HARVEY NORMAN HOLDINGS LIMITED
A.C.N 003 237 545

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N.S.W 2140 LOCKED BAG 2

SILVERWATER DC, NSW 1811
AUSTRALIA

Telephone: (02) 9201 6111
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27 September 2019

The Manager Announcements
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Pursuant to listing rule 4.5, we enclose a copy of the 2019 Annual Report for Harvey Norman Holdings Limited, for your attention.

We would appreciate if this Annual Report be treated as having been lodged with ASIC pursuant to section 317 of the Corporations Act 2001.

We confirm that this Annual Report is the same as those to be sent to shareholders. We expect to have the printed Annual Report for posting to shareholders on 14th October 2019.

If you have any queries, please do not hesitate to contact the writer.

Yours faithfully

Chris Mentis
Chief Financial Officer / Company Secretary

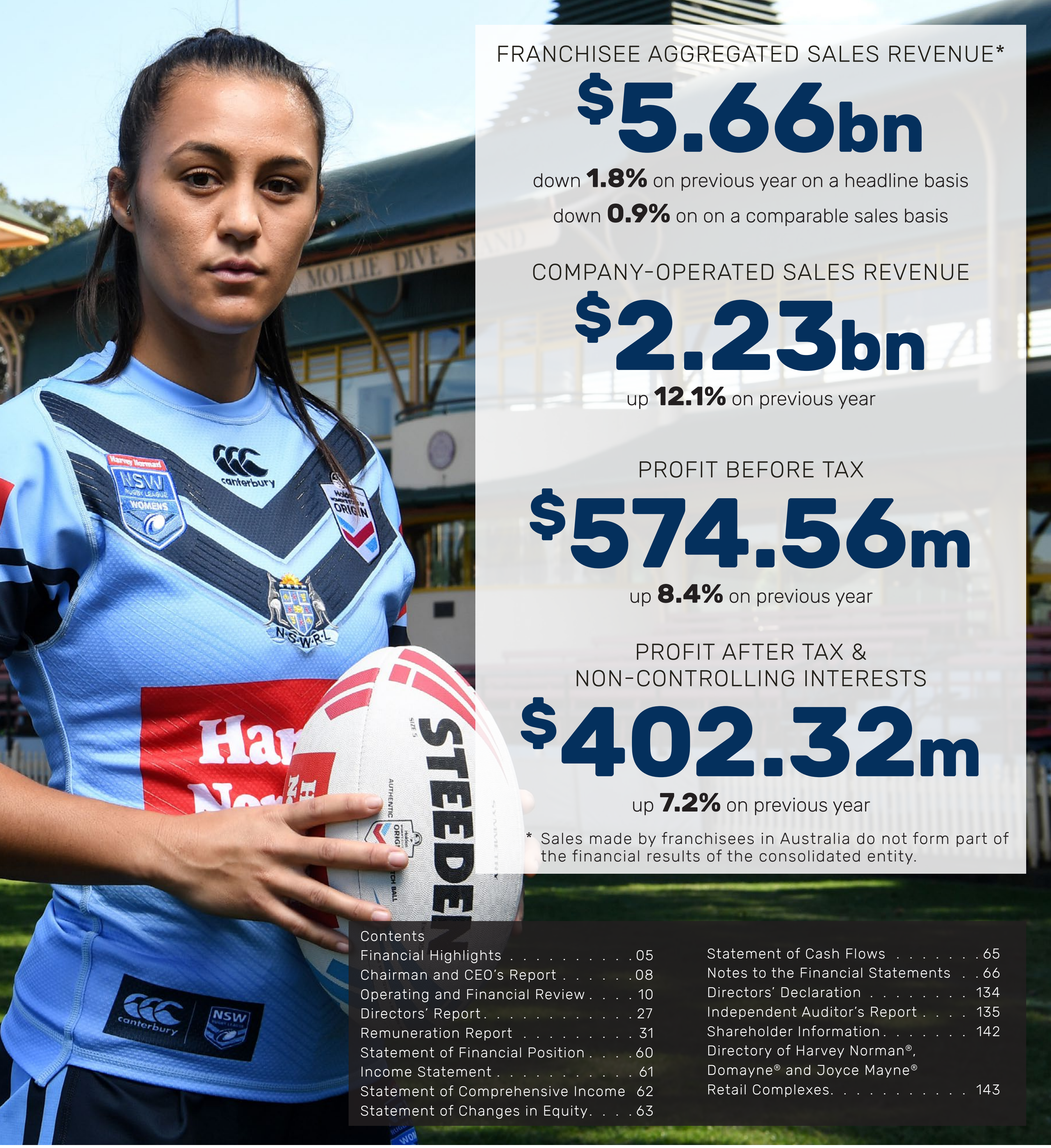
Harvey Norman

HOLDINGS LIMITED | ACN 003 237 545

2019 ANNUAL REPORT

Kezie Apps
Captain - NSW Women's
State of Origin Team

Ali Brigginshaw
Captain - Queensland Women's
State of Origin Team



FRANCHISEE AGGREGATED SALES REVENUE*

$5.66bn

down **1.8%** on previous year on a headline basis

down **0.9%** on on a comparable sales basis

COMPANY-OPERATED SALES REVENUE

$2.23bn

up **12.1%** on previous year

PROFIT BEFORE TAX

$574.56m

up **8.4%** on previous year

PROFIT AFTER TAX & NON-CONTROLLING INTERESTS

$402.32m

up **7.2%** on previous year

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

Contents

Harvey Norman® DOMAYNE® JOYCE MAYNE®

KEY DATES:

