non-current borrowings	26,886	-

Unsecured:

- Derivatives payable	1,269	1,798
- Lease liabilities – Note 33 (b)(i)	-	82

Total interest-bearing liabilities (non-current)	546,483	346,824
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### (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 "Financier") in relation to a loan facility of \$435,000,000 ("Facility") made available by the Financiers to the Borrower ("Syndicated Facility Agreement"). During the year ended 30 June 2011, the amount of the Facility was increased to \$560,000,000. In September 2011, the amount of the Facility was increased to \$610,000,000.
- 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.





## 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.

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

## 21. ■ Financing Facilities Available

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

	CONSOLIDATED	
	2011	2010
	\$000	\$000
<b>Total facilities:</b>		
- Bank overdraft	47,692	62,943
- Other short term borrowings	56,105	79,165
- Commercial bank bills	64,909	72,088
- Syndicated facility	560,000	435,000
<b>Total Available Facilities</b>	<b>728,706</b>	<b>649,196</b>
<b>Facilities used at balance date:</b>		
- Bank overdraft	44,050	56,326
- Other short term borrowings	26,886	34,507
- Commercial bank bills - current	15,075	15,988
- Commercial bank bills - non-current	32,428	23,544
- Syndicated facility	485,900	321,400
<b>Total Used Facilities</b>	<b>604,339</b>	<b>451,765</b>
<b>Facilities unused at balance date:</b>		
- Bank overdraft	3,642	6,617
- Other short term borrowings	29,219	44,658
- Commercial bank bills	17,406	32,556
- Syndicated facility	74,100	113,600
<b>Total Unused Facilities</b>	<b>124,367</b>	<b>197,431</b>

### ■ Commercial Bank Bills and Bank Overdrafts

The commercial bank bills and bank overdraft ("Other ANZ Facilities") are secured by the securities given pursuant to the Syndicated Facility Agreement (refer to Notes 16(a) and 20(a)) and subject to annual review by ANZ. The Syndicated Facilities are repayable on demand, 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).

## 22. ■ Other Liabilities (Non-Current)

Lease incentives	16,956	19,385
Unearned revenue	22	2,599
<b>Total other liabilities (non-current)</b>	<b>16,978</b>	<b>21,984</b>



### 23. ■ Contributed Equity

	CONSOLIDATED	
	2011	2010
	\$000	\$000
Ordinary shares	259,610	259,610
Total contributed equity	259,610	259,610
	2011 number	2010 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 2009	1,062,316,784	259,610
Issue of shares under executive share option plan	-	-
At 1 July 2010	1,062,316,784	259,610
Issue of shares under executive share option plan	-	-
At 30 June 2011	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*

Subject to the terms and conditions of the 2010 Share Option Plan, the Company issued 1,000,000 options to subscribe for 1,000,000 fully paid ordinary shares in the Company, at an exercise price of \$3.02 per option, on 29 November 2010, to each of David Matthew Ackery, Chris Mentis and John Evyn Slack-Smith ("First Tranche of Options"). The qualifying period for the 2010 EOP Allocation is the three years ending 30 June 2013. The first tranche of options were independently valued at grant date by Mercer (Australia) Pty Limited utilising the assumptions underlying the Black-Scholes methodology. These assumptions included the following:

- dividend yield 3.8%
- expected volatility 37.1%
- risk free rate as derived from the yield on Australian Government Bonds of the appropriate term

Under this valuation methodology, the value of each option in the 2010 EOP Allocation was \$0.87 per option or \$2,610,000 in total.

The performance conditions in respect of the 2007 EOP Allocation were not satisfied and therefore the 4,150,000 options in respect of the 2007 EOP Allocation did not vest as at 31 August 2010 and had lapsed on 27 September 2010.

#### ■ *Pertama Holdings Limited, Singapore*

There were no options (2010: 4,000,000 options) over unissued ordinary shares outstanding at 30 June 2011. At an Extraordinary General Meeting of shareholders held on 25 October 2005, shareholders approved the grant of 4,000,000 options to Mr Augustus. These options are exercisable from 1 October 2008 and must be exercised before 1 October 2010. Mr Augustus exercised the 4,000,000 options granted to him on 30 September 2010 at the exercise price of \$0.365 per option resulting in the issue of 4,000,000 of ordinary shares in Pertama Holdings Limited, Singapore.

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



## 24. ■ Reserves

	Asset revaluation reserve	Foreign currency translation reserve	Available for sale reserve	Cash flow hedge reserve	Employee equity benefits reserve	Acquisition reserve	Total
CONSOLIDATED \$'000							
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 gain on available-for-sale investments	-	-	981	-	-	-	981
Net loss on interest rate swaps	-	-	-	(1,799)	-	-	(1,799)
swaps	-	-	-	-	-	-	-
Tax effect of net loss on interest rate swaps	-	-	-	539	-	-	539
swaps	-	-	-	-	-	-	-
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
At 1 July 2010	68,980	(20,107)	1,354	(1,201)	7,392	-	56,418
Revaluation of land and buildings	(604)	-	-	-	-	-	(604)
Tax effect of revaluation of land and buildings	(1,819)	-	-	-	-	-	(1,819)
Unrealised gains on available-for-sale investments	-	-	973	-	-	-	973
Net gains on interest rate swaps	-	-	-	563	-	-	563
Tax effect of net loss on interest rate swaps	-	-	-	(169)	-	-	(169)
Reverse expired or realised cash flow hedge reserves	-	-	-	(61)	-	-	(61)
Net gains on forward foreign exchange contracts	-	-	-	4	-	-	4
Currency translation differences	-	(15,827)	-	-	-	-	(15,827)
Acquisition of non-controlling interests	-	-	-	-	-	(6,917)	(6,917)
Share based payment	-	-	-	-	419	-	419
Reversal of share expenses	-	-	-	-	(359)	-	(359)
At 30 June 2011	66,557	(35,934)	2,327	(864)	7,452	(6,917)	32,621

**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 statements of foreign subsidiaries.

*(c) Available for sale reserve*

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

*(d) Cash flow hedge reserve*

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

*(e) Employee equity benefits reserve*

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



## 24. ■ Reserves (continued)

### (f) Acquisition reserve

This reserve is used to record the consideration paid in excess of carrying value of non-controlling interests.

The acquisition reserve of \$6.92 million is attributable to the additional shareholding acquired in Pertamina Holdings Limited, Singapore ("Pertama") during the year by Harvey Norman Singapore Pte Limited ("HNS"), a wholly-owned subsidiary of Harvey Norman Holdings Limited. Shares in Pertama are listed on the Stock Exchange of Singapore. A total of 44,459,000 shares in Pertama were purchased by HNS in several on-market acquisitions in December 2010 and May 2011 for a total purchase consideration of \$28.37 million Singaporean dollars. These acquisitions resulted in an increase in the effective shareholding of HNS in Pertama from 40.45% to 58.23%. The charge to the acquisition reserve of \$6.92 million represents the excess of the consideration paid for the shares relative to the carrying value of non-controlling interest. The additional shareholding resulted in an increase in the controlling interest of the subsidiary and has been recognised as a negative adjustment to equity.

	CONSOLIDATED	
	June 2011 \$000	June 2010 \$000

## 25. ■ Retained Profits and Dividends

Movements in retained earnings were as follows:

Balance 1 July	1,787,196	1,693,888
Profit for the year	252,255	231,409
Dividends	(138,101)	(138,101)
<b>Balance 30 June</b>	<b>1,901,350</b>	<b>1,787,196</b>

Dividends declared and paid during the year:

Dividends on ordinary shares:		
Final franked dividend for 2010: 7.0 cents (2009: 6.0 cents)	74,362	63,739
Interim franked dividend for 2011: 6.0 cents (2010: 7.0 cents)	63,739	74,362
<b>Total dividends paid</b>	<b>138,101</b>	<b>138,101</b>

The final dividend for the year ended 30 June 2010 was paid on 6 December 2010.

The interim dividend for the year ended 30 June 2011 was paid on 2 May 2011.

### ■ Proposed for approval at AGM

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

Dividends on ordinary shares:		
Final franked dividend for 2011: 6.0 cents (2010: 7.0 cents)	63,739	74,362

The proposed final dividend for the year ended 30 June 2011 is to be paid on 5 December 2011 to shareholders registered at 5:00 pm, 4 November 2011.

### ■ 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% (2010: 30%)	667,917	617,846
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	3,635	33,848
- franking credits that will be utilised in the payment of proposed final dividend	(27,317)	(31,870)
<b>The amount of franking credits available for future reporting periods:</b>	<b>644,235</b>	<b>619,824</b>



	CONSOLIDATED	
	2011 \$000	2010 \$000
<b>26. ■ Non-Controlling Interests</b>		
<i>Interest in:</i>		
Ordinary shares	26,991	35,050
Reserves	(8,407)	(3,365)
Retained earnings	16,296	22,302
Total non-controlling interests	34,880	53,987

**27. ■ Earnings Per Share**

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

Profit after tax from continuing operations	259,620	237,988
Profit after tax attributable to non-controlling interests	(7,365)	(6,579)
Profit from continuing operations after tax attributable to the parent	252,255	231,409
	Number of Shares	
	2011	2010
Weighted average number of ordinary shares used in calculating basic earnings per share (a):	1,062,316,784	1,062,316,784
Effect of dilutive securities (b):		
- Share Options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	1,062,316,784	1,062,316,784

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

The number of ordinary shares on issue at 30 June 2011 was 1,062,316,784 (2010: 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 there has been no movement in the number of shares on issue since the previous reporting period.

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

**(b) Effect of Dilutive Securities**

On 29 November 2010, the consolidated entity issued 3,000,000 unlisted options to certain executive directors. These options are capable of exercise from 1 January 2014 to 30 June 2016 at an exercise price of \$3.02 per option. The options were valued at grant date utilising the assumptions underlying the Black-Scholes methodology. Under this valuation methodology, the value of each option was \$0.87 per option or \$2,610,000 in total.

The 3,000,000 options have been excluded from the calculation of diluted earnings per share as the exercise price of each of the options granted was higher than the average market price of an ordinary share in the Company from grant date up to 30 June 2011.

There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report.



## 28. ■ Cash and Cash Equivalents

### (a) ■ Reconciliation to the Statement of Cash Flows

Cash and cash equivalents comprise the following at end of the year:

	CONSOLIDATED	
	2011	2010
	\$000	\$000
Cash at bank and on hand	114,353	105,285
Short term money market deposits	48,426	51,951
	162,779	157,236
Bank overdraft	(44,050)	(56,326)
Cash and cash equivalents at end of year	118,729	100,910

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

Profit after tax	259,620	237,988
<i>Adjustments for:</i>		
Net foreign exchange gain	(2,258)	(357)
Bad and doubtful debts	1,999	1,587
Provision for inventory obsolescence	(336)	977
Share of joint ventures	(17,888)	(7,260)
Depreciation of property, plant and equipment	81,594	75,825
Amortisation	7,773	7,102
Impairment of fixed assets	2,071	7,844
Impairment of assets held in joint venture entities	-	703
Revaluation of investment properties and properties held under joint ventures	(15,455)	39,906
Deferred lease expenses	353	530
Provision for onerous leases	860	2,214
Other provisions	107	687
Discount on interest-free long term receivables	150	175
Accretion of interest-free long term receivables	(216)	(335)
Executive remuneration including shares and options expense	2,669	329
Realised / unrealised gain on interest rate swap	(230)	(246)
Accrued income items	(3,150)	-
Transfers to provisions:		
- Employee entitlements	5,494	(56)
- Doubtful debts	(2,533)	(3,182)
Profit on disposal and revaluation of:		
- Property, plant and equipment, and listed securities	(9,726)	(8,227)
Changes in assets and liabilities net of effects from purchase and sale of controlled entities:		
(Increase)/decrease in assets:		
Receivables	36,299	(14,493)
Inventory	(74,732)	(2,774)
Other current assets	(127)	(5,845)
Deferred tax assets	7	409
Increase/(decrease) in liabilities:		
Payables and other current liabilities	120,302	53,124
Income tax payable	(33,674)	242
Net cash from operating activities	358,973	386,867





## 29. ■ Employee Benefits

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

	CONSOLIDATED	
	2011 number	2010 number
	5,579	4,691

	2011 \$000	2010 \$000
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The aggregate employee benefit liability is comprised of:

Accrued wages, salaries and on-costs	10,021	4,127
Provisions (current – Note 18)	20,450	15,360
Provisions (non-current – Note 18)	2,343	1,939

Total employee benefit provisions	32,814	21,426
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The consolidated entity makes contributions to complying superannuation funds for the purpose of provision of superannuation benefits for eligible employees of the consolidated entity. The amount of contribution in respect of each eligible employee is not less than the prescribed minimum level of superannuation support in respect of that eligible employee. The complying superannuation funds are independent and not administered by the consolidated entity.

## ■ Share Options

### ■ *Harvey Norman Holdings Limited*

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

Grant Date	Expiry Date	Exercise Price	Number of Options Outstanding		Number of Options Vested	
			2011	2010	2011	2010
26/11/2007	25/11/2012	\$6.77	-	4,150,000	-	-
29/11/2010	30/06/2016	\$3.02	3,000,000	-	-	-
			3,000,000	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		Number of Options Vested	
			2011	2010	2011	2010
25/10/2005	01/10/2010	\$SGD 0.365	-	4,000,000	-	4,000,000
			-	4,000,000	-	4,000,000



## 29. ■ Employee Benefits (continued)

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

The terms of the option agreement entered into between Pertama Holdings Limited and Mr. 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

Mr. Augustus exercised the 4,000,000 options granted to him on 30 September 2010 at the exercise price of \$0.365 per option resulting in the issue of 4,000,000 of ordinary shares in Pertama Holdings Limited, Singapore. The share price of Pertama Holdings Limited on the date of exercise was \$0.455 per share.

	CONSOLIDATED	
	2011	2010
	\$	\$

## 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	1,563,265	1,396,696
- tax services in relation to the entity and any other entity in the consolidated entity	479,655	165,824
- other services in relation to the entity and any other entity in the consolidated entity	23,491	9,102
<b>Total received by Ernst &amp; Young</b>	<b>2,066,411</b>	<b>1,571,622</b>



### 31. ■ Key Management Personnel

#### (a) ■ Details of Key Management Personnel

(i) DIRECTORS		(ii) EXECUTIVES	
	Title		Title
Gerald Harvey	Executive Chairman	Martin Anderson	General Manager – Generic Publications Pty Limited
Kay Lesley Page	Chief Executive Officer	Rodney Orrock	General Manager – Domayne
John Eryn Slack-Smith	Executive Director and Chief Operating Officer	Thomas James Scott	General Manager – Property
Arthur Bayly Brew*	Executive Director – retired on 1 September 2010	Sasha Luke Naish	General Manager – Computers Resigned with effect from 31 December 2010
David Ackery	Executive Director	Leslie Robert Greeff	Chief Information Officer – up to 30 April 2010. Appointed to Program Director – Merchandise Management System Program on 1 May 2010 Resigned with effect from 17 December 2010
Chris Mentis	Chief Financial Officer and Company Secretary	Benjamin Scott McIntosh	Appointed to General Manager – Computers on 18 October 2010
Christopher Herbert Brown	Non-Executive Director	Gordon Ian Dingwall	Appointed to General Manager – Information Technology on 1 February 2011
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	
	2011	2010
	\$	\$
Short – term	11,138,439	11,585,025
Post employment	211,044	190,849
Share – based payment	418,632	-
Reversal of share-based payment expenses	-	(1,899,445)
Termination payment	226,663	-
	<b>11,994,778</b>	<b>9,876,429</b>



## 31. ■ Key Management Personnel (continued)

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

30 June 2011	Balance at Beginning of Period 01/07/2010	Granted as Remuner- ation	Options Exercised	Net Change Other (a)	Balance at End of Period 30/06/2011	Vested at 30 June 2011		
						Total	Exercisable	Not Exercisable
<b>Directors</b>								
G. Harvey	900,000	-	-	(900,000)	-	-	-	-
K.L. Page	1,000,000	-	-	(1,000,000)	-	-	-	-
J.E. Slack-Smith	800,000	1,000,000	-	(800,000)	1,000,000	-	-	-
D.M. Ackery	800,000	1,000,000	-	(800,000)	1,000,000	-	-	-
C. Mentis	350,000	1,000,000	-	(350,000)	1,000,000	-	-	-
M.J. Harvey	-	-	-	-	-	-	-	-
C.H. Brown	-	-	-	-	-	-	-	-
I.J. Norman	-	-	-	-	-	-	-	-
K.W. Gunderson- Briggs	-	-	-	-	-	-	-	-
G.C. Paton	-	-	-	-	-	-	-	-
<b>Executives</b>								
R. Orrock	-	-	-	-	-	-	-	-
M.L. Anderson	-	-	-	-	-	-	-	-
T.J. Scott	-	-	-	-	-	-	-	-
B.S. McIntosh	-	-	-	-	-	-	-	-
G.I. Dingwall	-	-	-	-	-	-	-	-
	3,850,000	3,000,000	-	(3,850,000)	3,000,000	-	-	-

The above disclosures exclude the option holdings by Mr A. Brew as he had retired as director of Harvey Norman Holdings Limited on 1 September 2010. Mr A. Brew remains an executive employee of Yoogalu Pty Limited, a wholly-owned subsidiary of the Company.

## (a) Explanation of Net Change Other Column:

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.

30 June 2010	Balance at Beginning of Period 01/07/2009	Granted as Remuner- ation	Options Exercised	Net Change Other	Balance at End of Period 30/06/2010	Vested at 30 June 2010		
						Total	Exercisable	Not Exercisable
<b>Directors</b>								
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	-	-	-	-	-	-	-	-
<b>Executives</b>								
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.



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

Shares held in Harvey Norman Holdings Limited (number):

**30 June 2011**

**Directors**

	Balance 1 July 2010	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2011
G. Harvey	311,959,532	-	-	-	311,959,532
K.L. Page	16,995,133	-	-	-	16,995,133
J.E. Slack-Smith	259,999	-	-	-	259,999
D. Ackery	146,667	-	-	-	146,667
C. Mentis	-	-	-	7,450	7,450
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
<b>Executives</b>					
R. Orrock	-	-	-	-	-
M.L. Anderson	-	-	-	-	-
T.J. Scott	-	-	-	-	-
B.S. McIntosh	-	-	-	-	-
G.I. Dingwall	-	-	-	-	-
<b>Total</b>	<b>507,578,011</b>	<b>-</b>	<b>-</b>	<b>7,450</b>	<b>507,585,461</b>

**30 June 2010**

**Directors**

	Balance 1 July 2009	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance 30 June 2010
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
<b>Executives</b>					
R. Orrock	-	-	-	-	-
M.L. Anderson	-	-	-	-	-
L.R. Greeff	-	-	-	-	-
T.J. Scott	-	-	-	-	-
S.L. Naish	2,000	-	-	(2,000)	-
<b>Total</b>	<b>510,499,882</b>	<b>-</b>	<b>-</b>	<b>(1,752,000)</b>	<b>508,747,882</b>

\* 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.

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.



### 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.
2011						
Directors	-	4	-	-	200	1
Executives	110	9	-	-	55	2
	110	13	-	-	255	3
2010						
Directors	-	-	-	-	-	-
Executives	58	5	-	-	40	1
	58	5	-	-	40	1

#### Terms and Conditions of Loans

During the year ended 30 June 2011, the consolidated entity advanced a loan to two (2) key management personnel and has charged the individuals a commercial rate of interest. The loan to a director of the Company has been repaid in full in August 2011. As at the date of this report, there is one (1) loan outstanding to an executive which is repayable on arm's length commercial terms and conditions.

During the year ended 30 June 2008, the consolidated entity had advanced a loan to one (1) key management personnel and has charged the executive a commercial rate of interest of 9.0%. This loan to an executive KMP has been repaid in full during the current financial year.

(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.
2011						
Directors	-	4	-	-	200	201
Executives	-	-	-	-	-	-
2010						
Directors	-	-	-	-	-	-
Executives	-	-	-	-	-	-



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

		CONSOLIDATED	
		2011 \$	2010 \$
(i)	<i>Loans from directors to subsidiaries of Harvey Norman Holdings Limited:</i>		
	Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited) borrowed money from entities associated with I.J. Norman, M.J. Harvey, A.B. Brew and G. Harvey. Interest is payable at commercial rates. These loans are unsecured and repayable at call.	36,943,812	33,188,672
	Net amounts received from entities associated with the above mentioned directors and their related parties.	4,246,509	4,311,229
	Interest paid/payable	2,166,333	1,426,099
(ii)	<i>Legal fees paid to a director-related entity:</i>		
	Legal fees were paid to the firm of which Mr C.H. Brown is a partner for professional services rendered to the consolidated entity in the normal course of business.	1,045,252	579,522
(iii)	<i>Lease of business premises from Ruzden Pty Limited:</i>		
	The consolidated entity leases business premises at Bundall, Queensland from Ruzden Pty Limited. Mr G. Harvey, Ms K.L. Page, Mr M.J. Harvey, Mr I.J. Norman and Mr A.B. Brew have an equity interest in Ruzden Pty Limited. The lease arrangements were approved by shareholders in the General Meeting held 25 May 1993, and in the General Meeting held 31 August 1999. The lease is subject to normal commercial terms and conditions. Rent paid by the consolidated entity to Ruzden Pty Limited is:	3,977,720	3,821,846
(iv)	<i>Other income derived by related entities of key management personnel:</i>		
	Certain franchises are operated by entities owned or controlled by relatives of key management personnel under normal franchisee terms and conditions. Aggregated net income derived by entities owned or controlled by relatives of key management personnel is:	1,605,224	1,859,926
(v)	<i>Perth City West Retail Complex</i>		
	By a contract for sale dated 31 October 2000, Gerald Harvey, as to a one half share as tenant in common, and a subsidiary of Harvey Norman Holdings Limited, as to a one half share as tenant in common, purchased the Perth City West retail complex for a purchase price of \$26.60 million. In the financial report for the year ended 30 June 2011 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 2011 was \$1.78 million each and for the year ended 30 June 2010 was \$1.56 million.		



### 31. ■ Key Management Personnel (continued)

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

##### (vi) *The Byron at Byron Resort, Spa and Conference Centre*

By a contract for sale dated 15 May 2002, a company (of which Gerald Harvey was a director) acting in its capacity as trustee of a trust, as to a one half share as tenant in common (the "GH entity"), 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 (the "Byron Bay JV"). In the financial report for the year ended 30 June 2011, 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. Each of the GH entity and a subsidiary of Harvey Norman Holdings Limited was entitled to a share in profit in the sum of \$0.55 million (2010: \$0.62 million). Each of the GH entity and a subsidiary of Harvey Norman Holdings Limited made additional capital contributions to the Byron Bay JV of \$0.34 million (2010: \$0.11 million).

A subsidiary of Harvey Norman Holdings Limited held a conference at The Byron at Byron Resort and paid the Byron Bay JV conference fees amounting to \$0.101 million for the year ended 30 June 2010 (2010: \$0.095 million).

##### (vii) *Gepps Cross Retail Complex*

By a contract for sale dated 18 December 2007, a subsidiary of the Company ("HNHL G.C. Entity") and Axiom Properties Fund Limited ("G.C. Co-Owner") purchased land located in Gepps Cross, South Australia ("G.C. Land") in equal shares as tenants in common, for the purpose of constructing and subsequently managing a retail complex on the G.C. Land ("the Gepps Cross Joint Venture"). In November 2009, HNHL G.C. Entity and the G.C. Co-Owner granted a lease of part of the G.C. Land and retail complex to a subsidiary of the Company ("G.C. Lessee") on arm's length commercial terms ("G.C. Lease"). In August 2010, the G.C. Co-Owner informally advised the Company that the G.C. Co-Owner intended or wished to dispose of its interest in the Gepps Cross Joint Venture, triggering first and last rights of refusal in the HNHL G.C. Entity. At a meeting of the Company held 26 August 2010, it was resolved that the Company not purchase the share of the G.C. Co-Owner in the Gepps Cross Joint Venture (including G.C. Land). On 6 October 2010, HNHL G.C. Entity formally waived the right to purchase the interest of the G.C. Co-Owner in the Gepps Cross Joint Venture (including the G.C. Land). By a contract for sale dated 23 December 2010, GH Gepps Cross Pty Limited, an entity associated with Gerald Harvey ("Gerald Harvey Entity") and MJH Gepps Cross Pty Limited, an entity associated with Michael Harvey ("Michael Harvey Entity") and, M&S Gepps Cross Pty Limited, purchased the one half share as tenant in common of the G.C. Co-Owner in the G.C. Land and retail complex. The sale was subject to the G.C. Lease. The Gerald Harvey Entity is entitled to one quarter of the rental and outgoings paid by the G.C. Lessee amounting to \$0.32 million for the year ended 30 June 2011. The Michael Harvey Entity is entitled to one eighth of the rental and outgoings paid by the G.C. Lessee amounting to \$0.16 million for the year ended 30 June 2011.

The Gepps Cross Joint Venture has been accounted for as equity accounted investment as disclosed in Note 37. The Gerald Harvey Entity is entitled to one quarter of the profits generated by the retail complex on the G.C. Land amounting to \$0.66 million for the year ended 30 June 2011. The Michael Harvey Entity is entitled to one eighth of the profits generated by the retail complex on the G.C. Land amounting to \$0.33 million for the year ended 30 June 2011.

##### (viii) *National Rugby League Limited*

Ms. K.L. Page is a director of National Rugby League Limited. During the financial year, wholly owned subsidiaries of Harvey Norman Holdings Limited paid for advertising and sponsorships totalling \$3.38 million (2010: \$2.53 million) to National Rugby League Limited. All dealings with that entity are in the ordinary course of business and on arm's length commercial terms and conditions.

##### (ix) *Gazal Corporation Limited*

Mr. G.C. Paton is an independent, non-executive director of Gazal Corporation Limited, a public company listed on the Australian Stock Exchange. A wholly-owned subsidiary of the consolidated entity owns 1.0 million shares in Gazal Corporation Limited with a market value of \$2.00 million as at 30 June 2011 (2010: \$1.59 million). The consolidated entity received dividends from Gazal Corporation Limited amounting to \$0.13 million for the year ended 30 June 2011 (2010: \$0.08 million).

During the year ended 30 June 2011 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 \$3.89 million (2010: \$5.94 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.

	<b>CONSOLIDATED</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>(b) ■ Transactions with Other Related Parties</b>		
- 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, OFIS and Clive Peeters. 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:	<b>234,490,962</b>	87,923,420
- Network Consumer Finance Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited) acts as financier to several controlled partnerships and controlled entities. These controlled partnerships and controlled entities 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 arm's length terms and conditions and have been eliminated on consolidation.		
- The amount of inter-company loans at balance date was:	<b>43,114,358</b>	49,692,031
- The aggregate amount of interest charged by Network Consumer Finance Pty Limited to controlled partnerships and controlled entities was at normal commercial terms and conditions. The aggregate amount of interest charged was:	<b>1,224,886</b>	1,016,401

**33. ■ Commitments****(a) Capital expenditure contracted but not provided is payable as follows:**

Not later than one year	<b>95,562</b>	64,642
Later than one year but not later than five years	<b>7,004</b>	44,026
	<b>102,566</b>	108,668

The consolidated entity had contractual obligations to purchase property, plant and equipment and investment properties of \$102.57 million (2010: \$108.67 million). The contractual obligations relating to property, plant and equipment are mainly for the construction of new stores of overseas controlled entities. The contractual obligations relating to investment properties are mainly for the construction of proposed franchised complexes in Australia.

**(b) Lease expenditure commitments:****(i) Finance lease rentals are payable as follows:**

Not later than one year	<b>198</b>	220
Later than one year but not later than five years	<b>-</b>	86
Minimum finance lease payments	<b>198</b>	306
Deduct future finance charges	<b>(30)</b>	(42)
Total finance lease liabilities	<b>168</b>	264



	CONSOLIDATED	
	2011	2010
	\$000	\$000
<b>33. ■ Commitments (continued)</b>		
<b>(b) Lease expenditure commitments (continued):</b>		
Disclosed as follows:		
Current liabilities (refer Note 16)	168	182
Non-current liabilities (refer Note 20)	-	82
	<b>168</b>	<b>264</b>

All lease payments are determined at the commencement of the lease and remain fixed for the lease term. The finance lease liabilities are secured by charges over the underlying assets financed (refer to Note 12 for net book value of capitalised lease assets).

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

Not later than one year	153,049	140,496
Later than one year but not later than five years	433,424	418,796
Later than five years	371,803	402,787
<b>Total operating lease liabilities</b>	<b>958,276</b>	<b>962,079</b>

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

(iii) Geographic representation of operating lease expenditure:

30 June 2011	Australia \$000	New Zealand \$000	Asia \$000	Ireland and Northern Ireland \$000	Total \$000
Not later than one year	112,576	7,703	13,903	18,867	153,049
Later than one year but not later than five years	315,162	24,397	16,462	77,403	433,424
Later than five years	160,545	7,010	-	204,248	371,803
<b>Total operating lease liabilities</b>	<b>588,283</b>	<b>39,110</b>	<b>30,365</b>	<b>300,518</b>	<b>958,276</b>
30 June 2010	Australia \$000	New Zealand \$000	Asia \$000	Ireland and Northern Ireland \$000	Total \$000
Not later than one year	94,778	8,131	15,751	21,836	140,496
Later than one year but not later than five years	258,648	26,077	16,000	118,071	418,796
Later than five years	131,033	11,658	-	260,096	402,787
<b>Total operating lease liabilities</b>	<b>484,459</b>	<b>45,866</b>	<b>31,751</b>	<b>400,003</b>	<b>962,079</b>

**34. ■ Contingent Liabilities**

*Guarantees*

As at 30 June 2011, Harvey Norman Holdings Limited had guaranteed the performance of a number of controlled entities which have entered into operating leases and facilities with other parties totalling \$352.07 million (2010: \$453.63 million).



### 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 policies for managing each of these risks as summarised below:

- 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:

- 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)

At 30 June 2011, 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	
	2011 \$000	2010 \$000
<b>Financial assets</b>		
Cash and cash equivalents	9,260	24,084
Trade and other receivables	1,592	2,539
Other financial assets	8	13
	<b>10,860</b>	<b>26,636</b>
<b>Financial liabilities</b>		
Trade and other payables	6,755	15,912
Interest bearing loans and borrowings	4,738	16,250
Derivatives payable	34	-
	<b>11,527</b>	<b>32,162</b>
<b>Net exposure</b>	<b>(667)</b>	<b>(5,526)</b>

The following sensitivity analysis is calculated based on the foreign currency risk exposures that are not denominated in the functional currency of the relevant subsidiary at balance date. At 30 June 2011, 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)	
	2011 \$000	2010 \$000	2011 \$000	2010 \$000
<b>Consolidated</b>				
Australian subsidiaries				
AUD/NZD + 5% (2010: + 5%)	-	544	-	-
AUD/NZD - 5% (2010: - 10%)	-	(1,270)	-	-
AUD/EURO + 5% (2010: + 5%)	(138)	(17)	(32)	(55)
AUD/EURO - 5% (2010: - 20%)	153	91	35	289
AUD/USD + 5% (2010: + 5%)	(24)	(12)	(2)	-
AUD/USD - 20% (2010: - 10%)	126	28	12	-
AUD/SGD + 5% (2010: + 5%)	-	(11)	-	-
AUD/SGD - 10% (2010: - 10%)	-	26	-	-
Ireland and Slovenia subsidiaries				
EURO/USD + 10% (2010: + 20%)	(12)	(149)	-	-
EURO/USD - 15% (2010: - 5%)	23	47	-	-
Singapore subsidiaries				
SGD/USD + 5% (2010: + 5%)	1	(6)	-	-
SGD/USD - 15% (2010: - 20%)	(5)	30	-	-
SGD/EURO + 5% (2010: + 5%)	10	38	-	-
SGD/EURO - 5% (2010: - 25%)	(11)	(267)	-	-
SGD/MYR + 5% (2010: + 5%)	(135)	(497)	-	-
SGD/MYR - 5% (2010: - 5%)	149	549	-	-
SGD/AUD + 30%	2	-	-	-
SGD/AUD - 10%	(3)	-	-	-
New Zealand subsidiaries/branches				
NZ/EURO + 5% (2010: +5%)	3	4	-	-
NZ/EURO - 5% (2010: - 25%)	(3)	(27)	-	-
NZ/USD + 5% (2010: +15%)	3	7	-	-
NZ/USD - 15% (2010: -25%)	(10)	(16)	-	-





### 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 sensitivities of post tax profit in 2011 is less than in 2010 due to the lower level of NZ Dollar payables at balance date. The movements in other comprehensive income in 2011 are less sensitive than in 2010 because of the decreased use of foreign currency contracts designated 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.

30 June 2011	Principal Subject to Floating interest rate \$000	Fixed interest rate maturing in				Total \$000	Average interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000	Non- interest bearing \$000		Floating	Fixed
<b>Financial assets</b>								
Cash	102,175	48,361	-	-	12,243	162,779	0.02%-10.40%	0.01%-3.00%
Consumer finance loans	-	164	80	-	4,244	4,488	-	9.00%-12.50%
Finance lease receivables	-	8,685	12,596	-	-	21,281	-	10.5%-12.50%
Trade debtors	-	-	-	-	1,023,332	1,023,332	-	-
Other financial assets	-	-	-	-	49,523	49,523	-	-
Non-trade debtors & loans	22,836	10,494	-	-	1,737	35,067	6.87%-9.47%	7.00%-12.50%
	125,011	67,704	12,676	-	1,091,079	1,296,470		
<b>Financial liabilities</b>								
Bank overdraft	44,050	-	-	-	-	44,050	2.40%-3.30%	-
Borrowings (*)	512,786	-	-	-	-	512,786	1.00%-7.60%	-
Trade creditors	-	-	-	-	854,897	854,897	-	-
Finance lease liabilities	-	168	-	-	-	168	-	1.00%-9.50%
Other loans	45,788	107	-	-	87	45,982	5.62%-6.46%	9.00%-12.00%
Bills payable (*)								
- Australia	9,750	-	-	-	-	9,750	4.65%-4.91%	-
- Singapore	3,787	-	-	-	-	3,787	0.34%-0.40%	-
- Slovenia	33,503	-	-	-	-	33,503	1.70%-3.50%	-
- Space Malaysia	463	-	-	-	-	463	3.67%-5.13%	-
Other financial liabilities	-	-	1,235	-	34	1,269	-	4.97%-5.51%
	650,127	275	1,235	-	855,018	1,506,655		



## 35. ■ Financial Risk Management (continued)

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

30 June 2010	Principal Subject to Floating interest rate \$000	Fixed interest rate maturing in			Non- interest bearing \$000	Total \$000	Average interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000			Floating	Fixed
<b>Financial assets</b>								
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		
<b>Financial liabilities</b>								
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		

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

**Sensitivity analysis**

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

A sensitivity of 50 basis points 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 2011, 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)	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
If there was 50 (2010: 100) basis points higher in interest rates with all other variables held constant	(2,000)	(2,667)	1,845	2,447
If there was 50 (2010: 50) basis points lower in interest rates with all other variables held constant	2,000	1,333	(1,666)	(1,254)

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 post tax profit in 2011 are more sensitive than the movements in 2010 because of an increase in financial liabilities that are subject to variable interest rates. The movements in other comprehensive income in 2011 are more sensitive than the movements in 2010 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 \$42.17 million as at 30 June 2011. The fair value of the equity investments publicly traded on the NZX was \$6.08 million as at 30 June 2011.

As at 30 June 2011, 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)	
	2011	2010	2011	2010
	\$000	\$000	\$000	\$000
If there was 10% (2010: 10%) increase movement in equity prices with all other variables held constant	3,074	2,457	427	377
If there was 10% (2010: 10%) decrease movement in equity prices with all other variables held constant	(3,074)	(2,457)	(427)	(377)

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:

Location of credit risk	CONSOLIDATED	
	2011 \$000	2010 \$000
Australia	1,043,402	1,070,545
New Zealand	20,246	20,927
Asia	11,696	10,811
Slovenia	2,249	2,246
Ireland and Northern Ireland	2,177	2,298
Total	1,079,770	1,106,827

#### (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 2011 CONSOLIDATED	Less than 1 year \$000	1 to 2 years \$000	2 to 5 years \$000	Over 5 years \$000	Total \$000
<b>Non derivative financial assets</b>					
Cash and cash equivalents	162,779	-	-	-	162,779
Trade and other receivables	1,067,357	9,644	6,059	406	1,083,466
Other financial assets	41,221	-	-	8,294	49,515
<b>Derivative financial assets</b>					
Derivatives	8	-	-	-	8
<b>Total financial assets</b>	<b>1,271,365</b>	<b>9,644</b>	<b>6,059</b>	<b>8,700</b>	<b>1,295,768</b>
<b>Non derivative financial liabilities</b>					
Trade and other payables	854,897	-	-	-	854,897
Interest bearing loans and borrowings	138,985	558,390	741	-	698,116
<b>Derivative financial liabilities</b>					
Derivatives	-	1,068	201	-	1,269
<b>Total financial liabilities</b>	<b>993,882</b>	<b>559,458</b>	<b>942</b>	<b>-</b>	<b>1,554,282</b>
<b>Net maturity</b>	<b>277,483</b>	<b>(549,814)</b>	<b>5,117</b>	<b>8,700</b>	<b>(258,514)</b>

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
<b>Non derivative financial assets</b>					
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
<b>Total financial assets</b>	<b>1,276,492</b>	<b>14,494</b>	<b>12,812</b>	<b>7,602</b>	<b>1,311,400</b>
<b>Non derivative financial liabilities</b>					
Trade and other payables	739,715	23,332	-	-	763,047
Interest bearing loans and borrowings	178,815	26,469	353,900	-	559,184
<b>Derivative financial liabilities</b>					
Derivatives	209	493	1,305	-	2,007
<b>Total financial liabilities</b>	<b>918,739</b>	<b>50,294</b>	<b>355,205</b>	<b>-</b>	<b>1,324,238</b>
<b>Net maturity</b>	<b>357,753</b>	<b>(35,800)</b>	<b>(342,393)</b>	<b>7,602</b>	<b>(12,838)</b>

For detailed information on financing facilities available as at 30 June 2011 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.

The consolidated entity uses various methods in estimating the fair value of a financial instrument. The methods comprise:

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.

The fair value of the financial instruments as well as the methods used to estimate the fair value are summarised in the table below.

	Quoted market price	Valuation technique – market observable inputs	Valuation technique – non market observable inputs	Total
Year ended 30 June 2011 CONSOLIDATED	(Level 1) \$000	(Level 2) \$000	(Level 3) \$000	\$000
<b>Financial Assets</b>				
Listed investments	48,251	-	-	48,251
Foreign exchange contracts	-	8	-	8
<b>Total Financial Assets</b>	48,251	8	-	48,259
<b>Financial Liabilities</b>				
Foreign exchange contracts	-	34	-	34
Interest rate swaps	-	1,235	-	1,235
<b>Total Financial Liabilities</b>	-	1,269	-	1,269

	Quoted market price	Valuation technique – market observable inputs	Valuation technique – non market observable inputs	Total
Year ended 30 June 2010 CONSOLIDATED	(Level 1) \$000	(Level 2) \$000	(Level 3) \$000	\$000
<b>Financial Assets</b>				
Listed investments	40,315	-	-	40,315
<b>Total Financial Assets</b>	40,315	-	-	40,315
<b>Financial Liabilities</b>				
Foreign exchange contracts	-	(37)	-	(37)
Interest rate swaps	-	2,044	-	2,044
<b>Total Financial Liabilities</b>	-	2,007	-	2,007





### 35. ■ Financial Risk Management (continued)

#### (e) ■ Fair Value of Financial Instruments (continued)

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.

#### (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 2011 and 2010 were as follows:

	CONSOLIDATED	
	2011 \$000	2010 \$000
Borrowings (a)	651,758	501,166
Total equity (b)	2,235,378	2,157,211
Debt to equity ratio	29.16%	23.23%

If cash and cash equivalents were to be deducted from total borrowings, the net debt to equity ratio would have been 21.87% for the year ended 30 June 2011 and 15.94% for the year ended 30 June 2010.

- (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.
- (b) For the purpose of calculating this debt to equity ratio, total equity for the current year excluded the negative acquisition reserve of \$6.92 million.



### 36. ■ Derivative Financial Instruments (continued)

#### ■ 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	
	2011 \$000	2010 \$000
<b>Current Assets</b>		
Forward currency contracts – held for trading	8	-
<b>Current Liabilities</b>		
Interest swap contracts – cash flow hedges	-	246
Forward currency contracts – held for trading	-	(39)
Forward currency contracts – cash flow hedges	-	2
<b>Non-current Liabilities</b>		
Forward currency contracts – held for trading	28	-
Forward currency contracts – cash flow hedges	6	-
Interest swap contracts – cash flow hedges	1,235	1,798

#### (a) ■ 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.

Currency	Average Exchange Rate		CONSOLIDATED			
			2011		2010	
	2011	2010	Buy \$000	Sell \$000	Buy \$000	Sell \$000
Euro (0-12 months)	75.02	69.76	666	-	2,344	-
US Dollar (0-12 months)	-	85.14	-	-	1,421	-
Euro (12-18 months)	70.90	-	1,415	-	-	-
US Dollar (12-18 months)	106.09	-	353	-	-	-
<b>Total</b>			<b>2,434</b>	<b>-</b>	<b>3,765</b>	<b>-</b>

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 losses on foreign currency derivatives during the year were \$20,000 for the consolidated entity.

#### (b) ■ 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 following table details the forward foreign currency contracts outstanding as at reporting date:

Currency	Average Exchange Rate		CONSOLIDATED			
			2011		2010	
	2011	2010	Buy \$000	Sell \$000	Buy \$000	Sell \$000
Euro (0-12 months)	-	69.84	-	-	1,642	-
US Dollar (0-12 months)	-	-	-	-	-	-
Euro (12-18 months)	73.76	-	914	-	-	-
US Dollar (12-18 months)	104.08	-	69	-	-	-
<b>Total</b>			<b>983</b>	<b>-</b>	<b>1,642</b>	<b>-</b>



### 36. ■ Derivative Financial Instruments (continued)

#### (c) ■ Forward currency 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 (2010: 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 Statement of Financial Position.

Movement in forward currency contract cash flow hedge reserve:

	CONSOLIDATED	
	2011 \$000	2010 \$000
	Increase/(Decrease)	
Opening balance	2	(450)
Transferred to inventory	(2)	450
Charged to other comprehensive income	4	2
Closing balance	4	2

#### (d) ■ 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
<b>30 June 2011</b>			
Less than 1 year	-		
1 to 2 years	5.37%	200,000,000	(1,033,581)
2 to 5 years	5.09%	100,000,000	(201,676)
<b>30 June 2010</b>			
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)

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.

Movement in interest rate swap contract cash flow hedge reserve:

	CONSOLIDATED	
	2011 \$000	2010 \$000
	Increase/(Decrease)	
Opening balance	(1,203)	(10)
Transferred to interest expense/interest income	(57)	67
Charged to equity	394	(1,260)
Closing balance	(866)	(1,203)
Unrealised loss on interest rate swaps recognised immediately in profit and loss	-	246



## 37. ■ Associates and Joint Venture Entities

■ Associates and Joint Venture Entities	CONSOLIDATED Investment		CONSOLIDATED Share of net profit/(loss)			
	June 2011 \$000	June 2010 \$000	June 2011 \$000	June 2010 \$000		
Total joint venture entities accounted for using the equity method	158,978	140,581	17,888	7,260		
<b>Name and Principal activities</b>	<b>Ownership Interest</b>		<b>Contribution to Net Profit (Loss)</b>		<b>Contribution to Property revaluation</b>	
	June 2011 %	June 2010 %	June 2011 \$000	June 2010 \$000	June 2011 \$000	June 2010 \$000
New Zealand						
- Lincoln Junction	50%	50%	311	(225)	-	-
Noarlunga						
- Shopping complex	50%	50%	925	881	-	1,067
Perth City West						
- Shopping complex	50%	50%	3,917	3,132	-	(7,746)
Kelso						
- Development of land for resale	50%	50%	(1)	42	-	-
Tweed Heads – Stage 1						
- Shopping complex	50%	50%	1,006	955	-	(2,764)
Warrawong King St (a)						
- Shopping complex	62.5%	62.5%	939	976	-	-
Tweed Heads Traders Way						
- Building development	50%	50%	60	67	-	-
Sylvania						
- Residential development	40%	40%	(182)	(80)	-	-
Mentone						
- Shopping complex/residential development	50%	50%	7,196	(198)	-	-
Byron Bay						
- Residential/convention development	50%	50%	(730)	(895)	-	-
Byron Bay No. 2						
- Resort operations	50%	50%	504	697	-	-
Dubbo						
- Shopping complex / building development	50%	50%	459	510	-	(411)
Cubitt						
- Showroom and warehouse	50%	50%	550	73	158	-
Cambridge (b)						
- Building and office complex/building	100%	100%	-	1,326	-	-
Bundaberg						
- Warehouse	50%	50%	(6)	(1)	-	-
Bundaberg No. 2						
- Land held for investment	50%	-	(4)	-	-	-
Mining Camp (c)						
- Miners residential complex	50%	-	1,704	-	-	-
Gepps Cross						
- Shopping complex	50%	-	1,326	-	-	-
QCV Benaraby (d)						
- Miners residential complex	50%	-	(8)	-	-	-
QCV Benaraby						
- Land held for investment	50%	-	(78)	-	-	-
			17,888	7,260	158	(9,854)

- (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 prior 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.
- (c) A wholly-owned subsidiary of Harvey Norman Holdings Limited ("HNHL") has entered into a joint venture with an unrelated party to provide mining camp accommodation ("the JV"). The JV has been granted a finance facility by the Commonwealth Bank of Australia ("CBA") ("the Facility"). The amount of the Facility is \$15.20 million plus interest and costs. HNHL has granted a guarantee to CBA in respect of the obligation of the JV under the Facility.
- (d) A wholly-owned subsidiary of HNHL has entered into a joint venture with an unrelated party to provide mining camp accommodation.



## 37. ■ Associates and Joint Venture Entities (continued)

## Aggregate carrying amounts of joint venture entities

CONSOLIDATED 2011				
	Retained Profits	Other Reserves	Cost	Total carrying amount
	\$000	\$000	\$000	\$000
Balance at the beginning of the year	-	32,021	108,560	140,581
Movements during the year:				
Capital contributions	-	-	38,424	38,424
Revaluation increment	-	158	-	158
Reverse revaluation upon disposal	-	(537)	-	(537)
Distributions received	(17,888)	-	(19,329)	(37,217)
Share of net profit	17,888	-	-	17,888
Net foreign currency differences arising from foreign operations	-	(319)	-	(319)
Balance at the end of the year	-	31,323	127,655	158,978

CONSOLIDATED 2010				
	Retained Profits	Other Reserves	Cost	Total carrying amount
	\$000	\$000	\$000	\$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 foreign operations	-	63	-	63
Balance at the end of the year	-	32,021	108,560	140,581

## Financial summary of joint venture entities

CONSOLIDATED		
	2011 \$000	2010 \$000
Current assets	11,135	4,052
Non-current assets	261,813	209,205
Current liabilities	(9,671)	(2,592)
Non-Current liabilities	(15,184)	-
Net Assets	248,093	210,665
Revenues	57,495	85,261
Expenses	(22,840)	(70,721)
Net profit	34,655	14,540
Share of net profit of joint venture entities	17,888	7,260



### 38. ■ Business Combination

On 1 July 2010 Harvey Norman CP Pty Limited, a wholly-owned subsidiary of Harvey Norman Holdings Limited ("the Purchaser"), entered into an Asset Sale Agreement ("ASA") with Clive Peeters Limited ACN 058 868 018 (Administrators Appointed) (Receivers & Managers Appointed) ("CP") and certain associated companies of CP to purchase certain assets for an estimated purchase price of \$55 million inclusive of GST. The ASA was completed on 7 July 2010 and, subsequent to the satisfactory completion of the due diligence by management, a final purchase price of \$54.75 million inclusive of GST was agreed with the Receivers.

The Purchaser acquired the inventory and plant and equipment assets of twenty-eight (28) Clive Peeters and Rick Hart stores, the know-how and intellectual property rights and systems of the Vendors less an allowance for employee entitlement provisions and customer deposits received in advance. There was no goodwill recognised pursuant to the Clive Peeters business combination as the purchase consideration paid for the net assets acquired approximated fair value as at acquisition date.

The fair values of the identifiable assets and liabilities of Clive Peeters and Rick Hart as of the date of acquisition were:

	7 July 2010 \$000
<b>Assets</b>	
Inventory	44,180
Plant and equipment	10,544
<b>Total assets acquired</b>	<b>54,724</b>
<b>Liabilities</b>	
Employee entitlements	2,869
Customer deposits received in advance	2,087
<b>Total liabilities assumed</b>	<b>4,956</b>
Fair value of identifiable net assets	49,768
Non-controlling interest in identifiable net assets acquired	-
Goodwill arising on acquisition	-
<b>Fair value of identifiable net assets acquired</b>	<b>49,768</b>
<b>Acquisition date fair value of consideration transferred:</b>	
Cash paid to Receivers	49,768
GST on assets acquired	4,977
<b>Consideration transferred</b>	<b>54,745</b>
<b>Net cash outflow on acquisition is as follows:</b>	
Cash paid	49,768
Net cash acquired on business combination	-
<b>Net consolidated cash outflow</b>	<b>49,768</b>

At the date of acquisition, Clive Peeters Limited was involved in the sale of computers, communications and consumer electrical products under the Clive Peeters and Rick Hart brands in Australia. This principal activity continued post acquisition date.

The consolidated statement of comprehensive income includes sales revenue of \$209.20 million for the Clive Peeters brand and \$70.46 million for the Rick Hart brand, a total of \$279.66 million. The consolidated result for the Clive Peeters and Rick Hart brands for the year ended 30 June 2011 was a loss of \$41.07 million before tax. This loss reflects investment costs in attempting to rebuild the damaged Clive Peeters and Rick Hart brands. Significant investment costs included higher advertising and promotion costs to repair the brand, start-up costs associated with establishing the new computer business and the costs associated with altering and integrating the existing operations into the Harvey Norman system.

In August 2011, the consolidated entity announced its intention to close seven (7) Clive Peeters and Rick Hart stores and to convert the eighteen (18) remaining stores to the Harvey Norman and Joyce Mayne brand formats. The consolidated entity has determined that the Clive Peeters and Rick Hart retail operations were not viable businesses in its current form and as a result of worsening economic circumstances. The consolidated entity has acted decisively to cease trading under the impaired brands.

The closure of the 4 Clive Peeters and 3 Rick Hart stores will result in a charge against the pre-tax profit of the consolidated entity of an amount presently estimated to be approximately \$10 million in respect of the financial year ending 30 June 2012.





### 39. ■ 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	Calardu Bundaberg Pty Limited	Calardu Mackay No. 2 Pty Limited
ABSC Online Pty Limited <sup>27</sup>	Calardu Bundaberg WH Pty Limited	Calardu Maitland Pty Limited
Achiever Computers Pty Ltd	Calardu Bundall Pty Limited	Calardu Malaga Pty Limited
Aloku Pty Limited <sup>1</sup>	Calardu Burnie Pty Limited	Calardu Mandurah Pty Limited
Anwarah Pty Limited <sup>1</sup>	Calardu Cambridge Pty Limited	Calardu Maribyrnong Pty Limited <sup>1</sup>
Arisit Pty Limited <sup>1, 2</sup>	Calardu Campbelltown Pty Limited	Calardu Marion Pty Limited <sup>1</sup>
Arlenu Pty Limited <sup>1</sup>	Calardu Cannington Pty Limited <sup>1</sup>	Calardu Maroochydore Pty Limited
Armidale Holdings Pty Limited <sup>21</sup>	Calardu Caringbah (Taren Point) Pty Limited	Calardu Maroochydore Warehouse Pty Limited
Arpayo Pty Limited <sup>1</sup>	Calardu Caringbah Pty Limited	Calardu Maryborough Pty Limited
Aubdirect Pty Limited	Calardu Chatswood Pty Limited	Calardu Melville Pty Limited <sup>1</sup>
Australian Business Skills Centre Pty Limited <sup>23</sup>	Calardu Crows Nest Pty Limited	Calardu Mentone Pty Limited
Balwonda Pty Limited <sup>1</sup>	Calardu Cubitt Pty Limited	Calardu Midland Pty Limited
Barrayork Pty Limited	Calardu Darwin Pty Limited	Calardu Milton Pty Limited
Becto Pty Limited <sup>1</sup>	Calardu Devonport Pty Limited	Calardu Morayfield Pty Limited
Bellevue Hill Pty Limited	Calardu Dubbo Pty Limited	Calardu Morwell Pty Limited
Bencoolen Properties Pte Limited <sup>16</sup>	Calardu Emerald Pty Limited	Calardu Moss Vale Pty Limited
Bestest Pty Limited <sup>1</sup>	Calardu Frankston Pty Limited	Calardu Mount Isa Pty Limited
Bossee Pty Limited	Calardu Frankston WH Pty Limited	Calardu Mt Gambier Pty Limited
Bradiz Pty Limited <sup>1</sup>	Calardu Fyshwick DM Pty Limited	Calardu Mudgee Pty Limited
Braxpine Pty Limited <sup>1</sup>	Calardu Gepps Cross Pty Limited	Calardu Munno Para Pty Limited
Byron Bay Facilities Pty Limited <sup>24</sup>	Calardu Gladstone Pty Limited	Calardu Noarlunga Pty Limited
Byron Bay Management Pty Limited <sup>25</sup>	Calardu Gordon Pty Limited	Calardu Noble Park WH Pty Limited <sup>7</sup>
Caesar Mosaics Pty Limited	Calardu Guildford Pty Limited	Calardu Noosa Pty Limited <sup>1</sup>
Calardu Albany Pty Limited	Calardu Gympie Pty Limited	Calardu North Ryde Pty Limited
Calardu Albury Pty Limited	Calardu Hervey Bay Pty Limited	Calardu Northbridge Pty Limited <sup>1</sup>
Calardu Alexandria DM Pty Limited <sup>1</sup>	Calardu Hobart Pty Limited	Calardu Nowra Pty Limited
Calardu Alexandria WH Pty Limited	Calardu Hoppers Crossing Pty Limited	Calardu Penrith Pty Limited <sup>1</sup>
Calardu Alice Springs Pty Limited	Calardu Horsham Pty Limited	Calardu Perth City West Pty Limited
Calardu Armadale WA Pty Limited	Calardu Innisfail Pty Limited	Calardu Port Macquarie Pty Limited <sup>1</sup>
Calardu Armidale Pty Limited	Calardu Jandakot No. 1 Pty Limited	Calardu Preston Pty Limited <sup>1</sup>
Calardu Auburn Pty Limited	Calardu Jandakot Pty Limited	Calardu Pty Limited <sup>1</sup>
Calardu Ballarat Pty Limited	Calardu Joondalup Pty Limited <sup>1</sup>	Calardu Queensland Pty Limited <sup>1</sup>
Calardu Ballina No. 1 Pty Limited	Calardu Kalgoorlie Oswald St Pty Limited	Calardu Raine Square Pty Limited
Calardu Ballina Pty Limited	Calardu Kalgoorlie Pty Limited	Calardu Richmond Pty Limited <sup>1</sup>
Calardu Bathurst Pty Limited	Calardu Karana Downs Pty Limited	Calardu Rockhampton Pty Limited
Calardu Beaufort Street Pty Limited	Calardu Karratha Pty Limited	Calardu Rockingham Pty Limited <sup>1</sup>
Calardu Belrose DM Pty Limited	Calardu Kawana Waters Pty Limited	Calardu Roselands Pty Limited
Calardu Berri (SA) Pty Limited	Calardu Kemblawarra Pty Limited	Calardu Rothwell Pty Limited
Calardu Berrimah Pty Limited	Calardu Kingaroy Pty Limited	Calardu Rutherford Pty Limited
Calardu Broadmeadow Pty Limited	Calardu Kotara Pty Limited	Calardu Rutherford Warehouse Pty Limited
Calardu Broadmeadows VIC Pty Limited	Calardu Launceston Pty Limited	Calardu Sale Pty Limited
Calardu Browns Plains No. 1 Pty Limited	Calardu Lismore Pty Limited	Calardu Silverwater Pty Limited
Calardu Browns Plains Pty Limited	Calardu Loganholme Pty Limited	Calardu South Australia Pty Limited <sup>1</sup>
Calardu Bunbury (WA) Pty Limited <sup>1</sup>	Calardu Mackay No. 1 Pty Limited	Calardu Springvale Pty Limited



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

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

Calardu Swan Hill Pty Limited	CP Mornington Pty Limited <sup>7</sup>	Domain Holdings Pty Limited
Calardu Sylvania Pty Limited	CP Mt Druitt Leasing Pty Limited <sup>7</sup>	Domayne Furnishing Pty Limited
Calardu Taree Pty Limited	CP Mt Druitt Pty Limited <sup>7</sup>	Domayne Holdings Limited <sup>9, 10</sup>
Calardu Taren Point Pty Limited <sup>7</sup>	CP O'Connor Pty Limited <sup>7</sup>	Domayne Online.com Pty Limited
Calardu Thebarton Pty Limited	CP Online Pty Limited <sup>7</sup>	Domayne P.E.M. Pty Limited <sup>1</sup>
Calardu Toorak Pty Limited	CP Osborne Park CL Pty Limited <sup>7</sup>	Domayne Plant & Equipment Pty Limited <sup>1</sup>
Calardu Toowoomba WH Pty Limited	CP Osborne Park Pty Limited <sup>7</sup>	Domayne Pty Limited
Calardu Townsville Pty Limited	CP Richmond Pty Limited <sup>7</sup>	Dubbo JV Pty Limited
Calardu Tweed Heads Pty Limited <sup>1</sup>	CP Ringwood Pty Limited <sup>7</sup>	Durslee Pty Limited <sup>1</sup>
Calardu Tweed Heads Traders Way Pty Limited	CP Thomastown Pty Limited <sup>7</sup>	Edbrook Everton Park Pty Limited
Calardu Vicfern Pty Limited	CP Victoria Park Pty Limited <sup>7</sup>	Edbrook Pty Limited <sup>1, 6</sup>
Calardu Victoria Pty Limited <sup>1</sup>	CP Welshpool DC Pty Limited <sup>7</sup>	Farane Pty Limited <sup>1</sup>
Calardu Warrawong (Homestarters) Pty Limited	Cropp Pty Limited	Flormonda Pty Limited <sup>1</sup>
Calardu Warrawong Pty Limited	D.M. Alexandria Franchisor Pty Limited <sup>1</sup>	Forgetful Pty Limited
Calardu Warrnambool Pty Limited <sup>1</sup>	D.M. Alexandria Leasing Pty Limited	Ganoru Pty Limited <sup>1</sup>
Calardu Warwick Pty Limited	D.M. Alexandria Licencing Pty Limited	Generic Publications Pty Limited
Calardu West Gosford Pty Limited	D.M. Auburn Franchisor Pty Limited <sup>1</sup>	Geraldton WA Pty Limited
Calardu Whyalla Pty Limited	D.M. Auburn Leasing Pty Limited	Gestco Greensborough Pty Limited <sup>1</sup>
Calardu Wivenhoe Pty Limited	D.M. Auburn Licencing Pty Limited	Gestco Pty Limited <sup>1</sup>
Carlando Pty Limited <sup>1</sup>	D.M. Belrose Franchisor Pty Limited	Glo Light Pty Limited <sup>22</sup>
Charmela Pty Limited <sup>1</sup>	D.M. Belrose Leasing Pty Limited	H.N. Adelaide CK Franchisor Pty Limited <sup>1</sup>
Clambruno Pty Limited <sup>1</sup>	D.M. Bundall Franchisor Pty Limited <sup>1</sup>	H.N. Adelaide CK Leasing Pty Limited
Consolidated Design Group Pty Ltd	D.M. Bundall Leasing Pty Limited	H.N. Albany Franchisor Pty Limited <sup>1</sup>
Contemporary Design Group Pty Limited <sup>1, 2</sup>	D.M. Castle Hill Franchisor Pty Limited	H.N. Albany Leasing Pty Limited
CP Aspley Pty Limited <sup>7</sup>	D.M. Castle Hill Leasing Pty Limited	H.N. Albury Franchisor Pty Limited <sup>1</sup>
CP Belmont Pty Limited <sup>7</sup>	D.M. Fyshwick Franchisor Pty Limited <sup>1</sup>	H.N. Albury Leasing Pty Limited
CP Bendigo Pty Limited <sup>7</sup>	D.M. Fyshwick Leasing Pty Limited	H.N. Alexandria Franchisor Pty Limited
CP Braybrook Pty Limited <sup>7</sup>	D.M. Kotara Franchisor Pty Limited <sup>1</sup>	H.N. Alexandria Leasing Pty Limited
CP Bundaberg Leasing Pty Limited <sup>7</sup>	D.M. Kotara Leasing Pty Limited	H.N. Alice Springs Franchisor Pty Limited
CP Bundaberg Pty Limited <sup>7</sup>	D.M. Leicht Franchisor Pty Limited	H.N. Alice Springs Leasing Pty Limited
CP Burleigh Waters Pty Limited <sup>7</sup>	D.M. Liverpool Franchisor Pty Limited <sup>1</sup>	H.N. Armadale WA Franchisor Pty Limited <sup>1</sup>
CP Coburg Pty Limited <sup>7</sup>	D.M. Liverpool Leasing Pty Limited	H.N. Armadale WA Leasing Pty Limited
CP Commercial Division Pty Limited <sup>7</sup>	D.M. North Ryde Franchisor Pty Limited	H.N. Armidale Franchisor Pty Limited <sup>1</sup>
CP Corporate VIC Pty Limited <sup>7</sup>	D.M. North Ryde Leasing Pty Limited	H.N. Armidale Leasing Pty Limited
CP Dandenong Pty Limited <sup>7</sup>	D.M. Penrith Franchisor Pty Limited <sup>1</sup>	H.N. Aspley Franchisor Pty Limited <sup>1</sup>
CP Joondalup Pty Limited <sup>7</sup>	D.M. Penrith Leasing Pty Limited	H.N. Aspley Leasing Pty Limited
CP Loganholme Pty Limited <sup>7</sup>	D.M. QVH Franchisor Pty Limited <sup>1</sup>	H.N. Auburn Franchisor Pty Limited <sup>1</sup>
CP Macgregor Pty Limited <sup>7</sup>	D.M. QVH Leasing Pty Limited	H.N. Auburn Leasing Pty Limited
CP Mackay Pty Limited <sup>7</sup>	D.M. Warrawong Franchisor Pty Limited <sup>1</sup>	H.N. Ayr Franchisor Pty Limited <sup>1</sup>
CP Malvern Pty Limited <sup>7</sup>	D.M. Warrawong Leasing Pty Limited	H.N. Ayr Leasing Pty Limited
CP Mandurah Pty Limited <sup>7</sup>	D.M. West Gosford Franchisor Pty Ltd <sup>1</sup>	H.N. Bairnsdale Franchisor Pty Limited <sup>1</sup>
CP Maroochydoore Pty Limited <sup>7</sup>	D.M. West Gosford Leasing Pty Ltd	H.N. Bairnsdale Leasing Pty Limited
CP Maryborough Leasing Pty Limited <sup>7</sup>	Daldere Pty Limited <sup>1</sup>	H.N. Balgowlah Franchisor Pty Limited <sup>1</sup>
CP Maryborough Pty Limited <sup>7</sup>	Dandolena Pty Limited <sup>1</sup>	H.N. Balgowlah Leasing Pty Limited
CP Midland Pty Limited <sup>7</sup>	Derni Pty Limited <sup>1, 2</sup>	H.N. Ballarat Franchisor Pty Limited <sup>1</sup>
CP Moonah Pty Limited <sup>7</sup>	Divonda Pty Limited <sup>1</sup>	H.N. Ballarat Leasing Pty Limited
CP Moorabbin Pty Limited <sup>7</sup>	DM Online Franchisor Pty Limited <sup>7</sup>	H.N. Ballina Franchisor Pty Limited <sup>7</sup>
CP Morayfield Pty Limited <sup>7</sup>	DM Online Leasing Pty Limited <sup>7</sup>	H.N. Ballina Leasing Pty Limited <sup>7</sup>



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

H.N. Batemans Bay Franchisor Pty Limited	H.N. Carindale Franchisor Pty Limited <sup>1</sup>	H.N. Geelong Franchisor Pty Limited <sup>1</sup>
H.N. Batemans Bay Leasing Pty Limited	H.N. Carindale Leasing Pty Limited	H.N. Geelong Leasing Pty Limited
H.N. Bathurst Franchisor Pty Limited <sup>1</sup>	H.N. Caringbah Franchisor Pty Limited <sup>1</sup>	H.N. Gepps Cross Franchisor Pty Limited
H.N. Bathurst Leasing Pty Limited	H.N. Caringbah Leasing Pty Limited	H.N. Gepps Cross Leasing Pty Limited
H.N. Belmont Franchisor Pty Limited <sup>1</sup>	H.N. Castle Hill Franchisor Pty Limited	H.N. Geraldton Leasing Pty Limited
H.N. Belmont Leasing Pty Limited	H.N. Castle Hill Leasing Pty Limited	H.N. Geraldton WA Franchisor Pty Limited <sup>1</sup>
H.N. Bendigo Franchisor Pty Limited <sup>1</sup>	H.N. Chadstone Franchisor Pty Limited	H.N. Gladstone Franchisor Pty Limited <sup>1</sup>
H.N. Bendigo Leasing Pty Limited	H.N. Chadstone Leasing Pty Limited	H.N. Gladstone Leasing Pty Limited
H.N. Bernoth Franchisor Pty Limited <sup>1</sup>	H.N. Chatswood Franchisor Pty Limited <sup>1</sup>	H.N. Gordon Franchisor Pty Limited <sup>1</sup>
H.N. Bernoth Leasing Pty Limited	H.N. Chatswood Leasing Pty Limited	H.N. Gordon Leasing Pty Limited
H.N. Bernoth Plant & Equipment Pty Limited <sup>1</sup>	H.N. Chirside Park Franchisor Pty Limited <sup>1</sup>	H.N. Gosford Leasing Pty Limited
H.N. Blacktown Franchisor Pty Limited <sup>1</sup>	H.N. Chirside Park Leasing Pty Limited	H.N. Goulburn Franchisor Pty Limited
H.N. Blacktown Leasing Pty Limited	H.N. City Cross Franchisor Pty Limited	H.N. Goulburn Leasing Pty Limited
H.N. Bondi Junction Franchisor Pty Limited	H.N. City Cross Leasing Pty Limited	H.N. Grafton Franchisor Pty Limited <sup>1</sup>
H.N. Bondi Junction Leasing Pty Limited	H.N. City West Franchisor Pty Limited <sup>1</sup>	H.N. Grafton Leasing Pty Limited
H.N. Broadmeadow (VIC) Franchisor Pty Limited	H.N. City West Leasing Pty Limited	H.N. Greensborough Franchisor Pty Limited <sup>1</sup>
H.N. Broadmeadow (VIC) Leasing Pty Limited	H.N. Cleveland Franchisor Pty Limited	H.N. Greensborough Leasing Pty Limited
H.N. Broadway (Sydney) Franchisor Pty Limited <sup>1</sup>	H.N. Cleveland Leasing Pty Limited	H.N. Griffith Franchisor Pty Limited <sup>1</sup>
H.N. Broadway (Sydney) Leasing Pty Limited	H.N. Cobar Franchisor Pty Limited	H.N. Griffith Leasing Pty Limited
H.N. Broadway on the Mall Franchisor Pty Limited <sup>1</sup>	H.N. Cobar Leasing Pty Limited	H.N. Gympie Franchisor Pty Limited
H.N. Broadway on the Mall Leasing Pty Limited	H.N. Coffs Harbour Franchisor Pty Limited <sup>1</sup>	H.N. Gympie Leasing Pty Limited
H.N. Brooklyn Franchisor Pty Limited	H.N. Coffs Harbour Leasing Pty Limited	H.N. Hamilton Franchisor Pty Limited <sup>1</sup>
H.N. Brooklyn Leasing Pty Limited	H.N. Coorparoo Franchisor Pty Limited	H.N. Hamilton Leasing Pty Limited
H.N. Browns Plains Franchisor Pty Limited <sup>1</sup>	H.N. Coorparoo Leasing Pty Limited	H.N. Hervey Bay Franchisor Pty Limited <sup>1</sup>
H.N. Browns Plains Leasing Pty Limited	H.N. Cranbourne Franchisor Pty Limited <sup>1</sup>	H.N. Hervey Bay Leasing Pty Limited
H.N. Bunbury Franchisor Pty Limited <sup>1</sup>	H.N. Cranbourne Leasing Pty Limited	H.N. Hoppers Crossing Franchisor Pty Limited <sup>1</sup>
H.N. Bunbury Leasing Pty Limited	H.N. Dalby Franchisor Pty Limited <sup>1</sup>	H.N. Hoppers Crossing Leasing Pty Limited
H.N. Bundaberg Franchisor Pty Limited <sup>1</sup>	H.N. Dalby Leasing Pty Limited	H.N. Horsham Franchisor Pty Limited <sup>1</sup>
H.N. Bundaberg Leasing Pty Limited	H.N. Dandenong Franchisor Pty Limited <sup>1</sup>	H.N. Horsham Leasing Pty Limited
H.N. Bundall Franchisor Pty Limited <sup>1</sup>	H.N. Dandenong Leasing Pty Limited	H.N. Indooroopilly Franchisor Pty Limited <sup>1</sup>
H.N. Bundall Leasing Pty Limited	H.N. Darwin Franchisor Pty Limited <sup>1</sup>	H.N. Indooroopilly Leasing Pty Limited
H.N. Burleigh Heads Franchisor Pty Limited <sup>1</sup>	H.N. Darwin Leasing Pty Limited	H.N. Innisfail Franchisor Pty Limited <sup>1</sup>
H.N. Burleigh Heads Leasing Pty Limited	H.N. Deniliquin Franchisor Pty Limited <sup>1</sup>	H.N. Innisfail Leasing Pty Limited
H.N. Busselton Franchisor Pty Limited <sup>1</sup>	H.N. Deniliquin Leasing Pty Limited	H.N. Inverell Franchisor Pty Limited <sup>1</sup>
H.N. Busselton Leasing Pty Limited	H.N. Dubbo Franchisor Pty Limited <sup>1</sup>	H.N. Inverell Leasing Pty Limited
H.N. Cairns Franchisor Pty Limited <sup>1</sup>	H.N. Dubbo Leasing Pty Limited	H.N. Ipswich Franchisor Pty Limited <sup>7</sup>
H.N. Cairns Leasing Pty Limited	H.N. Enfield Franchisor Pty Limited <sup>1</sup>	H.N. Ipswich Leasing Pty Limited <sup>7</sup>
H.N. Cambridge Park Franchisor Pty Limited	H.N. Enfield Leasing Pty Limited	H.N. Joondalup Franchisor Pty Limited <sup>1</sup>
H.N. Cambridge Park Leasing Pty Limited	H.N. Everton Park Franchisor Pty Limited <sup>1</sup>	H.N. Joondalup Leasing Pty Limited
H.N. Campbelltown Franchisor Pty Limited <sup>1</sup>	H.N. Everton Park Leasing Pty Limited	H.N. Kalgoorlie Franchisor Pty Limited <sup>1</sup>
H.N. Campbelltown Leasing Pty Limited	H.N. Fortitude Valley Franchisor Pty Limited <sup>1</sup>	H.N. Kalgoorlie Leasing Pty Limited
H.N. Cannington W.A. Franchisor Pty Limited <sup>1</sup>	H.N. Fortitude Valley Leasing Pty Limited	H.N. Karratha Franchisor Pty Limited <sup>1</sup>
H.N. Cannington W.A. Leasing Pty Limited	H.N. Frankston Franchisor Pty Limited	H.N. Karratha Leasing Pty Limited
H.N. Canonvale Franchisor Pty Limited	H.N. Frankston Leasing Pty Limited	H.N. Kawana Waters Franchisor Pty Limited <sup>1</sup>
H.N. Canonvale Leasing Pty Limited	H.N. Fremantle Franchisor Pty Limited <sup>1</sup>	H.N. Kawana Waters Leasing Pty Limited
H.N. Capalaba Franchisor Pty Limited	H.N. Fremantle Leasing Pty Limited	H.N. Kingaroy Franchisor Pty Limited
H.N. Capalaba Leasing Pty Limited	H.N. Fyshwick Franchisor Pty Limited <sup>1</sup>	H.N. Kingaroy Leasing Pty Limited
H.N. Cards Pty Limited	H.N. Fyshwick Leasing Pty Limited	H.N. Knox Towerpoint Franchisor Pty Limited <sup>1</sup>



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

H.N. Knox Towerpoint Leasing Pty Limited	H.N. Moree Franchisor Pty Limited	H.N. Pacific Fair Franchisor Pty Limited
H.N. Lake Haven Franchisor Pty Limited	H.N. Moree Leasing Pty Limited	H.N. Pacific Fair Leasing Pty Limited
H.N. Lake Haven Leasing Pty Limited	H.N. Morley Franchisor Pty Limited <sup>1</sup>	H.N. Parkes Franchisor Pty Limited <sup>1</sup>
H.N. Leichhardt Franchisor Pty Limited <sup>1</sup>	H.N. Morley Leasing Pty Limited	H.N. Parkes Leasing Pty Limited
H.N. Leichhardt Leasing Pty Limited	H.N. Morwell Franchisor Pty Limited <sup>7</sup>	H.N. Penrith Franchisor Pty Limited <sup>1</sup>
H.N. Lismore Franchisor Pty Limited <sup>1</sup>	H.N. Morwell Leasing Pty Limited <sup>7</sup>	H.N. Penrith Leasing Pty Limited
H.N. Lismore Leasing Pty Limited	H.N. Moss Vale Franchisor Pty Limited <sup>1</sup>	H.N. Peppermint Grove Franchisor Pty Limited <sup>1</sup>
H.N. Lithgow Franchisor Pty Limited	H.N. Moss Vale Leasing Pty Limited	H.N. Peppermint Grove Leasing Pty Limited
H.N. Lithgow Leasing Pty Limited	H.N. Mt Barker Franchisor Pty Limited	H.N. Port Hedland Franchisor Pty Limited <sup>1</sup>
H.N. Liverpool Franchisor Pty Limited <sup>1</sup>	H.N. Mt Barker Leasing Pty Limited	H.N. Port Hedland Leasing Pty Limited
H.N. Liverpool Leasing Pty Limited	H.N. Mt Gambier Franchisor Pty Limited <sup>1</sup>	H.N. Port Kennedy Franchisor Pty Limited <sup>1</sup>
H.N. Loganholme Franchisor Pty Limited <sup>1</sup>	H.N. Mt Gambier Leasing Pty Limited	H.N. Port Kennedy Leasing Pty Limited
H.N. Loganholme Leasing Pty Limited	H.N. Mt Gravatt Franchisor Pty Limited <sup>1</sup>	H.N. Port Macquarie Franchisor Pty Limited <sup>1</sup>
H.N. Loughran Contracting Pty Limited	H.N. Mt Gravatt Leasing Pty Limited	H.N. Port Macquarie Leasing Pty Limited
H.N. Mackay Franchisor Pty Limited <sup>1</sup>	H.N. Mt Isa Franchisor Pty Limited <sup>1</sup>	H.N. Preston Franchisor Pty Limited <sup>1</sup>
H.N. Mackay Leasing Pty Limited	H.N. Mt Isa Leasing Pty Limited	H.N. Preston Leasing Pty Limited
H.N. Maddington Franchisor Pty Limited <sup>1</sup>	H.N. Mudgee Franchisor Pty Limited <sup>1</sup>	H.N. Riverwood Franchisor Pty Limited
H.N. Maddington Leasing Pty Limited	H.N. Mudgee Leasing Pty Limited	H.N. Riverwood Leasing Pty Limited
H.N. Maitland Franchisor Pty Limited <sup>1</sup>	H.N. Munno Para Franchisor Pty Limited <sup>1</sup>	H.N. Rockhampton Franchisor Pty Limited <sup>1</sup>
H.N. Maitland Leasing Pty Limited	H.N. Munno Para Leasing Pty Limited	H.N. Rockhampton Leasing Pty Limited
H.N. Malaga Franchisor Pty Limited	H.N. Muswellbrook Franchisor Pty Limited	H.N. Rothwell Franchisor Pty Limited
H.N. Malaga Leasing Pty Limited	H.N. Muswellbrook Leasing Pty Limited	H.N. Rothwell Leasing Pty Limited
H.N. Mandurah Franchisor Pty Limited <sup>1</sup>	H.N. Narre Warren Franchisor Pty Limited	H.N. Salamander Bay Franchisor Pty Limited
H.N. Mandurah Leasing Pty Limited	H.N. Narre Warren Leasing Pty Limited	H.N. Salamander Bay Leasing Pty Limited
H.N. Maribyrnong Franchisor Pty Limited <sup>1</sup>	H.N. Newcastle Franchisor Pty Limited <sup>1</sup>	H.N. Sale Franchisor Pty Limited <sup>1</sup>
H.N. Maribyrnong Leasing Pty Limited	H.N. Newcastle Leasing Pty Limited	H.N. Sale Leasing Pty Limited
H.N. Marion Franchisor Pty Limited <sup>1</sup>	H.N. Newcastle West Franchisor Pty Limited	H.N. Shepparton Franchisor Pty Limited <sup>1</sup>
H.N. Marion Leasing Pty Limited	H.N. Newcastle West Leasing Pty Limited	H.N. Shepparton Leasing Pty Limited
H.N. Maroochydore Franchisor Pty Limited <sup>1</sup>	H.N. Noarlunga Franchisor Pty Limited <sup>1</sup>	H.N. South Tweed Franchisor Pty Limited <sup>1</sup>
H.N. Maroochydore Leasing Pty Limited	H.N. Noarlunga Leasing Pty Limited	H.N. South Tweed Leasing Pty Limited
H.N. Martin Place Sydney Franchisor Pty Limited <sup>1</sup>	H.N. Noosa Franchisor Pty Limited <sup>1</sup>	H.N. Southland Franchisor Pty Limited <sup>1</sup>
H.N. Martin Place Sydney Leasing Pty Limited	H.N. Noosa Leasing Pty Limited	H.N. Southland Leasing Pty Limited
H.N. Mentone Franchisor Pty Limited	H.N. Norwest Franchisor Pty Limited	H.N. Sunshine Franchisor Pty Limited
H.N. Mentone Leasing Pty Limited	H.N. Norwest Leasing Pty Limited	H.N. Sunshine Leasing Pty Limited
H.N. Midland Franchisor Pty Limited <sup>1</sup>	H.N. Nowra Franchisor Pty Limited <sup>1</sup>	H.N. Swan Hill Franchisor Pty Limited <sup>1</sup>
H.N. Midland Leasing Pty Limited	H.N. Nowra Leasing Pty Limited	H.N. Swan Hill Leasing Pty Limited
H.N. Mildura Franchisor Pty Limited <sup>1</sup>	H.N. Nunawading Franchisor Pty Limited <sup>1</sup>	H.N. Tamworth Franchisor Pty Limited <sup>1</sup>
H.N. Mildura Leasing Pty Limited	H.N. Nunawading Leasing Pty Limited	H.N. Tamworth Leasing Pty Limited
H.N. Moe Franchisor Pty Limited <sup>1</sup>	H.N. O'Connor Franchisor Pty Limited <sup>1</sup>	H.N. Taree Franchisor Pty Limited <sup>7</sup>
H.N. Moe Leasing Pty Limited	H.N. O'Connor Leasing Pty Limited	H.N. Taree Leasing Pty Limited
H.N. Moonah Franchisor Pty Limited <sup>7</sup>	H.N. Oakleigh CK Franchisor Pty Limited <sup>1</sup>	H.N. Thomastown Franchisor Pty Limited
H.N. Moonah Leasing Pty Limited <sup>7</sup>	H.N. Oakleigh CK Leasing Pty Limited	H.N. Thomastown Leasing Pty Limited
H.N. Moorabbin Franchisor Pty Limited <sup>1</sup>	H.N. Orange Franchisor Pty Limited <sup>1</sup>	H.N. Toowoomba Franchisor Pty Limited <sup>1</sup>
H.N. Moorabbin Leasing Pty Limited <sup>1</sup>	H.N. Orange Leasing Pty Limited	H.N. Toowoomba Leasing Pty Limited
H.N. Moore Park Franchisor Pty Limited <sup>1</sup>	H.N. Osborne Park Franchisor Pty Limited <sup>1</sup>	H.N. Townsville Franchisor Pty Limited <sup>1</sup>
H.N. Moore Park Leasing Pty Limited	H.N. Osborne Park Leasing Pty Limited	H.N. Townsville Leasing Pty Limited
H.N. Morayfield Franchisor Pty Limited <sup>1</sup>	H.N. Oxley Franchisor Pty Limited <sup>1</sup>	H.N. Traralgon Franchisor Pty Limited <sup>1</sup>
H.N. Morayfield Leasing Pty Limited	H.N. Oxley Leasing Pty Limited	H.N. Traralgon Leasing Pty Limited



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

H.N. Vic/Tas Commercial Project Franchisor Pty Limited	Harvey Norman Burnie Leasing Pty Limited	Harvey Norman Music Pty Limited
H.N. Vic/Tas Commercial Project Leasing Pty Limited	Harvey Norman CEI d.o.o. <sup>12</sup>	Harvey Norman Net. Works Pty Limited <sup>1</sup>
H.N. Wagga Franchisor Pty Limited <sup>1</sup>	Harvey Norman Commercial Your Solution Provider Pty Limited	Harvey Norman OFIS Pty Limited <sup>1</sup>
H.N. Wagga Leasing Pty Limited	Harvey Norman Computer Club Pty Limited	Harvey Norman Online.com Pty Limited
H.N. Wangaratta Franchisor Pty Limited <sup>1</sup>	Harvey Norman Computer Training Pty Limited	Harvey Norman Ossia (Asia) Pte Limited <sup>11,16,17</sup>
H.N. Wangaratta Leasing Pty Limited	Harvey Norman Contracting Pty Limited	Harvey Norman P.E.M. Pty Limited
H.N. Warragul Franchisor Pty Limited <sup>1</sup>	Harvey Norman Corporate Air Pty Limited	Harvey Norman Plant and Equipment Pty Limited
H.N. Warragul Leasing Pty Limited	Harvey Norman CP Pty Limited <sup>7</sup>	Harvey Norman Properties (N.Z.) Limited <sup>8,10</sup>
H.N. Warrawong Franchisor Pty Limited <sup>1</sup>	Harvey Norman Devonport Franchisor Pty Limited <sup>1</sup>	Harvey Norman Rental Pty Limited
H.N. Warrawong Leasing Pty Limited	Harvey Norman Devonport Leasing Pty Limited	Harvey Norman Retailing Pty Limited <sup>1</sup>
H.N. Warrnambool Franchisor Pty Limited <sup>1</sup>	Harvey Norman Education and Training Pty Limited	Harvey Norman Rosney Franchisor Pty Limited <sup>1</sup>
H.N. Warrnambool Leasing Pty Limited	Harvey Norman Energy Pty Limited <sup>1</sup>	Harvey Norman Rosney Leasing Pty Limited
H.N. Warwick (WA) Franchisor Pty Limited <sup>1</sup>	Harvey Norman Europe d.o.o. <sup>12</sup>	Harvey Norman Security Pty Limited
H.N. Warwick (WA) Leasing Pty Limited	Harvey Norman Export Pty Limited <sup>1</sup>	Harvey Norman Shopfitting Pty Limited <sup>1</sup>
H.N. Warwick Franchisor Pty Limited <sup>1</sup>	Harvey Norman Fitouts Pty Limited	Harvey Norman Singapore Pte Limited <sup>11,15,16</sup>
H.N. Warwick Leasing Pty Limited	Harvey Norman Furnishing Pty Limited	Harvey Norman Stores (N.Z.) Pty Limited <sup>1</sup>
H.N. Watergardens Franchisor Pty Limited <sup>1</sup>	Harvey Norman Gamezone Pty Limited	Harvey Norman Stores (W.A.) Pty Limited
H.N. Watergardens Leasing Pty Limited	Harvey Norman Glenorchy Franchisor Pty Limited <sup>1</sup>	Harvey Norman Stores Pty Limited <sup>1</sup>
H.N. Waurm Ponds Franchisor Pty Limited <sup>1</sup>	Harvey Norman Glenorchy Leasing Pty Limited	Harvey Norman Superlink Pty Limited
H.N. Waurm Ponds Leasing Pty Limited	Harvey Norman Hobart Franchisor Pty Limited <sup>1</sup>	Harvey Norman Tasmania Pty Limited
H.N. West Gosford Franchisor Pty Limited <sup>1</sup>	Harvey Norman Hobart Leasing Pty Limited	Harvey Norman Technology Pty Limited <sup>1</sup>
H.N. West Wyalong Franchisor Pty Limited	Harvey Norman Holdings (Ireland) Limited <sup>19,27</sup>	Harvey Norman The Bedding Specialists Pty Limited
H.N. West Wyalong Leasing Pty Limited	Harvey Norman Home Cellars Pty Limited	Harvey Norman The Computer Specialists Pty Limited
H.N. Whyalla Franchisor Pty Limited <sup>1</sup>	Harvey Norman Home Loans Pty Limited	Harvey Norman The Electrical Specialists Pty Limited
H.N. Whyalla Leasing Pty Limited	Harvey Norman Home Starters Pty Limited	Harvey Norman The Furniture Specialists Pty Limited
H.N. Wiley Park Franchisor Pty Limited <sup>1</sup>	Harvey Norman Homemaker Centre Pty Limited	Harvey Norman Trading (Ireland) Limited <sup>18,19</sup>
H.N. Wiley Park Leasing Pty Limited	Harvey Norman Launceston Franchisor Pty Limited <sup>1</sup>	Harvey Norman Trading d.o.o. <sup>12</sup>
H.N. Windsor Franchisor Pty Limited <sup>1</sup>	Harvey Norman Launceston Leasing Pty Limited	Harvey Norman Ulverstone Franchisor Pty Limited <sup>1</sup>
H.N. Windsor Leasing Pty Limited	Harvey Norman Leasing (Blanchardstown) Limited <sup>18,19</sup>	Harvey Norman Ulverstone Leasing Pty Limited
H.N. Woden Franchisor Pty Limited <sup>1</sup>	Harvey Norman Leasing (Carrickmines) Limited <sup>18,19</sup>	Harvey Norman Victoria Pty Limited <sup>1</sup>
H.N. Woden Leasing Pty Limited	Harvey Norman Leasing (Castlebar) Limited <sup>18,19</sup>	Harvey Norman Zagreb d.o.o. <sup>14</sup>
H.N. Wonthaggi Franchisor Pty Limited <sup>1</sup>	Harvey Norman Leasing (Cork) Limited <sup>18,19</sup>	Havrex Pty Limited <sup>1,6</sup>
H.N. Wonthaggi Leasing Pty Limited	Harvey Norman Leasing (Drogheda) Limited <sup>18,19</sup>	HN Byron No. 2 Pty Limited <sup>27</sup>
H.N. Woodville Franchisor Pty Limited	Harvey Norman Leasing (Dublin) Limited <sup>18,19</sup>	HN Byron No. 3 Pty Limited <sup>27</sup>
H.N. Woodville Leasing Pty Limited	Harvey Norman Leasing (Dundalk) Limited <sup>18,19</sup>	HN Online Franchisor Pty Limited <sup>7</sup>
H.N. Young Franchisor Pty Limited <sup>1</sup>	Harvey Norman Leasing (Eastgate) Limited <sup>18,19</sup>	HN Online Leasing Pty Limited <sup>7</sup>
H.N. Young Leasing Pty Limited	Harvey Norman Leasing (Limerick) Limited <sup>18,19</sup>	HN Paraparamu Leasing Limited <sup>7,9,10</sup>
Hardly Normal Discounts Pty Limited <sup>1</sup>	Harvey Norman Leasing (Mullingar) Limited <sup>18,19</sup>	HN QCV Benaraby No1 Pty Limited <sup>7,29</sup>
Hardly Normal Limited <sup>9,10</sup>	Harvey Norman Leasing (N.Z.) Limited <sup>9,10</sup>	HN QCV Benaraby Pty Limited <sup>7,28</sup>
Hardly Normal Pty Limited <sup>1</sup>	Harvey Norman Leasing (Naas) Limited <sup>18,19</sup>	HN QCV Pty Limited <sup>7</sup>
Harvey Cellars Pty Limited	Harvey Norman Leasing (NI) Limited <sup>18,19</sup>	HN Zagreb Investment Pty Limited
Harvey Liquor Pty Limited	Harvey Norman Leasing (Rathfarnham) Limited <sup>18,19</sup>	HNL Pty Limited
Harvey Norman (ACT) Pty Limited <sup>1</sup>	Harvey Norman Leasing (Tralee) Limited <sup>18,19</sup>	Hodberg Pty Limited <sup>1,5</sup>
Harvey Norman (N.S.W.) Pty Limited	Harvey Norman Leasing (Waterford) Limited <sup>18,19</sup>	Hodvale Pty Limited <sup>1,5</sup>
Harvey Norman (QLD) Pty Limited <sup>1,6</sup>	Harvey Norman Leasing Pty Limited	Home Mart Furniture Pty Limited
Harvey Norman 2007 Management Pty Limited	Harvey Norman Limited <sup>10</sup>	Home Mart Pty Limited
Harvey Norman Big Buys Pty Limited <sup>7</sup>	Harvey Norman Loughran Plant & Equipment Pty Limited	Hoxco Pty Limited <sup>1,6</sup>
Harvey Norman Burnie Franchisor Pty Limited <sup>1</sup>	Harvey Norman Mortgage Service Pty Limited	J.M. Albury Franchisor Pty Limited





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

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

J.M. Albury Leasing Pty Limited	J.M. Warrawong Leasing Pty Limited	Lesandu Broadway Pty Limited
J.M. Alexandria Franchisor Pty Limited	J.M. West Gosford Franchisor Pty Limited	Lesandu Brooklyn Pty Limited
J.M. Alexandria Leasing Pty Limited	J.M. West Gosford Leasing Pty Limited	Lesandu Brown Plains No. 1 Pty Limited
J.M. Auburn Franchisor Pty Limited <sup>1</sup>	J.M. Young Franchisor Pty Limited	Lesandu Browns Plains Pty Limited
J.M. Ballina Franchisor Pty Limited	J.M. Young Leasing Pty Limited	Lesandu Bundaberg Pty Limited <sup>7</sup>
J.M. Ballina Leasing Pty Limited	Jartoso Pty Limited <sup>1</sup>	Lesandu Bundaberg WH 2 Pty Limited <sup>7</sup>
J.M. Bennetts Green Franchisor Pty Limited	JM Online Franchisor Pty Limited <sup>7</sup>	Lesandu Bundaberg WH Pty Limited <sup>7</sup>
J.M. Bennetts Green Leasing Pty Limited	JM Online Leasing Pty Limited <sup>7</sup>	Lesandu Burleigh Heads Flooring Pty Limited
J.M. Campbelltown Franchisor Pty Limited <sup>1</sup>	Jondarlo Pty Limited <sup>1</sup>	Lesandu Busselton Pty Limited
J.M. Campbelltown Leasing Pty Limited	Joyce Mayne Furnishing Pty Limited	Lesandu Cambridge Pty Limited
J.M. Caringbah Franchisor Pty Limited <sup>1</sup>	Joyce Mayne Home Cellars Pty Limited	Lesandu Cannington Pty Limited
J.M. Caringbah Leasing Pty Limited	Joyce Mayne Kotara Leasing Pty Limited	Lesandu Cannonvale Pty Limited
J.M. Chancellor Park Franchisor Pty Limited	Joyce Mayne Liverpool Leasing Pty Limited	Lesandu Capalaba Pty Limited
J.M. Chancellor Park Leasing Pty Limited	Joyce Mayne Penrith Pty Limited	Lesandu Carindale Pty Limited
J.M. Contracting Services Pty Limited <sup>1</sup>	Joyce Mayne Shopping Complex Pty Limited	Lesandu Castle Hill DM Pty Limited
J.M. Dubbo Franchisor Pty Limited	Kalina Development Pty Limited	Lesandu Castle Hill Pty Limited
J.M. Dubbo Leasing Pty Limited	Kambaldu Pty Limited <sup>1</sup>	Lesandu Cessnock (JM) Pty Limited
J.M. Leasing Pty Limited	Kita Pty Limited <sup>1</sup>	Lesandu Chadstone Pty Limited
J.M. Maitland Franchisor Pty Limited	Kitchen Point Pty Limited <sup>7</sup>	Lesandu Charmhaven Pty Limited
J.M. Maitland Leasing Pty Limited	Koodero Pty Limited <sup>1</sup>	Lesandu Chatswood Express Pty Limited
J.M. Maroochydoore Franchisor Pty Limited	Korinti Pty Limited <sup>1</sup>	Lesandu Chatswood Pty Limited
J.M. Maroochydoore Leasing Pty Limited	Lamino Pty Limited <sup>1</sup>	Lesandu Cheltenham Pty Limited
J.M. Marrickville Franchisor Pty Limited <sup>1</sup>	Lesandu Adelaide City Pty Limited	Lesandu Chirnside Park Pty Limited
J.M. Marrickville Leasing Pty Limited	Lesandu Adelaide CK Pty Limited	Lesandu Cleveland Pty Limited
J.M. McGraths Hill Franchisor Pty Limited	Lesandu Albany Pty Limited	Lesandu Cobar Pty Limited
J.M. McGraths Hill Leasing Pty Limited	Lesandu Albury Pty Limited	Lesandu Coffs Harbour Pty Limited
J.M. Mudgee Franchisor Pty Limited	Lesandu Alexandria (JM) Pty Limited	Lesandu Coorparoo Pty Limited
J.M. Mudgee Leasing Pty Limited	Lesandu Alexandria DM Pty Limited	Lesandu CP Aspley Pty Limited <sup>7</sup>
J.M. Muswellbrook Franchisor Pty Limited	Lesandu Alexandria Pty Limited	Lesandu CP Bayswater Pty Limited <sup>7</sup>
J.M. Muswellbrook Leasing Pty Limited	Lesandu Alice Springs Pty Limited	Lesandu CP Belmont Pty Limited <sup>7</sup>
J.M. Newcastle Franchisor Pty Limited <sup>1</sup>	Lesandu Auburn Stone Pty Limited	Lesandu CP Bendigo Pty Limited <sup>7</sup>
J.M. Nowra Franchisor Pty Limited	Lesandu Ayr Pty Limited	Lesandu CP Braybrook Pty Limited <sup>7</sup>
J.M. Nowra Leasing Pty Limited	Lesandu Bairnsdale Pty Limited	Lesandu CP Bundaberg Pty Limited <sup>7</sup>
J.M. Plant & Equipment Hire Pty Limited	Lesandu Balgowlah Pty Limited	Lesandu CP Bundaberg WH 2 Pty Limited <sup>7</sup>
J.M. Rockhampton Franchisor Pty Limited	Lesandu Ballina JM Pty Limited	Lesandu CP Bundaberg WH Pty Limited <sup>7</sup>
J.M. Rockhampton Leasing Pty Limited	Lesandu Batemans Bay Pty Limited	Lesandu CP Burleigh Waters Pty Limited <sup>7</sup>
J.M. Share Investment Pty Limited	Lesandu Bathurst Pty Limited	Lesandu CP Coburg Pty Limited <sup>7</sup>
J.M. Toukley Franchisor Pty Limited	Lesandu Bella Vista Pty Limited	Lesandu CP Dandenong Pty Limited <sup>7</sup>
J.M. Toukley Leasing Pty Limited	Lesandu Belmont Pty Limited	Lesandu CP Joondalup Pty Limited <sup>7</sup>
J.M. Townsville Franchisor Pty Limited	Lesandu Belrose DM Pty Limited	Lesandu CP Loganholme Pty Limited <sup>7</sup>
J.M. Townsville Leasing Pty Limited	Lesandu Benalla Pty Limited	Lesandu CP Macgregor Pty Limited <sup>7</sup>
J.M. Wagga Wagga Franchisor Pty Limited	Lesandu Bennetts Green JM Pty Limited	Lesandu CP Macgregor WH Pty Limited <sup>7</sup>
J.M. Wagga Wagga Leasing Pty Limited	Lesandu Bentleigh Pty Limited	Lesandu CP Mackay Pty Limited <sup>7</sup>
J.M. Wallsend Franchisor Pty Limited	Lesandu Blacktown Pty Limited	Lesandu CP Malvern Pty Limited <sup>7</sup>
J.M. Wallsend Leasing Pty Limited	Lesandu Bondi Junction Pty Limited	Lesandu CP Malvern WH Pty Limited <sup>7</sup>
J.M. Warners Bay Franchisor Pty Limited	Lesandu Braybrook Pty Limited <sup>7</sup>	Lesandu CP Mandurah Pty Limited <sup>7</sup>
J.M. Warners Bay Leasing Pty Limited	Lesandu Brisbane City Pty Limited	Lesandu CP Maroochydoore Pty Limited <sup>7</sup>
J.M. Warrawong Franchisor Pty Limited	Lesandu Broadbeach Pty Limited	Lesandu CP Maroochydoore WH Pty Limited <sup>7</sup>



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

Lesandu CP Maryborough Pty Limited <sup>7</sup>	Lesandu Joondalup Pty Limited	Lesandu Oakleigh CK Pty Limited
Lesandu CP Midland Pty Limited <sup>7</sup>	Lesandu Kalgoorlie Pty Limited	Lesandu O'Connor Pty Limited <sup>7</sup>
Lesandu CP Moonah Pty Limited <sup>7</sup>	Lesandu Karratha Pty Limited	Lesandu Orange Pty Limited
Lesandu CP Moorabbin Pty Limited <sup>7</sup>	Lesandu Knox Towerpoint Pty Limited	Lesandu Osborne Park Pty Limited
Lesandu CP Morayfield Pty Limited <sup>7</sup>	Lesandu Kotara DM Pty Limited	Lesandu Oxley Pty Limited
Lesandu CP Mornington Pty Limited <sup>7</sup>	Lesandu Launceston Pty Limited	Lesandu Penrith DM Pty Limited
Lesandu CP Mt Druitt Pty Limited <sup>7</sup>	Lesandu Leichhardt M Pty Limited	Lesandu Penrith Pty Limited
Lesandu CP O'Connor Pty Limited <sup>7</sup>	Lesandu Light Street DM Pty Limited	Lesandu Peppermint Grove Pty Limited
Lesandu CP Osborne Park CL Pty Limited <sup>7</sup>	Lesandu Lismore Pty Limited	Lesandu Perth City West Pty Limited
Lesandu CP Osborne Park Pty Limited <sup>7</sup>	Lesandu Lithgow Pty Limited	Lesandu Port Macquarie Pty Limited <sup>7</sup>
Lesandu CP Osborne Park WH Pty Limited <sup>7</sup>	Lesandu Loganholme Pty Limited	Lesandu Pty Limited <sup>1</sup>
Lesandu CP Richmond CL Pty Limited <sup>7</sup>	Lesandu Loganholme Pty Limited <sup>7</sup>	Lesandu Raymond Terrace Pty Limited
Lesandu CP Richmond Pty Limited <sup>7</sup>	Lesandu Mackay Pty Limited	Lesandu Richlands Pty Limited
Lesandu CP Richmond WH Pty Limited <sup>7</sup>	Lesandu Maddington Pty Limited	Lesandu Richmond (VIC) Pty Limited
Lesandu CP Ringwood Home Pty Limited <sup>7</sup>	Lesandu Maitland JM Pty Limited	Lesandu Riverwood Pty Limited
Lesandu CP Ringwood Pty Limited <sup>7</sup>	Lesandu Maitland Pty Limited	Lesandu Rockhampton Pty Limited
Lesandu CP Ringwood WH Pty Limited <sup>7</sup>	Lesandu Malaga Pty Limited	Lesandu Rothwell Pty Limited
Lesandu CP Thomastown Pty Limited <sup>7</sup>	Lesandu Mandurah Pty Limited	Lesandu S.A. Pty Limited
Lesandu CP Victoria Park Pty Limited <sup>7</sup>	Lesandu Marion Pty Limited	Lesandu Salamander Bay Pty Limited
Lesandu Cranbourne Pty Limited	Lesandu Maroochydoore JM Pty Limited	Lesandu Sale Pty Limited
Lesandu Dalby Pty Limited	Lesandu Maroochydoore Flooring Pty Limited	Lesandu Silverwater Pty Limited
Lesandu Dandenong Pty Limited	Lesandu McGraths Hill (JM) Pty Limited	Lesandu Sippy Downs JM Pty Limited
Lesandu Deniliquin Pty Limited	Lesandu Melbourne City DM Pty Limited	Lesandu Southport Pty Limited
Lesandu Dubbo JM Pty Limited	Lesandu Mentone Pty Limited	Lesandu Stanmore Pty Limited
Lesandu Dubbo Pty Limited	Lesandu Midland Pty Limited	Lesandu Sunshine Pty Limited
Lesandu Engadine Pty Limited	Lesandu Mile End Pty Limited	Lesandu Swan Hill Pty Limited
Lesandu Erina Flooring Pty Limited	Lesandu Mitchell Pty Limited	Lesandu Sydenham Pty Limited
Lesandu Forster Pty Limited	Lesandu Moe Pty Limited	Lesandu Sydney City SS Pty Limited
Lesandu Fremantle No 2 Pty Limited	Lesandu Moorabbin Pty Limited <sup>7</sup>	Lesandu Tamworth Pty Limited
Lesandu Fremantle Pty Limited	Lesandu Moore Park Pty Limited	Lesandu Taree Home Mart Pty Limited
Lesandu Fyshwick Pty Limited	Lesandu Moree Pty Limited	Lesandu Taree Pty Limited
Lesandu Gaven Pty Limited	Lesandu Morley Pty Limited	Lesandu Taren Point Pty Limited
Lesandu Gepps Cross Pty Limited	Lesandu Mornington Pty Limited	Lesandu Tasmania Pty Limited
Lesandu Gladstone Pty Limited	Lesandu Morwell WH Pty Limited <sup>7</sup>	Lesandu Temora Pty Limited
Lesandu Gordon Pty Limited	Lesandu Moss Vale Pty Limited	Lesandu Thomastown Pty Limited
Lesandu Goulburn Pty Limited	Lesandu Mt Barker Pty Limited	Lesandu Toukley Pty Limited
Lesandu Grafton Pty Limited	Lesandu Mt Gravatt Pty Limited	Lesandu Townsville Pty Limited
Lesandu Greensborough Pty Limited	Lesandu Mt Isa Pty Limited	Lesandu Tweed Heads Flooring Pty Limited
Lesandu Griffith Pty Limited	Lesandu Munno Para Pty Limited	Lesandu Tweed Heads Pty Limited <sup>1</sup>
Lesandu Hamilton (VIC) Pty Limited	Lesandu Muswellbrook JM Pty Limited	Lesandu Underwood Pty Limited
Lesandu Hamilton Pty Limited	Lesandu Muswellbrook Pty Limited	Lesandu WA Furniture Pty Limited
Lesandu Hervey Bay Pty Limited	Lesandu Narrabri Pty Limited <sup>7</sup>	Lesandu WA Pty Limited <sup>1</sup>
Lesandu HN Pty Limited	Lesandu Narre Warren Pty Limited	Lesandu Wagga Wagga JM Pty Limited
Lesandu Horsham Pty Limited	Lesandu Newcastle West Pty Limited	Lesandu Wagga Wagga Pty Limited
Lesandu Indooroopilly Pty Limited <sup>1</sup>	Lesandu Noarlunga Pty Limited	Lesandu Wallsend JM Pty Limited
Lesandu Innisfail Pty Limited	Lesandu Noosa Pty Limited	Lesandu Wangaratta Pty Limited
Lesandu Inverell Pty Limited	Lesandu North Ryde DM Pty Limited	Lesandu Warana JM Pty Limited
Lesandu Ipswich Pty Limited	Lesandu Notting Hill Pty Limited	Lesandu Warana Pty Limited
Lesandu Jandakot Pty Limited	Lesandu Nowra Pty Limited	Lesandu Warners Bay JM Pty Limited





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

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

Lesandu Warragul Pty Limited	RH Online Pty Limited <sup>7</sup>
Lesandu Warrawong Pty Limited	Rosieway Pty Limited <sup>1</sup>
Lesandu Warwick (WA) Pty Limited	Sarsha Pty Limited <sup>1</sup>
Lesandu Warwick Pty Limited	Setto Pty Limited <sup>1</sup>
Lesandu Waurm Ponds Pty Limited	Shakespir Pty Limited
Lesandu West Gosford DM Pty Limited	Signature Computers Pty Limited
Lesandu West Gosford JM Pty Limited	Solaro Pty Limited <sup>1</sup>
Lesandu West Wyalong Pty Limited	Space Furniture Pte Limited <sup>11,16</sup>
Lesandu Wiley Park Pty Limited	Space Furniture Pty Limited <sup>3</sup>
Lesandu Windsor Pty Limited	Spacepol Pty Limited
Lesandu Wonthaggi Pty Limited	Stonetess Pty Limited <sup>1</sup>
Lesandu Woodville Pty Limited	Stores (NZ) Limited <sup>9,10</sup>
Lesandu Young JM Pty Limited	Stores Securitisation (NZ) Limited <sup>10</sup>
Lesandu CP Richmond WH Pty Limited <sup>7</sup>	Stores Securitisation Pty Limited
Lesandu CP Ringwood CL Pty Limited <sup>7</sup>	Strathloro Pty Limited <sup>1</sup>
Lexeri Pty Limited <sup>1</sup>	Stupendous Pty Limited <sup>1,20</sup>
Lightcorp Pty Limited	Superguard Pty Limited
Lighting Venture Pty Limited <sup>1</sup>	Swaneto Pty Limited <sup>1</sup>
Lodare Pty Limited <sup>1</sup>	Swanpark Pty Limited <sup>1,6</sup>
Loreste Pty Limited <sup>1</sup>	Tatroko Pty Limited <sup>1</sup>
Malvis Pty Limited <sup>1</sup>	Tessera Stones & Tiles Australia Pty Limited
Manutu Pty Limited <sup>1</sup>	Tessera Stones & Tiles Pty Limited <sup>1,13</sup>
Maradoni Pty Limited <sup>1</sup>	The Byron At Byron Pty Limited <sup>1</sup>
Marinski Pty Limited <sup>1</sup>	Tisira Pty Limited <sup>1</sup>
Mega Flooring Depot Pty Limited	Ventama Pty Limited <sup>1,4</sup>
Misstar Pty Limited	Wadins Pty Limited <sup>1</sup>
Murray Street Development Pty Limited	Waggafurn Pty Limited
Mymasterpiece Pty Limited <sup>5</sup>	Wanalti Pty Limited <sup>1</sup>
Nedcroft Pty Limited <sup>1</sup>	Warungi Pty Limited <sup>1</sup>
Network Consumer Finance (Ireland) Limited <sup>18,19</sup>	Waytango Pty Limited <sup>1</sup>
Network Consumer Finance (N.Z.) Limited <sup>9,10</sup>	Webzone Pty Limited
Network Consumer Finance Pty Limited <sup>1</sup>	Wytharra Pty Limited <sup>1</sup>
Nomadale Pty Limited <sup>1,6</sup>	Yoogalu Pty Limited <sup>1,2</sup>
Norman Ross Limited <sup>9,10</sup>	Zabella Pty Limited <sup>1</sup>
Norman Ross Pty Limited <sup>1</sup>	Zavarte Pty Limited <sup>1</sup>
Oldmist Pty Limited <sup>1</sup>	Zirdano Pty Limited <sup>1</sup>
Oslek Developments Pty Limited	Zirdanu Pty Limited <sup>1</sup>
Osraidi Pty Limited <sup>1</sup>	
P & E Crows Nest Pty Limited	
P & E Homewest Pty Limited	
P & E Leichhardt Pty Limited	
P & E Maddington Pty Limited	
P & E Shopfitters Pty Limited	
Packcom Pty Limited <sup>7</sup>	
PEM Corporate Pty Limited	
Pertama Holdings Limited <sup>11,16,17</sup>	
Plezero Pty Limited <sup>1</sup>	
Poliform Pty Limited <sup>26</sup>	
QCV Benaraby Pty Limited <sup>7,29</sup>	
QCV Pty Limited <sup>7,28</sup>	
R.Reynolds Nominees Pty Limited	
Recline A Way Franchisor Pty Limited	



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

**Notes**

*Shareholdings in companies listed in Note 39 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 40.
- 3 Kita Pty Limited owns 51% and Dorni 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 Company acquired during the year.
- 8 Company disposed of during the year.
- 9 Shares held by Harvey Norman Limited.
- 10 Company incorporated in New Zealand.
- 11 Company incorporated in Singapore.
- 12 Company incorporated in Slovenia.
- 13 Shares held by Stonetess Pty Limited.
- 14 Company 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 28.60% (2010:10.49%) of the shares in Pertama Holdings Limited.
- 17 Harvey Norman Ossia (Asia) Pte Limited holds 49.38% (2010: 50.21%) of the shares in Pertama Holdings Limited.
- 18 Shares held by Harvey Norman Holdings (Ireland) Limited.
- 19 Company 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 Glolight 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 Dorni Pty Ltd owns 1% of the shares in Poliform Pty Ltd.
- 27 Shares held by Yoogalu Pty Limited.
- 28 HN QCV Pty Limited holds 50% of the shares in QCV Pty Limited
- 29 HN QCV Benaraby Pty Limited holds 50% of the shares in QCV Benaraby Pty Limited



### ■ 39. 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	Ayrtec No. 2 Trust	Brownsell No. 2 Trust****
A.C.N. 100 478 402 No. 2 Trust	Bakfurn No. 2 Trust**	Brownslect No. 2 Trust**
Abari No. 3 Trust****	Bamsett No. 2 Trust	Buddlect No. 2 Trust
ABSC Online Trust ***	Barlect No. 2 Trust**	Bumbury Computers No. 2 Trust****
Alanlect No. 2 Trust**	Bathard No. 2 Trust****	Bunbury WA No 2 Trust****
Albanall No. 2 Trust**	Baylect No. 2 Trust****	Bunburybed No. 2 Trust****
Albanlect No. 2 Trust****	Becto Trust	Bunburycom No. 2 Trust****
Albany Stores No. 2 Trust	Bedcity No. 2 Trust****	Bunburyfurn No. 2 Trust
Albany Superstore No. 2 Trust**	Beddington No. 2 Trust****	Buncomp No. 2 Trust**
Albanycom No 2 Trust****	Bedholme No. 2 Trust**	Bundalelect No. 2 Trust
Albcom No 2 Trust****	Bedton No. 2 Trust**	Bundall Superstore No. 2 Trust**
Albfurn No 2 Trust****	Bedwick No. 2 Trust	Bundallfurn No. 2 Trust****
Alburcom No. 2 Trust**	Belavit No. 2 Trust	Bundalltec No. 2 Trust****
Alburel No. 2 Trust**	Belcomp WA No. 2 Trust****	Bundatec No. 2 Trust
Albwick No. 2 Trust**	Bellbed No. 2 Trust	Bundell No. 2 Trust****
Alexall No 2 Trust	Bellelect No. 2 Trust****	Bundhill No. 2 Trust**
Alexandria Superstore No. 2 Trust**	Belmcom No. 2 Trust****	Bundware No. 2 Trust**
Aliceburn No 2 Trust****	Belmont Superstore No. 2 Trust****	Burleigh Flooring No. 2 Trust****
Alistore No. 2 Trust**	Belmstore No. 2 Trust****	Burnie Computers (TAS) No. 2 Trust**
Allacom No. 2 Trust****	Belmtect No. 2 Trust****	Burnie Electrics No. 2 Trust**
Angefurn No. 2 Trust**	Belmtel No. 2 Trust****	Bussall No. 2 Trust**
Anwarah No. 2 Trust	Bena No. 2 Trust	Busselcom No. 2 Trust
Apfurn No. 2 Trust****	Bendcomp No. 2 Trust**	Busseltec No. 2 Trust
Appcann No. 2 Trust	Bendlect No. 2 Trust**	Busstor No. 2 Trust
Appcar No 2 Trust****	Benlect No. 2 Trust****	Buycom No. 2 Trust**
Ardera No. 2 Trust**	Benstore No. 2 Trust**	Byrncom No. 2 Trust**
Armabed WA No. 2 Trust****	Berafurn No. 2 Trust****	C C Superstore No. 2 Trust****
Armabert No. 2 Trust**	Berelect No. 2 Trust**	Cairnlect No. 2 Trust
Armacom WA No. 2 Trust****	Bergcom No. 2 Trust****	Cairnsel No. 2 Trust****
Armada Furniture No 2 Trust	Bergston No 2 Trust****	Cairnson No 2 Trust****
Armada WA Computers No 2 Trust****	Berlel No. 2 Trust****	Cajanoe No. 2 Trust**
Armafurn WA No. 2 Trust****	Berncal No. 2 Trust****	Calardu A.C.T. No. 2 Trust
Armalect WA No 2 Trust****	Bernect No 2 Trust****	Calardu ACT Trust
Armastore No. 2 Trust**	Berntoo No. 2 Trust****	Calardu Adderley Street Trust
Armcomp NSW No. 2 Trust****	Bervit No. 2 Trust**	Calardu Albany Trust
Armdel WA No 2 Trust****	BH Flooring No. 2 Trust****	Calardu Albany Trust
Armlect No. 2 Trust	Big Apple Trust	Calardu Alexandria DM Trust
Arulect No. 2 Trust**	Blackbed No. 2 Trust****	Calardu Alexandria WH Trust
Arwon Computers No. 2 Trust**	BM Superstore No. 2 Trust**	Calardu Alice Springs Trust
Arwon Electrics No. 2 Trust**	Bojarda No. 2 Trust**	Calardu Armadale WA Trust
Aspley Bedding No. 2 Trust****	Bondcom No. 2 Trust**	Calardu Armadale Trust
Aspley Computers No. 2 Trust****	Bondlect No. 2 Trust**	Calardu Aspley Trust
Aspley Electrics No. 2 Trust****	Bornapp No. 2 Trust****	Calardu Auburn No. 1 Trust
Aspleyfloor QLD No. 2 Trust****	Borncom No. 2 Trust****	Calardu Auburn No. 2 Trust
Asptec No. 2 Trust**	Bornlec No. 2 Trust****	Calardu Auburn No. 3 Trust
Aubapp No. 2 Trust	BP Flooring No 2 Trust	Calardu Auburn No. 4 Trust
Aubdirect No. 2 Trust	Bradiz No. 2 Trust	Calardu Auburn No. 5 Trust
Aublelect No. 2 Trust	Broadel No. 2 Trust**	Calardu Auburn No. 6 Trust
Aubtrade No. 2 Trust	Brockland No. 2 Trust**	Calardu Auburn No. 7 Trust
Auburnapp No. 2 Trust****	Brocomp No. 2 Trust**	Calardu Auburn No. 8 Trust
Auburncom No. 2 Trust****	Brofloor No. 2 Trust	Calardu Auburn No. 9 Trust
Australian Business Skills Centre Trust***	Broncom No. 2 Trust****	Calardu Ballarat Trust
Ayr Qld No 2 Trust****	Bronel No. 2 Trust****	Calardu Ballina No. 1 Trust
Ayr Superstore No. 2 Trust****	Bronlect No.2 Trust	Calardu Ballina Trust
Ayrcom No. 2 Trust****	Brookstore No. 2 Trust	Calardu Bathurst Trust
Ayrel No. 2 Trust****	Browns Plains Bedding No 2 Trust	Calardu Beaufort Street Trust
Ayrstore No. 2 Trust****	Browns Plains Superstore No. 2 Trust**	Calardu Bellevue Hill Trust



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

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

Calardu Belrose DM Trust	Calardu Mackay No 2 Trust	Calardu Toowoomba No 1 Trust
Calardu Bennetts Green Trust	Calardu Maitland Trust	Calardu Toowoomba Trust
Calardu Bennetts Green Warehouse Trust	Calardu Malaga Trust	Calardu Toowoomba WH Trust
Calardu Berri Trust	Calardu Mandurah Trust	Calardu Townsville Trust
Calardu Berrimah Trust	Calardu Maribyrnong 1995 Trust	Calardu Tweed Heads Traders Way Trust
Calardu Brickworks (S.A.) Trust	Calardu Maribyrnong Trust	Calardu Tweed Heads Trust
Calardu Broadmeadow No. 1 Trust	Calardu Marion No. 1 Trust**	Calardu Vicfurn Trust
Calardu Broadmeadow No. 2 Trust	Calardu Marion Trust	Calardu Warrawong (Homestarters) No 1 Trust
Calardu Broadmeadows VIC Trust	Calardu Maroochydore Trust	Calardu Warrawong (Homestarters) Trust
Calardu Brookvale Trust	Calardu Maroochydore Warehouse Trust	Calardu Warrawong No. 1 Trust
Calardu Brown Plains No. 1 Trust	Calardu Maryborough Trust	Calardu Warrawong No. 2 Trust
Calardu Browns Plains Trust	Calardu Melville Trust	Calardu Warrawong Trust
Calardu Bunbury Trust	Calardu Mentone Trust	Calardu Warnambool Trust
Calardu Bundaberg No. 1 Trust	Calardu Midland Trust	Calardu Warwick Trust
Calardu Bundaberg Trust	Calardu Milton Trust	Calardu West Gosford Trust
Calardu Bundaberg WH Trust	Calardu Morayfield Trust	Calardu Whyalla Trust
Calardu Bundall Trust	Calardu Morwell Trust	Calardu Wivenhoe Trust
Calardu Burnie Trust	Calardu Moss Vale Trust	Calect No. 2 Trust****
Calardu Cambridge Trust	Calardu Mt Isa Trust	Calel No. 2 Trust
Calardu Campbelltown Trust	Calardu Mt. Gambier Trust	Calurn No. 2 Trust****
Calardu Cannington Trust	Calardu Mudgee Trust	Cambridge Computers No. 2 Trust**
Calardu Caringbah (Taren Point) Trust	Calardu Munno Para Trust	Camfurn No. 2 Trust****
Calardu Caringbah Trust	Calardu No. 1 Trust	Canecom No. 2 Trust**
Calardu Crows Nest Trust	Calardu No. 2 Trust	Canelect No. 2 Trust**
Calardu Cubitt Trust	Calardu No. 3 Trust	Cannbed No. 2 Trust****
Calardu Darwin Trust	Calardu Noarlunga Trust	Cannbed WA No. 2 Trust****
Calardu Devonport Trust	Calardu Noble Park WH Trust**	Canner No. 2 Trust**
Calardu Dubbo Trust	Calardu Noosa Trust	Canniance No. 2 Trust****
Calardu Emerald Trust	Calardu North Ryde 2 Trust	Canningfurn No 2 Trust****
Calardu Frankston Trust	Calardu North Ryde Trust	Cannington Appliances No. 2 Trust****
Calardu Frankston WH Trust	Calardu Northbridge Trust	Cannington Superstore No.2 Trust
Calardu Fyshwick DM Trust	Calardu Nowra Trust	Cannonel No. 2 Trust**
Calardu Gepps Cross No 2 Trust	Calardu Oxley Trust	Cannontec No. 2 Trust**
Calardu Gepps Cross Trust	Calardu Penrith No. 1 Trust**	Cannstore No. 2 Trust
Calardu Gladstone Trust	Calardu Penrith Trust	Cannters No. 2 Trust
Calardu Gordon Trust	Calardu Perth City West Trust	Cantonel No 2 Trust****
Calardu Guildford Trust	Calardu Port Macquarie Trust	Cantrics No. 2 Trust****
Calardu Gympie Trust	Calardu Preston Trust	Capalaba Bedding No. 2 Trust**
Calardu Hervey Bay Trust	Calardu Raine Square Trust	Capalaba Computers No. 2 Trust**
Calardu Hobart Trust	Calardu Richmond Trust	Capalaba Flooring No. 2 trust
Calardu Hoppers Crossing Trust	Calardu Rockhampton 2 Trust	Caplect No. 2 Trust
Calardu Horsham Trust	Calardu Rockhampton Trust	Carcom No. 2 Trust
Calardu Innisfail Trust	Calardu Rockingham Trust	Cardinel No. 2 Trust****
Calardu Jandakot No 1 Trust	Calardu Rosebery Trust	Cardlect No. 2 Trust
Calardu Jandakot Trust	Calardu Roselands Trust	Carebed No. 2 Trust**
Calardu Joondalup Trust	Calardu Rothwell Trust	Carecom No 2 Trust****
Calardu Kalgoorlie Oswald St Trust	Calardu Rutherford Trust	Carefurn No 2 Trust****
Calardu Kalgoorlie Trust	Calardu Rutherford Warehouse Trust	Carindale Computers No. 2 Trust****
Calardu Karana Downs Trust	Calardu Sale Trust	Carinel No. 2 Trust****
Calardu Karratha Trust	Calardu Silverwater Trust	Carinlect No. 2 Trust
Calardu Kawana Waters Trust	Calardu Springvale Trust	Carintec No. 2 Trust**
Calardu Kemblawarra Trust	Calardu Swan Hill Trust	Carolander No. 2 Trust**
Calardu Kingaroy Trust	Calardu Sylvania Trust	Castore No. 2 Trust
Calardu Kotara Trust	Calardu Taree Trust	CBG Trust
Calardu Launceston Trust	Calardu Taren Point Trust**	Cellfurn No 2 Trust****
Calardu Lismore Trust	Calardu Thebarton Trust	Cellorcom No. 2 Trust**
Calardu Loganholme Trust	Calardu Thomastown Trust	Chadcom No. 2 Trust**
Calardu Mackay No 1 Trust	Calardu Toorak Trust	Chadfloor No. 2 Trust**



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

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

Chancelect No. 2 Trust**	Comstore No. 2 Trust****	Duostore No. 2 Trust****
Charmela No. 2 Trust	Comtam No. 2 Trust**	Durahlect No. 2 Trust**
Chatapp No. 2 Trust****	Comtoon No. 2 Trust**	E P Bedding No. 2 Trust
Chatcom No. 2 Trust**	Comunno No. 2 Trust****	E P Furniture No. 2 Trust****
Chatex No. 2 Trust	Comvey No. 2 Trust	Eastim No. 2 Trust****
Chatlect No. 2 Trust**	Conbed No. 2 Trust****	Eldalb No 2 Trust****
Chatsell No. 2 Trust****	Conocom No. 2 Trust****	Elebat No. 2 Trust**
Chircom No. 2 Trust**	Coorar No. 2 Trust****	Electall No. 2 Trust****
Chirnel No. 2 Trust**	Coorparoo Computers No. 2 Trust****	Electcam No. 2 Trust****
City Cross Computer No. 2 Trust****	Coorparoo Electrics No. 2 Trust	Electcann No. 2 Trust****
City Cross Electrics No. 2 Trust****	Coorparoo Flooring No. 2 Trust****	Electen No. 2 Trust****
City Cross Superstore No. 2 Trust****	Coorparoo Furniture No. 2 Trust	Electham No. 2 Trust**
City Superstore No. 2 Trust	Coravit No. 2 Trust	Electley No. 2 Trust
City West Appliances No. 2 Trust****	Cosher No. 2 Trust**	Electmil No. 2 Trust**
City West Bedding No 2 Trust****	Cosgrove Shopfitting Services No. 2 Trust	Electmore No. 2 Trust****
City West Electrics No. 2 Trust****	Craigstore No. 2 Trust	Electgos No. 2 Trust
City West Furniture No. 2 Trust****	Craigtec No. 2 Trust**	Electoo No. 2 Trust****
City West Superstore No. 2 Trust**	Cranbell No. 2 Trust**	Electvale No. 2 Trust**
Citycomp No. 2 Trust****	Crancom No. 2 Trust**	Electwind No. 2 Trust
Citystore No. 2 Trust****	Croscom No. 2 Trust**	Elekaw No. 2 Trust****
Clanlect No 2 Trust****	Crossel No. 2 Trust**	Elekot No. 2 Trust**
Clevcom No. 2 Trust	Crosslect No. 2 Trust**	Elepilly No. 2 Trust**
Clevel No. 2 Trust****	Crosstore No. 2 Trust	Eleroo No. 2 Trust**
Clevelcom No. 2 Trust**	Custom Cinema No. 2 Trust****	Elholme No. 2 Trust**
Clevelect No. 2 Trust**	Dalball No. 2 Trust****	Ellicom No. 2 Trust**
Clevlect No 2 Trust****	Dalby Superstore No 2 Trust****	Elmoray No. 2 Trust
Comalb No. 2 Trust**	Dalefurn No. 2 Trust	Eltcom No. 2 Trust**
Comarm WA No. 2 Trust****	Dalelect No. 2 Trust**	Enbed No. 2 Trust****
Comaub No. 2 Trust	Dalfurn No. 2 Trust**	Enfiel No. 2 Trust****
Combal No. 2 Trust**	Dallac No. 2 Trust****	Enfield Computers No. 2 Trust****
Combalg No. 2 Trust**	Dallcom No. 2 Trust	Enstore No. 2 Trust**
Comben Nominees No. 2 Trust	Dallect No. 2 Trust****	Evcomputers No. 2 Trust****
Combier No. 2 Trust**	Dallware No. 2 Trust****	Everel No. 2 Trust****
Comblack No. 2 Trust****	Dalstore No. 2 Trust	Everton Bedding No. 2 Trust**
Comborne No. 2 Trust****	Daltel No. 2 Trust	Everton Park Bedding No. 2 Trust****
Combron No. 2 Trust**	Daltonel No. 2 Trust**	Everton Park Computers No. 2 Trust
Combury No. 2 Trust**	Dalupbed No. 2 Trust****	Everton Park Electrics No. 2 Trust****
Comcam No. 2 Trust	Danapp No. 2 Trust****	Everton Park Furniture No.2 Trust****
Comdaw No. 2 Trust	Dancomp No. 2 Trust**	Evlect No. 2 Trust****
Comdore No. 2 Trust	Danstore No. 2 Trust**	Evtonel No. 2 Trust
Comgamb No. 2 Trust****	Darlect No. 2 Trust**	Ewencom No. 2 Trust****
Comgel No. 2 Trust****	Darwel No. 2 Trust****	Favstore No 2 Trust
Comgos No.2 Trust	Dawlec No. 2 Trust****	Fedrics No. 2 Trust****
Comgreen No. 2 Trust**	Dawncom No. 2 Trust****	Fieldbed No.2 Trust****
Comhill No. 2 Trust	Dawnel No. 2 Trust****	Fieldlect No. 2 Trust****
Comkaw No 2 Trust	Dawnfurn No. 2 Trust****	Fieldstore No. 2 Trust****
Commara No. 2 Trust****	Daylect No. 2 Trust****	Filfurn No. 2 Trust
Commil No. 2 Trust**	Daystore No. 2 Trust	Finreg No. 2 Trust****
Compalaba No. 2 Trust**	Deltharmo No. 2 Trust**	Floholme No. 2 Trust**
Compall No. 2 Trust****	Derindale No. 2 Trust	Floor Rug No. 2 Trust****
Comparoo No. 2 Trust	Devonport Computers No. 2 Trust**	Flooraba No. 2 Trust**
Compdall No. 2 Trust****	Devonport Electrics No. 2 Trust**	Floorcom No. 2 Trust
Compgrav No. 2 Trust	Disinter No. 2 Trust**	Floormar No. 2 Trust****
Compliance No. 2 Trust****	Dovefurn No. 2 Trust**	Floortim No. 2 Trust****
Computa Park No 2 Trust****	Druin ACT No 2 Trust****	Floorwell No. 2 Trust**
Computen No. 2 Trust****	Dubbobed No 2 Trust****	Fortitude Furniture No. 2 Trust
Compuville No. 2 Trust**	Dubbocom No. 2 Trust**	Fortitude Valley Electrics No. 2 Trust****
Comroc No. 2 Trust	Dubora No. 2 Trust****	Fortley No. 2 Trust



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

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

Frankcom No. 2 Trust**	Gellect No. 2 Trust	Hervey Bay Electrics No 2 Trust****
Frankstonel No. 2 Trust**	Gepps Cross Superstore No. 2 Trust**	Hervey Bay Superstore No. 2 Trust**
Fraserfurn No. 2 Trust	Geradel No. 2 Trust****	Herveyel No. 2 Trust****
Freeson Superstore No. 2 Trust**	Geraldcom No. 2 Trust	Herveyfurn No. 2 Trust
Frelcom No. 2 Trust****	Geraldful No. 2 Trust****	Herveylect No. 2 Trust**
Fremlect No 2 Trust****	Geraldlect No. 2 Trust****	Heycom No. 2 Trust****
Fremstore No. 2 Trust	Geraldstore No. 2 Trust	Heyfurn No. 2 Trust****
Fremtel No. 2 Trust	Geraldton WA No 1 Trust	Hillect No. 2 Trust****
Furnaley No. 2 Trust****	Geraldton WA No 2 Trust	Hobart City Electrics No. 2 Trust**
Furnall No. 2 Trust****	Geralect No 2 Trust	Hobartcom No. 2 Trust**
Furnap No 2 Trust****	Gerancom No 2 Trust****	Holmebed No. 2 Trust**
Furnbay No. 2 Trust****	Gladlect No. 2 Trust**	Homefloor No. 2 Trust
Furnbayel No. 2 Trust**	Gladstores No. 2 Trust	Homefurn No. 2 Trust****
Furnbund No. 2 Trust****	Gladstores Qld No. 2 Trust	Homely No. 2 Trust****
Furnbury No. 2 Trust****	Glenorchy Furniture No. 2 Trust	Hoodtec No. 2 Trust**
Furncam No. 2 Trust**	Glenorchy Electrics No. 2 Trust**	Horshamcom No. 2 Trust**
Furncann No. 2 Trust****	Gocomp No. 2 Trust**	HS Computers No 2 Trust****
Furncity No. 2 Trust****	Golect No. 2 Trust**	Huntfurn No 2 Trust****
Furneld No. 2 Trust**	Goscane No. 2 Trust	Hytoru No. 2 Trust**
Furnfield No. 2 Trust****	Gosfordcom No. 2 Trust****	Incomputers No 2 Trust****
Furngamb No. 2 Trust****	Gostec No. 2 Trust**	Indel No. 2 Trust****
Furnholme No. 2 Trust**	Granovi No. 2 Trust**	Indolect No. 2 Trust****
Furnjoon No. 2 Trust****	Gravlec No. 2 Trust****	Indooroopilly Superstore No. 2 Trust**
Furnkay No. 2 Trust	Griffcom No. 2 Trust**	Indycom No. 2 Trust**
Furnmarn No. 2 Trust**	Griffel No. 2 Trust**	Inelect No. 2 Trust
Furnmay No. 2 Trust****	Grovelect No. 2 Trust**	Inniscom No. 2 Trust****
Furnmore No 2 Trust	Grovit No. 2 Trust**	Innisfail Superstore No 2 Trust****
Furnoosa No. 2 Trust	Gymlect No. 2 Trust**	Innistec No. 2 Trust**
Furnor No. 2 Trust****	Gympie Superstore No. 2 Trust**	Innystore No. 2 Trust****
Furnpel No 2 Trust	Gympiestore No. 2 Trust**	Innlect No. 2 Trust****
Furnplain No. 2 Trust****	Gymtec No. 2 Trust**	Inrocom No. 2 Trust****
Furnroc No. 2 Trust	H.N. Cards Trust	Inrolect No. 2 Trust
Furnsal No. 2 Trust****	Hamlect No. 2 Trust**	Inropel No. 2 Trust
Furnsoon No. 2 Trust****	Hamptoncom No. 2 Trust****	Ipswich Superstore No. 2 Trust**
Furnsprings No. 2 Trust**	Hamptonel No. 2 Trust**	Jadlec No 2 Trust****
Furnstar No. 2 Trust**	Hanazil No. 2 Trust**	Jamitec No. 2 Trust**
Furntoo No. 2 Trust****	Hanfurn No. 2 Trust	Jasbeds No. 2 Trust**
Furnville No. 2 Trust****	Haproc No. 2 Trust****	Jaslect No. 2 Trust**
Furnwhy No. 2 Trust	Harborcom No. 2 Trust**	Jayola No 2 Trust****
Furnwick No. 2 Trust****	Harborel No. 2 Trust**	Jazap No. 2 Trust**
Furnwood No. 2 Trust**	Harvey Norman Burnie Franchisor Unit Trust	Jeferondo No. 2 Trust**
Fyshcom No. 2 Trust	Harvey Norman Devonport Franchisor Unit Trust	Jenbed No. 2 Trust**
Gablect No. 2 Trust****	Harvey Norman Discounts No. 1 Trust	Jenfurn No. 2 Trust**
Gambiel No. 2 Trust****	Harvey Norman Glenorchy Franchisor Unit Trust	JMC Warrawong No. 2 Trust**
Gamcomp No 2 Trust****	Harvey Norman Hobart Franchisor Unit Trust	JME Warrawong No. 2 Trust**
Gamfurn No. 2 Trust****	Harvey Norman Launceston Franchisor Unit Trust	Jonbed No. 2 Trust****
Gamlect No 2 Trust****	Harvey Norman Lighting Asset Trust	Joolbed No. 2 Trust
Gamstore No. 2 Trust	Harvey Norman Lighting No. 1 Trust	Joonapp No. 2 Trust
Gamtec No. 2 Trust**	Harvey Norman Liquor Unit Trust	Joondalup Administrative Services Trust****
Gardcom No. 2 Trust****	Harvey Norman No. 1 Trust	Joondalup Superstore No 2 Trust****
Garden City Bedding No 2 Trust****	Harvey Norman Rosney Franchisor Unit Trust	Joondalup Warehousing Services Trust****
Garden City Furniture No 2 Trust****	Harvey Norman Shopfitting Trust	Joonlect No. 2 Trust
Garden City Superstore No. 2 Trust****	Harvey Norman Tasmania Agent Unit Trust	Joonstore No. 2 Trust**
Gardfurn No. 2 Trust	Harvey Norman Ulverstone Franchisor Unit Trust	Joshcom No 2 Trust****
Gardstore No 2 Trust	Havencom No. 2 Trust**	Kaboola No. 2 Trust
GC Bedding No. 2 Trust**	Havenel No. 2 Trust**	Kainel No. 2 Trust**
GC Superstore No. 2 Trust	Havnet No. 2 Trust	Kalgcom No. 2 Trust****
Gelfurn No. 2 Trust	Helect No. 2 Trust	Kalgel No. 2 Trust****





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

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

Kalgurn No. 2 Trust****	Lesandu Newcastle Trust	Mandcom No. 2 Trust**
Kaloorlie Computers No. 2 Trust	Lesandu No. 1 Trust	Mandlect No. 2 Trust****
Kaloorlie Electrics No 2 Trust****	Lesandu Penrith Trust	Mandurbed No. 2 Trust
Kalina Unit Trust	Lesandu Tamworth Trust	Mandurcom No. 2 Trust****
Kallect No. 2 Trust****	Lesandu Warrawong Trust	Mandurfurn No. 2 Trust****
Kallie No. 2 Trust	Lesandu Warringah Mall Trust	Mandurtec No. 2 Trust****
Kalofurn No. 2 Trust****	Lesoon No. 2 Trust**	Manrahcom No 2 Trust****
Karal No 2 Trust****	Lexancom No. 2 Trust****	Mantoncom No. 2 Trust****
Karrasel No. 2 Trust****	Leybed No 2 Trust	Maracom No. 2 Trust**
Karratec No 2 Trust****	Leyel No. 2 Trust****	Maribed No 2 Trust****
Karrif No. 2 Trust****	Leyfurn No 2 Trust****	Marioncom No. 2 Trust
Karstore No. 2 Trust****	Leylect No 2 Trust	Marionel No. 2 Trust****
Kawana Computers No. 2 Trust****	Leytrics No. 2 Trust**	Marionfurn No. 2 Trust****
Kawana Electrics No. 2 Trust****	Limel No. 2 Trust	Marlect No. 2 Trust
Kawatec No. 2 Trust**	Lis Computers No. 2 Trust**	Marncom No. 2 Trust****
Kawfurn No. 2 Trust****	Lisbed No. 2 Trust	Marnfurn No. 2 Trust****
Kawlect No. 2 Trust****	Lisstore No. 2 Trust**	Marocom No. 2 Trust
Kayfurn No. 2 Trust**	Livel No. 2 Trust**	Marootec No. 2 Trust**
Kelect No 2 Trust****	Lodare No 2 Trust	Marstore No. 2 Trust**
Kelsocom No. 2 Trust**	Loganap No. 2 Trust****	Martin Place Electrics No. 2 Trust**
Kennely No. 2 Trust****	Loganbed No. 2 Trust****	Maryfloor No. 2 Trust
Kennylect No. 2 Trust****	Logancom No. 2 Trust****	Maylect No. 2 Trust
Kenstore No. 2 Trust**	Loganel No. 2 Trust	Mayorti No. 2 Trust**
Kingalect No. 2 Trust	Loganfurn No 2 Trust****	Mayotec No. 2 Trust**
Kingarel No. 2 Trust**	Loganholme Bedding No 2 Trust****	Mentone Superstore No. 2 Trust**
Kingatec No. 2 Trust**	Loganholme Computers No. 2 Trust**	MFD Bundall No. 2 Trust****
Kotbed No 2 Trust****	Loganlect No 2 Trust****	MFD Burleigh Heads No. 2 Trust****
KW Electrics No. 2 Trust****	Lonecom No. 2 Trust****	MFD Maroochy No. 2 Trust****
Kyabzah No. 2 Trust****	Lunafurn No. 2 Trust****	MFD Toowoomba No 2 Trust
Labatec No. 2 Trust**	Lunel No. 2 Trust**	Micomp No. 2 Trust****
Lamino Investments No. 1 Trust	Mackay Superstore No. 2 Trust**	Midbed No 2 Trust****
Lamino Investments No. 2 Trust	Mackay Trust	Midcom No. 2 Trust****
Lamino Investments No. 3 Trust	Mackcom No. 2 Trust****	Midfurn No. 2 Trust****
Lamino Investments No. 4 Trust	Mackfurn No. 2 Trust****	Midlandel No. 2 Trust
Lamino Investments No. 5 Trust	Mactrics No. 2 Trust****	Midlander No. 2 Trust**
Lamino Investments No. 6 Trust	Macvit No. 2 Trust**	Midtyme No. 2 Trust**
Lanbed No 2 Trust	Maddlect No. 2 Trust****	Millsberg No. 2 Trust**
Landstore No 2 Trust****	Madoncom No. 2 Trust****	Mocom No. 2 Trust****
Lanlect No. 2 Trust****	Magavit No. 2 Trust**	Moorcom No 2 Trust****
Launceston Computers No. 2 Trust**	Maglect No. 2 Trust**	Morafel No. 2 Trust****
Launceston Electrics No. 2 Trust**	Mainbed No. 2 Trust****	Morayfield Computers No 2 Trust****
Lecany No. 2 Trust**	Maitrics No. 2 Trust**	Moraystore No. 2 Trust
Lecedy No. 2 Trust**	Makelect No. 2 Trust**	Morfurn No. 2 Trust****
Lectaba No. 2 Trust**	Malacom No 2 Trust****	Morlcom No. 2 Trust****
Lectapp No. 2 Trust****	Malaga Electrics No. 2 Trust	Morlect No. 2 Trust****
Lectayr No. 2 Trust****	Malagel No 2 Trust****	Morley Computers No 2 Trust****
Lectdore No. 2 Trust**	Malbed No. 2 Trust**	Morleyel No. 2 Trust****
Lectoo Air No. 2 Trust****	Malfurn No 2 Trust****	Mountel No. 2 Trust****
Lectoo No. 2 Trust****	Mall Computers No. 2 Trust****	Moybed No. 2 Trust
Lectox No. 2 Trust**	Mallanzo No. 2 Trust****	Moycom No. 2 Trust****
Lectville No 2 Trust****	Mallcom No. 2 Trust****	Moyel No. 2 Trust
Lecwar No. 2 Trust**	Mallic No. 2 Trust****	Moyfurn No. 2 Trust****
Lesandu Albury Trust	Mallway No. 2 Trust	Moylect No. 2 Trust****
Lesandu Campbelltown Trust	Malstore No. 2 Trust	Mt Gambier Computers No. 2 Trust****
Lesandu Fairfield Trust	Malvis No 2 Trust	Mt Gambier Electrics No. 2 Trust****
Lesandu Gordon Trust	Mandalec No. 2 Trust**	Mt Gambier Furniture No 2 Trust
Lesandu Gosford Trust	Mandbed No. 2 Trust****	Mt Gambier Superstore No. 2 Trust**
Lesandu Miranda Trust		Mt Gravatt Furniture No. 2 Trust****



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

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

Mt Isa Computers No. 2 Trust****	Paralect No. 2 Trust**	Rugware No. 2 Trust
Mt Isa Homeware No. 2 Trust**	Parkbed No. 2 Trust	Sakotec No. 2 Trust**
Mt Isa Retailing No. 2 Trust	Parksel No. 2 Trust**	Sandstore No. 2 Trust**
MTI Computers No. 2 Trust**	Parkborne No. 2 Trust****	Savel No. 2 Trust****
Mudgee Electrics No. 2 Trust**	Parkel No. 2 Trust	Seltcom No. 2 Trust****
Mudgee Retailing No. 2 Trust**	Penricom No. 2 Trust****	Sergfurn No. 2 Trust
Munnara No. 2 Trust**	Pepavit No. 2 Trust**	Shinefurn No. 2 Trust
Munnel No. 2 Trust**	Pepcom No. 2 Trust****	Shortell No. 2 Trust
Munnolect No. 2 Trust****	Peppel No. 2 Trust****	Showtara No. 2 Trust
Muracom No. 2 Trust**	Peppercom No. 2 Trust	Sinestore No. 2 Trust**
Murray Street Development Trust	Pepperel No. 2 Trust****	Sinetec No. 2 Trust**
Nawcom No. 2 Trust**	Pepperlect No. 2 Trust	Snipap No. 2 Trust**
Noarlect No. 2 Trust****	Pepperstore No. 2 Trust****	Sohlect No. 2 Trust**
Noarlunga Bedding No. 2 Trust****	Pepstore No. 2 Trust****	Sotel No. 2 Trust****
Noarlunga Computers No. 2 Trust****	Pettivil No. 2 Trust**	Southel No. 2 Trust**
Noarlunga Electrics No. 2 Trust****	PG Computers No. 2 Trust****	Southland Superstore No. 2 Trust**
Noarlunga Furniture No. 2 Trust****	PG Superstore No. 2 Trust****	Spencity No. 2 Trust****
Noarlunga Superstore No. 2 Trust**	PH Superstore No. 2 Trust	Storeville No. 2 Trust****
Noartec No. 2 Trust**	Plainsbed No. 2 Trust**	Storfurn No. 2 Trust****
Nolcom No. 2 Trust****	Plainsfurn No. 2 Trust**	Storland No. 2 Trust****
Nolfurn No. 2 Trust****	Planlect No. 2 Trust****	Storwest No. 2 Trust****
Noose Computers No. 2 Trust**	Playel No. 2 Trust	Supershepp No. 2 Trust**
Noosa Furniture No. 2 Trust****	Plazacom No. 2 Trust****	Sydney No. 1 Trust
Noosel No. 2 Trust****	Plomara No. 2 Trust**	Symlect No. 2 Trust**
Noravit No. 2 Trust****	Podalza No. 2 Trust****	Tarcom No. 2 Trust**
Nordley No. 2 Trust****	Porterel No. 2 Trust	Taretec No. 2 Trust**
Norfurn No. 2 Trust	Portfurn No. 2 Trust****	Tarshe No. 2 Trust****
Norlect No. 2 Trust**	Portkenn No. 2 Trust****	Tarzello No. 2 Trust**
Norstcom No. 2 Trust**	Portlect No. 2 Trust****	Tecalla No. 2 Trust**
North Ryde Furniture No. 2 Trust	Prestbed No. 2 Trust****	Tecaroy No. 2 Trust**
North Ryde Homewares No. 2 Trust	Prestoncom No. 2 Trust****	Tecayr No. 2 Trust****
Norwel No. 2 Trust****	Punable No. 2 Trust**	Tecberg No. 2 Trust**
Nowracom No. 2 Trust**	QCV Benaraby No. 1 Trust**	Tecdale No. 2 Trust**
Noxcom No. 2 Trust****	QVCom No. 2 Trust**	Tecgrove No. 2 Trust
Noxel No. 2 Trust**	QVDesign No. 2 Trust****	Tecisa No. 2 Trust**
NSW Home Services No. 2 Trust****	QVElect No. 2 Trust**	Teckal No. 2 Trust**
OC Superstore No. 2 Trust**	Rathstore No. 2 Trust**	Tecken No. 2 Trust
O'Connor Appliances No. 2 Trust****	Recway No. 2 Trust****	Tecmont No. 2 Trust****
O'Connor Furniture No. 2 Trust****	Renovic No. 2 Trust	Tecplace No. 2 Trust**
O'Connor Superstore No. 2 Trust****	Richfloors No. 2 Trust	The Calardu Trust
Oconnel No. 2 Trust****	Roamcom No. 2 Trust**	Thomlect No. 2 Trust**
Ollec No. 2 Trust**	Rocomm No. 2 Trust**	Throntar No. 2 Trust****
Olscorn No. 2 Trust**	Rockel No. 2 Trust****	Tonfurne No. 2 Trust****
Orancom No. 2 Trust**	Rockhampton Furniture No. 2 Trust	Toocomp QLD No. 2 Trust**
Osbcomm No. 2 Trust	Rocklect No. 2 Trust****	Toofloor No. 2 Trust
Osbed WA No. 2 Trust****	Rockstore No. 2 Trust****	Toofurn Qld No. 2 Trust****
Osborne Park Computers No. 2 Trust	Rohancom No. 2 Trust**	Toolect No. 2 Trust**
Osbornel No. 2 Trust****	Rosny Computers No. 2 Trust	Toowel No. 2 Trust****
Oslect No. 2 Trust	Rosny Electrics No. 2 Trust	Toowoomba Bedding No. 2 Trust****
Oslek Developments Trust	Rosny Furniture No. 2 Trust	Torcarsa No. 2 Trust
Osraidi No. 2 Trust	Rothcom No. 2 Trust**	Town Electrics No. 2 Trust****
Oxel No. 2 Trust**	Rothfloors No. 2 Trust	Towncom No. 2 Trust****
Oxfurn No. 2 Trust****	Rothlect No. 2 Trust**	Townfurn No. 2 Trust****
Oxlan No. 2 Trust****	Rothwell Computers No. 2 Trust	Townlect No. 2 Trust**
Oxlect No. 2 Trust****	Rothwell Electrics No. 2 Trust	Towntec No. 2 Trust**
Oxleybed No. 2 Trust**	Rothwell Flooring No. 2 Trust	Town Furniture No. 2 Trust**
Packcom No. 2 Trust**	Rothwell Furniture No. 2 Trust	Townsville Superstore No. 2 Trust**
Parafurn No. 2 Trust****	Rugles No. 2 Trust****	Tracurn No. 2 Trust****



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

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

Tralgel No. 2 Trust**	Warrapp No. 2 Trust****	Yoogalu Campbelltown Trust
Tralgfurn No. 2 Trust****	Warratec No. 2 Trust**	Yoogalu Fairfield Trust
Tralgstore No. 2 Trust**	Warrawong Computers No. 2 Trust**	Yoogalu Gordon Trust
Tweedcom No. 2 Trust**	Warrcom No. 2 Trust**	Yoogalu Gosford Trust*
Ulverstone Homemaker No. 2 Trust**	Warrics No. 2 Trust	Yoogalu Lismore Trust
Valecomp No. 2 Trust	Warstore No. 2 Trust****	Yoogalu Miranda Trust
Vallcom No. 2 Trust****	Wartec No. 2 Trust	Yoogalu Newcastle Trust
Vallect No. 2 Trust****	Warwick Superstore No. 2 Trust**	Yoogalu Warrawong Trust
Vallel No. 2 Trust****	Warwickfurn No. 2 Trust****	Yoogalu Warringah Mall Trust
Valley Superstore No. 2 Trust	Warwicom No. 2 Trust**	
Valleybed No. 2 Trust****	Watec No. 2 Trust**	
Valleyfurn No. 2 Trust	Watlect No. 2 Trust****	
Vallfurn No. 2 Trust****	Waurncorn No. 2 Trust**	
Vallit No. 2 Trust****	Waurnel No. 2 Trust**	
Vallstore No. 2 Trust****	Waycom No. 2 Trust****	
Vallware No. 2 Trust****	Wayel No. 2 Trust****	
Verlect No. 2 Trust	Wayfurn No. 2 Trust****	
Veycom No. 2 Trust**	Waylect No. 2 Trust**	
Viczat No. 2 Trust**	Waystore No. 2 Trust**	
Villect No. 2 Trust****	Westerncom No. 2 Trust****	
Villel No. 2 Trust**	Westel No. 2 Trust****	
Volect No. 2 Trust	Westernfurn No. 2 Trust****	
Wacom No. 2 Trust****	Westfurn No. 2 Trust****	
Wacomp No. 2 Trust**	Westkis No. 2 Trust**	
Waggacom No. 2 Trust**	Westlect No. 2 Trust****	
Wakel No. 2 Trust**	Westore No. 2 Trust	
Walesfloor No. 2 Trust**	Westwond No. 2 Trust**	
Wallect No. 2 Trust****	Whyel No. 2 Trust**	
Wallel No. 2 Trust****	Wickson No. 2 Trust****	
Wallfurn No. 2 Trust****	Wicomp No. 2 Trust****	
Wangarcom No. 2 Trust**	Wikstore No. 2 Trust****	
Wangarel No. 2 Trust**	Wiley Park Computers No. 2 Trust	
Warborne No. 2 Trust****	Wileycom No. 2 Trust**	
Wardfloor No. 2 Trust**	Willect No. 2 Trust**	
Wardrew No. 2 Trust****	Windsorall No. 2 Trust	
Warfurn No. 2 Trust****	Winell No. 2 Trust**	
Warian No. 2 Trust****	Wolfene No. 2 Trust**	
Warifurn QLD No. 2 Trust****	Wonbed No. 2 Trust****	
Warlect No. 2 Trust****	Wonel No. 2 Trust**	
Warncom No. 2 Trust**	Woodel No. 2 Trust**	
Warnerstore No. 2 Trust	Woodville Computers No. 2 Trust**	
Warracom No. 2 Trust	Yalltec No. 2 Trust**	
Warralect No. 2 Trust**	Yoogalu Albury 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.

\*\*\*\* These trusts were vested during the year.



#### 40. ■ 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 39) marked <sup>1</sup> are members of the "Closed Group".
- Controlled Entities (Refer Note 39) marked <sup>2</sup> 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	
	2011 \$000	2010 \$000
Current Assets		
Cash and cash equivalents	83,048	84,936
Trade and other receivables	1,152,033	1,081,258
Other financial assets	41,229	18,150
Inventories	142,218	53,917
Intangible assets	322	761
Other assets	14,378	15,078
Total current assets	1,433,228	1,254,100
Non-Current Assets		
Trade and other receivables	13,582	24,110
Investments accounted for using equity method	152,580	134,144
Other financial assets	111,310	110,892
Property, plant and equipment	203,275	124,694
Investment properties	1,601,601	1,489,200
Intangible assets	57,831	23,786
Deferred income tax assets	19,804	17,903
Total non-current assets	2,159,983	1,924,729
Total Assets	3,593,211	3,178,829
Current Liabilities		
Trade and other payables	730,987	585,382
Interest-bearing loans and borrowings	39,802	42,000
Income tax payable	(102)	29,724
Provisions	15,838	10,956
Other liabilities	327	1,266
Total current liabilities	786,852	669,328
Non-Current Liabilities		
Trade and other payables	-	23,332
Interest-bearing loans and borrowings	487,352	318,855
Provisions	8,384	7,204
Deferred income tax liabilities	180,655	159,214
Other liabilities	1,420	4,239
Total non-current liabilities	677,811	512,844
Total Liabilities	1,464,663	1,182,172
NET ASSETS	2,128,548	1,996,657
Equity		
Contributed equity	259,610	259,610
Reserves	9,298	9,217
Retained profits	1,859,640	1,727,830
TOTAL EQUITY	2,128,548	1,996,957



#### 40. ■ Deed of Cross Guarantee (continued)

##### Consolidated Income Statement

	CONSOLIDATED	
	2011 \$000	2010 \$000
Profit from continuing operations before income tax expense	350,267	374,150
Income tax expense	(80,356)	(108,602)
Profit after tax from continuing operations	269,911	265,548
Profit for the year	269,911	265,548
Retained earnings at the beginning of the year	1,727,830	1,600,383
Dividends provided for or paid	(138,101)	(138,101)
Retained earnings at the end of the year	1,859,640	1,727,830

#### 41. ■ Parent Entity Financial Information

##### (a) Summary Financial Information

	PARENT ENTITY	
	2011 \$000	2010 \$000
<b>Statement of Financial Position</b>		
Non-current assets	1,779,868	1,634,871
Total assets	1,779,868	1,634,871
Current liabilities	4,367	34,561
Non-current liabilities	42,482	24,384
Total liabilities	46,849	58,945
Contributed equity	259,610	259,610
Retained profits	1,473,409	1,316,316
Total Equity	1,733,019	1,575,926
<b>Profit for the Year</b>	<b>295,194</b>	<b>297,163</b>
<b>Total Comprehensive Income</b>	<b>295,194</b>	<b>297,163</b>

##### (b) Contingent Liabilities

As at 30 June 2011, 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 \$352.07 million (2010: \$453.63 million).

#### 42. ■ Significant Events After Balance Date

In August 2011, the consolidated entity announced its intention to close seven (7) Clive Peeters and Rick Hart stores and to convert the eighteen (18) remaining Clive Peeters and Rick Hart stores to the Harvey Norman and Joyce Mayne brand formats.

The closure of the 4 Clive Peeters and 3 Rick Hart stores will result in a charge against the pre-tax profit of the consolidated entity of an amount presently estimated to be approximately \$10 million in respect of the financial year ending 30 June 2012.



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 2011 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1; and
- (c) 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 ended 30 June 2011.

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 39 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  
29 September 2011

**K.L. PAGE**  
Director / Chief Executive Officer  
Sydney  
29 September 2011



## **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 consolidated statement of financial position as at 30 June 2011, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1 the directors also state, that the financial statements comply with International Financial Reporting Standards.

### ***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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers 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 complied with 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.

## Opinion

In our opinion:

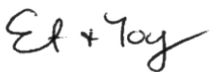
- a. the financial report of Harvey Norman Holdings Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

## Report on the remuneration report

We have audited the Remuneration Report included in pages 19 to 30 of the directors' report for the year ended 30 June 2011. 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.

## Opinion

In our opinion the Remuneration Report of Harvey Norman Holdings Limited for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

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

Ernst & Young

A stylized signature of Christopher George.

Christopher George  
Partner

Sydney  
29 September 2011



## ■ Distribution of Shareholdings as at 26 September 2011

Size of Holding	Ordinary Shareholders
1 – 1,000	7,238
1,001 – 5,000	9,424
5,001 – 10,000	2,375
10,001 – 100,000	1,844
100,001 and over	159
	<b>21,040</b>
Number of Shareholders	
With less than a marketable parcel	<b>1,745</b>

## ■ Voting Rights

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

## ■ Twenty Largest Shareholders as at 26 September 2011

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%
105,466,253	National Nominees Limited	9.93%
91,046,800	JP Morgan Nominees Australia Limited	8.57%
72,991,709	HSBC Custody Nominees (Australia) Limited	6.87%
49,990,575	Ms Margaret Lynette Harvey	4.71%
27,822,903	Citicorp Nominees Pty Limited	2.62%
23,331,295	RBC Dexia Investor Services Australia Nominees Pty Limited	2.20%
18,990,418	Cogent Nominees Pty Ltd	1.79%
17,118,200	Enbear Pty Limited	1.61%
16,995,133	Ms Kay Lesley Page	1.60%
9,762,603	Queensland Investment Corporation	0.92%
4,030,000	Argo Investments Limited	0.38%
3,242,039	Bond Street Custodians Limited	0.31%
2,845,553	Mr Michael Harvey	0.27%
2,774,549	ABN AMRO Clearing Sydney Nominees Pty Limited	0.26%
2,198,340	UBS Nominees Pty Ltd	0.21%
2,045,626	CS Fourth Nominees Pty Ltd	0.19%
2,017,506	AMP Life Limited	0.19%
1,805,078	Omnilab Media Investments Pty Limited	0.17%
<b>941,683,772</b>		<b>88.64%</b>

Total held by twenty largest shareholders as a percentage of total ordinary shares is 88.64% as at 26 September 2011.



AUSTRALIAN CAPITAL TERRITORY

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

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

NEW SOUTH WALES (SYDNEY SUBURBAN)

<b>ALEXANDRIA</b> 494-504 Gardeners Road Alexandria 2015 Phone: (02) 9693 0666	<b>AUBURN</b> 250 Parramatta Road Auburn 2144 Phone: (02) 9202 4888	<b>AUBURN (Renovations &amp; Seconds)</b> 233-239 Parramatta Road Auburn 2144 Phone: (02) 9202 4888	<b>BALGOWLAH</b> 176-190 Condamine Street Balgowlah 2093 Phone: (02) 9948 4511
<b>BALGOWLAH (HOMESTARTERS)</b> 176-190 Condamine Street Balgowlah 2093 Phone: (02) 9948 4511	<b>BLACKTOWN</b> Unit C5 Cnr Blacktown & Bungaribee Roads Blacktown 2148 Phone: (02) 9831 2155	<b>BONDI</b> Shop 5016, Westfield Shopping Centre 500 Oxford Street Bondi Junction 2022 Phone: (02) 8305 8800	<b>BROADWAY</b> Shop 119 Broadway Bay Street Broadway 2007 Phone: (02) 9211 3933
<b>CAMPBELLTOWN</b> 22A Blaxland Road Campbelltown 2560 Phone: (02) 4621 5200	<b>CARINGBAH</b> 41 – 49 Willarong Road Caringbah 2229 Phone: (02) 9542 7088	<b>CASTLE HILL</b> 18 Victoria Avenue Castle Hill 2154 Phone: (02) 9840 8800	<b>CHATSWOOD</b> Level 2 Chatswood Chase Cnr Archer & Victoria Ave Chatswood 2067 Phone: (02) 9419 1100
<b>GORDON</b> 1st Floor 802-808 Pacific Highway Gordon 2072 Phone: (02) 9498 1499	<b>LIVERPOOL</b> Liverpool Mega Centre 2/18 Orangegrove Road Liverpool 2170 Phone: (02) 9600 3333	<b>MARTIN PLACE</b> 19-29 Martin Place MLC Centre Sydney CBD 2000 Phone: (02) 8236 6600	<b>MCGRATHS HILL</b> Unit 6A 264-272 Windsor Road 2756 Phone: (02) 4577 9577
<b>MOORE PARK</b> Level 2, North SupaCenta Cnr South Dowling Street & Dacey Avenue Moore Park 2021 Phone: (02) 9662 9888	<b>MT DRUITT</b> Westfield Building 2 Carlisle Avenue Mt Druitt 2770 Phone: (02) 8887 7300	<b>NORWEST</b> Unit 20 Homemaker Collection 4 - 6 Celebration Drive Bella Vista 2153 Phone: (02) 8884 8800	<b>PENRITH</b> Cnr Mulgoa Rd & Wolseley St Penrith 2750 Phone: (02) 4737 5111
<b>WILEY PARK</b> 1018 Canterbury Road Wiley Park 2195 Phone: (02) 9740 6055	<b>WILEY PARK (Hardware)</b> 1155 Canterbury Road Punchbowl 2196 Phone: (02) 9740 1153		

NEW SOUTH WALES (COUNTRY)

<b>ALBURY</b> 430 Wilson Street Albury 2640 Phone: (02) 6041 1944	<b>ARMIDALE</b> Shop 8, Girraween Shopping Centre Queen Elizabeth Drive Armidale 2350 Phone: (02) 6771 3788	<b>BATEMAN BAY</b> Shop 5 Bay Central 1 Clyde Street Bateman's Bay 2536 Phone: (02) 4472 5994	<b>BATHURST</b> Sydney Road Kelso 2795 Phone: (02) 6332 3399
<b>BENNETTS GREEN (HOMESTARTERS)</b> 7 Abdon Close Bennetts Green 2290 Phone: (02) 4948 4555	<b>BROADMEADOW (HOMESTARTERS)</b> 35-43 Lambton Road Broadmeadow 2292 Phone: (02) 4962 1770	<b>COBAR</b> 27 Marshall Street Cobar 2835 Phone: (02) 6836 3222	<b>COFFS HARBOUR</b> 252 Coffs Harbour Highway Coffs Harbour 2450 Phone: (02) 6651 9011
<b>DENILIQUIN</b> Cnr. Hardinge & Harfleur Streets Deniliquin 2710 Phone: (03) 5881 5499	<b>DUBBO</b> 223 Cobra Street Dubbo 2830 Phone: (02) 6826 8800	<b>FORSTER</b> 29 Breese Parade Forster 2428 Phone: (02) 6554 5700	<b>FRISCO HOME FURNISHERS (NEWCASTLE)</b> 391 Hillsborough Road Warners Bay 2282 Phone: (02) 4954 3344
<b>GOSFORD (ERINA)</b> Harvey Norman Shopping Complex Karatla Lane Erina 2250 Phone: (02) 4365 9500	<b>GOULBURN</b> 180-186 Auburn Street Goulburn 2580 Phone: (02) 4824 3000	<b>GRAFTON</b> 125 Prince Street Grafton 2460 Phone: (02) 6643 3266	<b>GRIFFITH</b> Cnr Jondaryn & Willandra Avenues Griffith 2680 Phone: (02) 6961 0300



NEW SOUTH WALES (COUNTRY) (CONTINUED)

<b>INVERELL</b> 50 Evans Streets Inverell 2360 Phone: (02) 6721 0811	<b>LAKEHAVEN</b> 59-83 Pacific Highway Lakehaven 2263 Phone: (02) 4394 6000	<b>LISMORE</b> 17 Zadoc Street Lismore 2480 Phone: (02) 6621 8888	<b>LITHGOW</b> 175 Mian Street Lithgow 2790 Phone: (02) 6351 2321
<b>MACLEAN</b> 211 River Street Maclean 2463 Phone: (02) 6645 2611	<b>MAITLAND</b> 557 High Street Maitland 2320 Phone: (02) 4934 2423	<b>MOREE</b> 103 Balo Street Moree 2400 Phone: (02) 6752 7531	<b>MOSS VALE</b> 137-157 Lackey Road Moss Vale 2577 Phone: (02) 4868 1039
<b>MUDGEES</b> 33 Castlereagh Highway Mudgee 2850 Phone: (02) 6372 6514	<b>MUSWELLBROOK</b> 19 Rutherford Road Muswellbrook 2333 Phone: (02) 6541 6800	<b>NEWCASTLE (BENNETTS GREEN)</b> 7 Abdon Close Bennetts Green 2290 Phone: (02) 4948 4555	<b>NOWRA</b> Cnr Central Avenue & Princess Highway Nowra 2541 Phone: (02) 4421 1300
<b>ORANGE</b> Unit 1, Orange Grove H/maker Centre Mitchell Highway Orange 2800 Phone: (02) 6393 2222	<b>PARKES</b> Shop 1, Saleyards Road Parkes 2870 Phone: (02) 6862 2800	<b>PORT MACQUARIE</b> 140 Lake Road Port Macquarie 2444 Phone: (02) 6581 0088	<b>SALAMANDER BAY</b> 270 Sandy Point Road Salamander Bay 2317 Phone: (02) 4981 1292
<b>TAMWORTH</b> 43 The Ringers Road Tamworth 2340 Phone: (02) 6765 1100	<b>TAREE</b> 9 Mill Close Taree 2430 Phone: (02) 6551 3699	<b>TEMORA</b> 102 Hoskins Street Temora 2666 Phone: (02) 6977 1777	<b>WAGGA</b> Homebase Centre 7-23 Hammond Avenue Wagga 2650 Phone: (02) 6933 7000
<b>WARRAWONG</b> Cnr King Street & Shellharbour Road Warrawong 2502 Phone: (02) 4275 2722	<b>WEST WYALONG</b> 114 Main Street West Wyalong 2671 Phone: (02) 6972 2077	<b>YOUNG</b> 326 Boorowa Street Young 2594 Phone: (02) 6382 5744	

NORTHERN TERRITORY

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

<b>ASPLEY</b> 1411-1419 Gympie Road Aspley 4034 Phone: (07) 3834 1100	<b>BRISBANE – BROADWAY ON THE MALL</b> Shop SF01 170 Queen Street Brisbane 4000 Phone: (07) 3013 2800	<b>BROWNS PLAINS</b> Unit 3 28-48 Browns Plains Road Browns Plains 4118 Phone: (07) 3380 0600	<b>BUNDALL</b> 29-45 Ashmore Road Bundall 4217 Phone: (07) 5584 3111
<b>CAPALABA</b> Shop 32-33 Capalaba Centre 38-62 Moreton Bay Road Capalaba 4157 Phone: (07) 3362 6200	<b>CARINDALE</b> Homemaker Centre Cnr Carindale Street and Old Cleveland Road Carindale 4152 Phone: (07) 3398 0600	<b>CLEVELAND</b> Shop 1A, 42 Shore Street West Cleveland 4163 Phone: (07) 3488 8900	<b>EVERTON PARK</b> 429 Southpine Road Everton Park 4053 Phone: (07) 3550 4444
<b>FORTITUDE VALLEY</b> Brisbane City Gate Shop 1, 1058 Ann Street Fortitude Valley 4006 Phone: (07) 3620 6600	<b>INDOOROOPILLY</b> Shop 2044 Westfield Shoppingtown 318 Moggill Road Indooroopilly 4068 Phone: (07) 3327 1300	<b>LOGANHOLME</b> 3890-3892 Pacific H/way Loganholme 4558 Phone: (07) 3440 9200	<b>MAROOCHYDORE</b> (Mega Flooring) Unit 6 Sunshine Homemaker Centre Maroochydore 4558 Phone: (07) 5479 3711
<b>MORAYFIELD</b> Lot 8 Cnr Morayfield & Station Roads Morayfield 4506 Phone: (07) 5428 8000	<b>MT GRAVATT</b> 2049 Logan Road Upper Mt Gravatt 4122 Phone: (07) 3347 7000	<b>OXLEY</b> 2098 Ipswich Road Oxley 4075 Phone: (07) 3332 1100	



QUEENSLAND (REGIONAL)

<p>AYR 101 Queens Street Ayr 4807 Phone: (07) 4783 3188</p>	<p>BUNDABERG 125 Takalvan Street Bundaberg 4670 Phone: (07) 4151 1570</p>	<p>CAIRNS 101 Spence Street Portsmith 4870 Phone: (07) 4051 8499</p>	<p>CANNONVALE Shop B2 Centro Whitsunday Ctr 8 Galbraith Drive Cannonvale 4802 Phone: (07) 4969 8800</p>
<p>DALBY 58 Patrick Street Dalby 4405 Phone: (07) 4672 4444</p>	<p>GLADSTONE Shop 1B Centro Centre 220 Dawson Highway Gladstone 4680 Phone: (07) 4971 5000</p>	<p>GYMPIE 35-37 Edwin Campion Drive Monkland 4570 Phone: (07) 5480 1500</p>	<p>HERVEY BAY 134 - 136 Boat Harbour Drive Hervey Bay 4655 Phone: (07) 4124 3870</p>
<p>INNISFAIL 52/57 Ernest Street Innisfail 4860 Phone: (07) 4061 1433</p>	<p>IPSWICH Ipswich City Square 606-616, 163 Brisbane St Ipswich 4305 Phone: (07) 3280 7400</p>	<p>KAWANA WATERS (SUNSHINE COAST) Lot 28 Nicklin Way Minyama Gardens Kawana Waters 4575 Phone: (07) 5457 6800</p>	<p>KINGAROY 18-20 Rogers Drive Kingaroy 4610 Phone: (07) 4160 0400</p>
<p>MACKAY Cnr Bruce Highway &amp; Heath's Road Glenella 4740 Phone: (07) 4942 2688</p>	<p>MARYBOROUGH 72-74 Bazaar Street Maryborough 4650 Phone: (07) 4123 1699</p>	<p>MORAYFIELD Lot 8 Cnr Morayfield &amp; Station Roads Morayfield 4506 Phone: (07) 5428 8000</p>	<p>MT ISA 33-35 Miles Street Mt Isa 4825 Phone: (07) 4743 5220</p>
<p>NOOSA 7-9 Gibson Road Noosaville 4566 Phone: (07) 5473 1911</p>	<p>ROCKHAMPTON 407 Yaamba Road North Rockhampton 4701 Phone: (07) 4926 2755</p>	<p>ROTHWELL Unit 1 439-443 Anzac Avenue Rothwell 4022 Phone: (07) 3897 8800</p>	<p>TOOWOOMBA 910-932 Ruthven Street Toowoomba 4350 Phone: (07) 4636 7300</p>
<p>TOOWOOMBA (HOMESTARTERS) 910-932 Ruthven Street Toowoomba 4350 Phone: (07) 4636 7300</p>	<p>TOWNSVILLE 103-142 Duckworth Street Garbutt 4814 Phone: (07) 4725 5561</p>	<p>WARWICK Cnr Victoria St &amp; Palmerin Sts Warwick 4370 Phone: (07) 4666 9000</p>	

TASMANIA

<p>BURNIE 64 Mount Street Burnie 7320 Phone: (03) 6431 2134</p>	<p>CAMBRIDGE PARK Unit B11 66-68 Kennedy Drive Cambridge Park 7170 Phone: (03) 6248 3300</p>	<p>DEVONPORT Cnr Best Street &amp; Fenton Way Devonport 7310 Phone: (03) 6424 5155</p>	<p>HOBART CITY 171 Murray Street Hobart 7000 Phone: (03) 6230 1100</p>
<p>LAUNCESTON Cnr William and Charles Streets Launceston 7250 Phone: (03) 6337 9411</p>	<p>MOONAH 191 -197 Main Road Moonah 7009 Phone: (03) 6277 7777</p>		

SOUTH AUSTRALIA (ADELAIDE SUBURBAN)

<p>CITY CROSS Shop L1 31-33 Rundle Mall Adelaide 5000 Phone: (08) 8168 8800</p>	<p>GEPPS CROSS Unit 1, 760 Main North Road Gepps Cross 5094 Phone: (08) 8342 8888</p>	<p>MARION 822-826 Marion Road Marion 5043 Phone: (08) 8375 7777</p>	<p>MILE END COMMERCIAL 20 William Street Mile End 5031 Phone: (08) 8150 8000</p>
<p>MUNNO PARRA Lot 2005, Main North Road Smithfield 5114 Phone: (08) 8254 0700</p>	<p>NOARLUNGA Seaman Drive Noarlunga 5168 Phone: (08) 8329 5400</p>	<p>WOODVILLE 853-867 Port Road Woodville 5011 Phone: (08) 8406 0100</p>	

SOUTH AUSTRALIA (COUNTRY)

<p>MT BARKER 6 Dutton Road Adelaide Hills Homemaker Centre Mt Barker 5251 Phone: (08) 8393 0800</p>	<p>MT GAMBIER Jubilee Highway East Mt Gambier 5290 Phone: (08) 8724 6800</p>	<p>WHYALLA Cnr Jamieson and Kelly Streets Whyalla 5600 Phone: (08) 8645 6100</p>
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VICTORIA (MELBOURNE SUBURBAN)

<b>BROADMEADOWS</b> 1185-1197 Pascoe Vale Rd Broadmeadows 3047 Phone: (03) 9621 2800	<b>CHADSTONE</b> 699 Warrigal Road Chadstone 3148 Phone: (03) 9567 6666	<b>CHIRNSIDE PARK</b> 286 Maroondah Highway Mooroolbark 3138 Phone: (03) 9722 4400	<b>CRANBOURNE</b> Cnr South Gippsland Highway & Thompson Road Cranbourne 3977 Phone: (03) 5991 0000
<b>DANDENONG</b> 141-165 Frankston- Dandenong Road Dandenong 3175 Phone: (03) 9706 9992	<b>FOUNTAIN GATE</b> Fountain Gate Shopping Centre, Overland Drive Narre Warren 3805 Phone: (03) 8796 6777	<b>FRANKSTON</b> 87 Cranbourne Road Frankston 3199 Phone: (03) 8796 0600	<b>GREENSBOROUGH</b> (Electrical & Computers only) Shop 227, 25 Main Street Greensborough 3088 Phone: (03) 9433 5555
<b>HOPPERS CROSSING</b> Unit 1, 201-219 Old Geelong Road Hoppers Crossing 3029 Phone: (03) 8734 0000	<b>KNOX</b> Shop 3105, Knox Shopping Centre 425 Burwood Highway Wantirna South 3152 Phone: (03) 9881 3700	<b>MARIBYRNONG (Highpoint)</b> 169 Rosamond Road Maribyrnong 3032 Phone: (03) 9318 2700	<b>MELBOURNE QV</b> Cnr Swanston & Lonsdale Streets, Level 4 9 - 13 Upper Terrace QV Melbourne 3000 Phone: (03) 8664 4300
<b>MENTONE</b> 25-29 Nepean Highway Mentone 3194 Phone: (03) 8551 0000	<b>MOORABBIN</b> 420 South Road Moorabbin 3189 Phone: (03) 9555 1222	<b>NUNAWADING</b> 400 Whitehorse Road Nunawading 3131 Phone: (03) 9872 6366	<b>PRESTON</b> 121 Bell Street Preston 3072 Phone: (03) 9269 3300
<b>SOUTHLAND (Cheltenham)</b> Shop M2 Westfield Southlands Cnr Nepean & Bay Road Cheltenham 3192 Phone: (03) 9585 6500	<b>SUNSHINE</b> 484 Ballarat Road Sunshine 3020 Phone: (03) 9334 6000	<b>THOMASTOWN</b> 308-320 Settlement Road Thomastown 3074 Phone: (03) 9463 4777	<b>WATERGARDENS</b> 450 Melton Highway Taylors Lakes 3038 Phone: (03) 9449 6300

VICTORIA (COUNTRY)

<b>BAIRNSDALE</b> 294 Main Road Bairnsdale 3875 Phone: (03) 5153 9700	<b>BALLARAT</b> Cnr Howitt and Gillies Street Wendouree 3355 Phone: (03) 5332 5100	<b>BENDIGO</b> Cnr High & Ferness Streets Kangaroo Flat 3555 Phone: (03) 5447 2333	<b>GEELONG</b> 420 Princes Highway Corio 3214 Phone: (03) 5274 1077
<b>HAMILTON</b> Shop 10 Hamilton Central Plaza 148 Gray Street Hamilton 3300 Phone: (03) 5551 3500	<b>HORSHAM</b> 148 Firebrace Street Horsham 3400 Phone: (03) 5381 5000	<b>MILDURA</b> Cnr Fifteenth Street & Etiwanda Ave Mildura 3500 Phone: (03) 5051 2200	<b>MOE</b> 19 Moore Street Moe 3825 Phone: (03) 5127 9500
<b>MORWELL</b> 232 Commercial Road Morwell 3840 Phone: (03) 5120 0200	<b>SALE</b> 363-373 Raymond Street Sale 3850 Phone: (03) 5144 3677	<b>SHEPPARTON</b> 7950 Goulburn Valley Highway Shepparton 3630 Phone: (03) 5823 2530	<b>SWAN HILL</b> 68 Nyah Road Swan Hill 3585 Phone: (03) 5032 2901
<b>TRARALGON</b> Cnr Princes Highway & Liddiard Road Traralgon 3844 Phone: (03) 5174 8177	<b>VIC / TAS COMMERCIAL</b> 951 Nepean Highway Bentleigh 3204 Phone: (03) 8530 6300	<b>WANGARATTA</b> 8-12 Murphy Street Wangaratta 3677 Phone: (03) 5721 6377	<b>WARRAGUL</b> 33 Victoria Street Warragul 3820 Phone: (03) 5623 9000
<b>WARRNAMBOOL</b> 84 Raglan Parade Warrnambool 3280 Phone: (03) 5564 7700	<b>WAURN PONDS</b> 33 Princes Highway Waurm Ponds 3216 Phone: (03) 5240 6200	<b>WONTHAGGI</b> 37 McKenzie Street Wonthaggi 3995 Phone: (03) 5672 1490	

WESTERN AUSTRALIA (PERTH SUBURBAN)

<b>ARMADALE</b> 10 Prospect Road Armadale 6112 Phone: (08) 9498 4400	<b>BELMONT</b> Shop 80 Belmont Forum Abernethy Road Belmont 6104 Phone: (08) 9479 4377	<b>CANNINGTON</b> 1363 Albany Highway Cannington 6107 Phone: (08) 9311 1100	<b>CITY WEST</b> 25 Sutherland Street West Perth 6005 Phone: (08) 9215 8600
<b>JOONDALUP</b> 36 Clarke Crescent Joondalup 6027 Phone: (08) 9301 3311	<b>MALAGA</b> 27 Kent Way Malaga 6090 Phone: (08) 9270 6300	<b>MANDURAH</b> 9 Gordon Road Cnr Mandurah Terrace Mandurah 6210 Phone: (08) 9582 5800	<b>MIDLAND</b> 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 Saltire 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  
Boulevard 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

BENNETTS GREEN  
Unit 1  
7 Groves Road  
Bennetts Green 2290  
Phone: (02) 4014 1800

BUNDABERG  
7-9 / 1-9 Enterprise Street  
Bundaberg 4670  
Phone: (07) 4151 6500

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)

<p>ROCKHAMPTON 407 Yaamba Road North Rockhampton 4701 Phone: (07) 4926 2241</p>	<p>TOOWOOMBA 675 Rithven Street Toowoomba 4350 Phone: (07) 4632 9444</p>	<p>TOUKLEY 223 Main Road Toukley 2263 Phone: (02) 4396 4133</p>	<p>TOWNSVILLE 238-262 Woolcock St Garbuck 4814 Phone: (07) 4729 5400</p>
<p>WAGGA WAGGA 7 Riverina Plaza 15-27 Berry Street Wagga Wagga 2650 Phone: (02) 6921 4994</p>	<p>WARRAWONG 113 King Street Warrawong 2502 Phone: (02) 4276 0000</p>		

NEW ZEALAND

<p>ASHBURTON Cnr West &amp; Moore Streets Ashburton Phone: 0011 643 307 5000</p>	<p>BLENHEIM 19-21 Maxwell Road Blenheim Phone: 0011 643 520 9700</p>	<p>BOTANY 500 Ti Rakau Drive Botany Downs Phone: 0011 649 272 5700</p>	<p>CHRISTCHURCH Cnr Moorhouse Ave &amp; Colombo Street Christchurch Phone: 0011 643 353 2440</p>
<p>DUNEDIN Cnr MacLaggan &amp; Rattay Streets Dunedin Phone: 0011 643 471 6510</p>	<p>GISBORNE 51 Customhouse Street Gisborne North Island 4011 Phone: 0011 646 869 2900</p>	<p>HAMILTON 10-16 The Boulevard Te Rapa Hamilton Phone: 0011 647 850 7300</p>	<p>HASTINGS 303 St Aubyns Street East Hastings Phone: 0011 646 873 7150</p>
<p>HENDERSON 10-12 Ratanui Street Henderson Phone: 0011 649 835 5000</p>	<p>INVERCARGILL 245 Tay Invercargill Phone: 0011 643 219 9100</p>	<p>LOWER HUTT 28 Rutherford Street Lower Hutt Phone: 0011 644 894 8200</p>	<p>MANUKAU Manukau SupaCenta Ronwood Avenue Manukau City Auckland Phone: 0011 649 262 7050</p>
<p>MT MAUNGANUI 2-10 Owens Plae Mt Maunganui Phone: 0011 647 572 7200</p>	<p>MT WELLINGTON 20-54 Mt Wellington Highway Mt Wellington Auckland Phone: 0011 649 570 3440</p>	<p>NELSON 69 Vincent Street Nelson Phone: 0011 643 539 5000</p>	<p>NEW PLYMOUTH Cnr Smart &amp; Devon Roads New Plymouth Phone: 0011 646 759 2900</p>
<p>NORTHWOOD Unit 1 Radcliffe Road Northwood Christchurch Phone: 0011 646 375 98002</p>	<p>PALMERSTON NORTH 361-371 Main Steet West Palmerston North Phone: 0011 646 350 0400</p>	<p>PARAPARAUMU Coastlands S/Centre State Highway 1 Paraparaumu Phone: 0011 644 296 3100</p>	<p>PORIRUA 19 Parumoana Street Porirua Wellington Phone: 0011 644 237 2600</p>
<p>PUKEKOHE Pukekohe Mega Centre 182-192 Manukau Road Pukekohe Phone: 0011 649 237 3500</p>	<p>ROTORUA 35 Victoria Street Rotorua Phone: 0011 647 343 9800</p>	<p>TIMARU 226 Evans Street Timaru Phone: 0011 643 687 7000</p>	<p>WAIRAU PARK 10 Croftfield Lane Wairau Park North Glenfield Phone: 0011 649 441 9750</p>
<p>WANGANUI 287 Victoria Street Wanganui Phone: 0011 646 349 6000</p>	<p>WELLINGTON 77-87 Tory Street Wellington Phone: 0011 644 381 4250</p>	<p>WHANGAREI 5 Gumdigger Place Whangarei Phone: 0011 649 470 0300</p>	<p>WHAKATANE The Hub State Highway 30 Whakatane Phone: 0011 649 306 0600</p>

NORMAN ROSS

<p>BOTANY DOWNS Unit F 451 Ti Rakau Drive Botany Phone: 0011 649 253 9200</p>	<p>PALMERSTON NORTH Unit C 210-248 Rangitikei Street Palmerston North Phone: 0011 646 953 3500</p>	<p>TOWER JUNCTION Clarence Building 66 Clarence Street Tower Junction Christchurch Phone: 0011 643 968 3600</p>
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IRELAND

<b>BLANCHARDSTOWN</b> Unit 421 Blanchardstown Retail Park Blanchardstown Dublin 15 Phone: 0011 353 1 824 7400	<b>CARRICKMINES</b> Unit 230 The Park Carrickmines Dublin 18 Phone: 0011 353 1 824 7400	<b>CASTLEBAR</b> Unit D,E & F Castlebar Retail Park Breaffy Road Castlebar Phone: 0011 353 94 906 3900	<b>CORK</b> Kinsale Road Ballycurreeh Cork, Dublin Phone: 0011 353 21 425 0900
<b>DRUGHEDA</b> Units 8-11 Drogheda Retail Park Donore Road Drogheda Phone: 0011 353 4 1987 8200	<b>DUNDALK</b> Units 2-7 Dundalk Retail Park Inner Relief Road Dundalk, Co Louth Phone: 0011 353 42 939 6600	<b>LIMERICK</b> Units 5, 6 & 7 City East Retail Park Ballysimon Road Limerick Dublin Phone: 0011 353 61 422 800	<b>LITTLE ISLAND</b> Units 9-11 Eastgate Retail Park Little Island Cork Phone: 0011 353 21 500 1500
<b>MULLINGAR</b> Unit O Lakepoint Retail Park Mullingar Co Westmeath Phone: 0011 353 44 934 6800	<b>NAAS</b> Unit GHIJK New Holl Retail Park Naas Ireland Phone: 0011 353 04 590 7700	<b>RATHFARNHAM</b> Nutmeg Retail Park Nutmeg Avenue Rathfarnham Dublin 18 Phone: 0011 353 1 291 0100	<b>SWORDS</b> Units 5, 6 & 7 Airsides Retail Park Swords Road Swords, Co Dublin Phone: 0011 353 1 890 9900
<b>TRALEE</b> Unit 8A Manor West Retail Park Tralee, Co Kerry Phone: 0011 353 66 716 4900	<b>WATERFORD</b> Units 5-8 Butlerstown Retail Park Butlerstown Roundabout Outer Ring Road Co Waterford Phone: 0011 353 5131 9900		

NORTHERN IRELAND

<b>HOLYWOOD</b> Units A-D Holywood Exchange Airport Road Belfast Phone: 0011 44 28903 95800	<b>NEWTOWNABBEY</b> Units 1&2 Valley Retail Park Church Road Newtownabbey Phone: 0011 44 28903 60800
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SLOVENIA

<b>CELJE</b> Kidričeva ulica 26A 3000 Celje Phone: 0011 386 3425 0050	<b>KOPER</b> Ankaranska c3C Koper Phone: 0011 386 5610 0102	<b>LJUBLJANA</b> Letališka 3D 1000 Ljubljana Phone: 0011 386 1585 5000	<b>NOVO MESTO</b> Ljubljanska Cesta 95 8000 Novo Mesto Phone: 0011 386 7309 9920
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SINGAPORE

<b>HARVEY NORMAN BUKIT PANJANG</b> 1 Jelebu Road Singapore Phone: 0011 65 6767 1500	<b>HARVEY NORMAN CENTREPOINT</b> 176 Orchard Road #03-08 Centrepoint Singapore 238843 Phone: 0011 65 6732 8686	<b>HARVEY NORMAN FUNAN CENTRE</b> 109 North Bridge Road #02-02/08 Funan Centre Singapore 170097 Phone: 0011 65 6334 5432	<b>HARVEY NORMAN HOUGANG MALL</b> 90 Hougang Avenue 10 #02-13 NTUC Hougang Mall Singapore 538766 Phone: 0011 65 6488 2305
<b>HARVEY NORMAN JURONG POINT</b> 1 Jurong West Central 2 #03-37 Jurong City Shopping Centre Singapore 648886 Phone: 0011 65 6795 2135	<b>HARVEY NORMAN MILLENIA WALK</b> No. 9 Raffles Boulevard #02-27 Millenia Walk Singapore 039596 Phone: 0011 65 6311 9988	<b>HARVEY NORMAN NORTHPOINT</b> 930 Yishun Avenue 2 #B02-05/09 Northpoint Shopping Centre Singapore 769098 Phone: 0011 65 6757 7695	<b>HARVEY NORMAN PARKWAY</b> 80 Marine Parade Road #02-34/36 Parkway Parade Singapore 449269 Phone: 0011 65 6346 4705
<b>HARVEY NORMAN RAFFLES CITY</b> 252 North Bridge Road #03-22 Raffles City Shopping Centre Singapore 179103 Phone: 0011 65 6339 6777	<b>HARVEY NORMAN SUNTEC CITY</b> 3 Temasek Boulevard #02-001 Suntec City Mall Singapore 038983 Phone: 0011 65 6332 3463	<b>HARVEY NORMAN SQUARE TWO</b> Square 2, B1 – 06t o 75 10 Sinaran Drive Singapore Phone: 0011 65 6397 6190	<b>HARVEY NORMAN TAMPINES MART</b> 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 1<sup>st</sup> 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 1<sup>st</sup> Floor Ikano Ctr  
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Mutiar Damansara  
47800 Petaling Jaya  
Selangor Darul Ehsan  
Kuala Lumpur  
Phone: 0011 963 7718 5200

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

HARVEY NORMAN  
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 Ground Two  
Sunway Pyramid S/Centre  
No. 3 Jalan PJS 11/15  
Bandar Darul Ehsan Malaysia  
Phone: 0011 963 5622 1300

CLIVE PEETERS

ASPLEY  
Aspley Hypermart  
Gympie Road  
Aspley 4034  
Phone: (07) 3630 9000

BENDIGO  
Rocklea Homemaker Centre  
239 High Street  
Kangaroo Flat 3555  
Phone: (03) 5447 5200

BRAYBROOK  
227 Ballarat Road  
Braybrook 3019  
Phone: (03) 9304 6200

BURLEIGH WATERS  
1 Santa Maria Crt  
Burleigh Waters 4220  
Phone: (07) 5586 2000

COBURG  
Shop 8  
64-74 Gaffney Street  
Coburg 3058  
Phone: (03) 9240 2500

DANDENONG  
Cnr Dandenong & Zenith Roads  
Dandenong 3175  
Phone: (03) 9794 4100

LOGANHOLME  
Hyperdome Home Centre  
Pacific Highway  
Loganholme 4129  
Phone: (07) 3451 5000

MACGREGOR  
555 Kessels Road  
Macgregor 4109  
Phone: (07) 3849 9500

MACKAY  
2-8 Trade Crt  
Mt Pleasant  
Aspley 4109  
Phone: (07) 4942 9744

MALVERN  
1287 Malvern Road  
Malvern 3144  
Phone: (03) 9832 3300

MAROOCHYDORE  
Shop 5  
Sunshine Homemaker Ctr  
100 Maroochydore Road  
Maroochydore 4558  
Phone: (07) 5452 7144

MOORABBIN  
444 Warrigal Road  
Moorabbin 3189  
Phone: (03) 9552 7100

MORAYFIELD  
135 Morayfield Road  
Morayfield 4506  
Phone: (07) 5428 9000

MONRNINGTON  
Building C3  
Peninsula Centre  
Bungower Road  
Mornington 3031  
Phone: (03) 5970 250

RICHMOND  
479 Bridge Street  
Richmond 3131  
Phone: (03) 8416 4100

RINGWOOD  
Factory 1 & 4  
166 Maroondah Highway  
Ringwood 3134  
Phone: (03) 9871 2200

THOMASTOWN  
18-24 Dalton Road  
Thomastown 3074  
Phone: (03) 9474 2500

RICK HART

BELMONT  
52 Belmont Avenue  
Belmont 6104  
Phone: (08) 9373 4400

JOONDALUP  
Cnr Joondalup Drive &  
Eddystone Ave  
Joondalup 6210  
Phone: (08) 9301 4833

MANDURAH  
Cnr Mandurah Terrace &  
Mandurah Road  
Mandurah 6210  
Phone: (08) 9586 4700

MIDLAND  
195 Great Eastern Highway  
Midland 6056  
Phone: (08) 9267 9700

O'CONNOR  
Cnr Stock Road & South St  
O'Connor 6163  
Phone: (08) 9337 7822

OSBORNE PARK  
52 Guthrie Street  
Osborne Park 6017  
Phone: (08) 9445 5000

OSBORNE PARK SECONDS  
42 Guthrie Street  
Osborne Park 6017  
Phone: (08) 9442 7400

VICTORIA PARK  
1010 Albany Highway  
East Victoria Park 6010  
Phone: (08) 9470 4949

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