30 August 2019: Announcement of Full-Year Profit to 30 June 2019 & Announcement of Final 2019 Dividend | **11 October 2019:** Record date for Determining Entitlement to Final 2019 Dividend | **1 November 2019:** Payment of Final 2019 Dividend | **27 November 2019:** Annual General Meeting of Shareholders. The Annual General Meeting of the Shareholders of Harvey Norman Holdings Limited will be held at Tattersalls Club 181 Elizabeth Street, Sydney, at 11:00am **28 February 2020:** Announcement of Half-Year Profit to 31 December 2019 & Announcement of Interim 2020 Dividend | **3 April 2020:** Record date for Determining Entitlement to Interim 2020 Dividend | **1 May 2020:** Payment of Interim 2020 Dividend

COMPANY INFORMATION

Registered Office: A1 Richmond Road, Homebush West NSW 2140. Ph: 02 9201 6111 Fax: 02 9201 6250 | **Share Registry:** Boardroom Pty Limited, Level 12, 225 George Street, Sydney NSW 2000. Ph: 02 9290 9600 | **Auditors:** Ernst & Young | **Securities Exchange Listing:** Shares in Harvey Norman Holdings Limited ("HVN") are quoted on the Australian Securities Exchange Limited ("ASX") | **Solicitors:** Brown Wright Stein | **Company Secretary:** Mr Chris Mentis

SUPPORTING COMMUNITY

For over 35 years, Harvey Norman® franchisees and employees have not only lived in the communities they work in, they have taken an active part in fostering the spirit of those communities. Whether it's supporting schools and community groups, helping out charities or just supplying the gear for a fundraiser barbecue, we're proud to go the extra mile to do what we can to enrich our local communities.

For the past decade we have built a reputation for our commitment to supporting female athletes in Australia – ensuring they get the support they need and the recognition they deserve. In recent years we have launched new programmes and initiatives to further this commitment – with our Team Harvey project in 2017 to help Australian sportswomen achieve their professional goals, and Team Harvey Junior following in 2018 to provide sponsorship opportunities to the next generation of female champions and remove obstacles to participation at grassroots levels.

Our commitment to women's sport has also seen us continue to provide support for some of the marquee events on the sporting calendar, including the 2019 Women's State of Origin in rugby league with our role as a major sponsor of both the NSW Blues team and the Queensland Maroons team.

There are few occasions on the Australia sporting calendar more exciting than the NRL State of Origin. It has been the pinnacle of the men's game at the domestic level for decades, and now it's the same for the women's game. Over 10,000 spectators filled North Sydney Oval to watch the game live in 2019 – its second year as a stand-alone fixture.

Harvey Norman® is proud to be a key sponsor of the Women's State of Origin. This event not only raises the profile of women's rugby league and helps foster a level playing field for the sporting stars of tomorrow, but spreads a strong message of inclusiveness and has a positive impact on the attitudes of teenage girls towards body image.

Queensland captain Ali Brigginshaw and NSW captain Kezie Apps are amazing athletes and two of the shining lights of the game – but it hasn't been easy to reach this level of success. The 10-hour round trips for training and games that Kezie endured during her early days show the dedication these stars have in their drive to succeed. Such dedication is an inspiration for many young female athletes, particularly those from country areas.

While our sporting programmes and sponsorships may get more of the media spotlight, we have been making sure that we are also getting behind the women of rural and regional Australia.

Now in its third year, the Shine Awards – our partnership with The Weekly Times – endeavours to shine a light on the women making a difference in rural and regional communities. These women are innovators leading the way in design, marketing, communication, health, education, and food, mineral & textile production. By celebrating their achievements and sharing the stories of these passionate women, we can help push for continued investment and innovation in vital regional communities, industries and services.

8 COUNTRIES, 8 FLAGSHIPS

At Harvey Norman®, we strive to continually deliver the highest levels of quality, value and service for our customers. These principles inform every facet of our business, from top to bottom, and it is with these principles in mind that we devised our Flagship strategy.

A Flagship store should represent the pinnacle of achievement for a brand, while also setting the course for the future. Our Flagship stores feature the latest innovations and designs, with the biggest range of quality brands and products, and offer a level of customer service that is unsurpassed in the industry.

Auburn, Sydney, Australia

Zagreb, Croatia

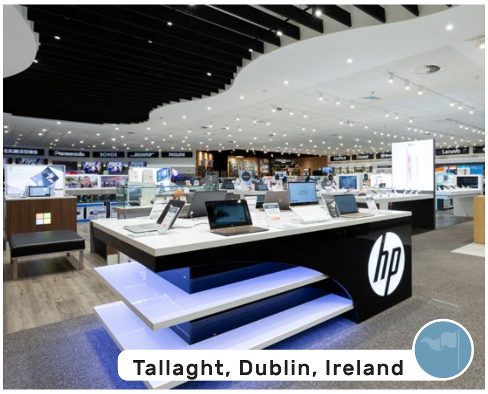
Ikano, Kuala Lumpur, Malaysia

Wairau Park, Auckland, New Zealand

Ljubljana, Slovenia

Boucher Road, Belfast, Northern Ireland

Millenia Walk, Singapore



Tallaght, Dublin, Ireland

FINANCIAL HIGHLIGHTS

540 FRANCHISEES IN AUSTRALIA

195 FRANCHISED COMPLEXES IN AUSTRALIA

90 OFFSHORE COMPANY OPERATED STORES

REPORTED PBT

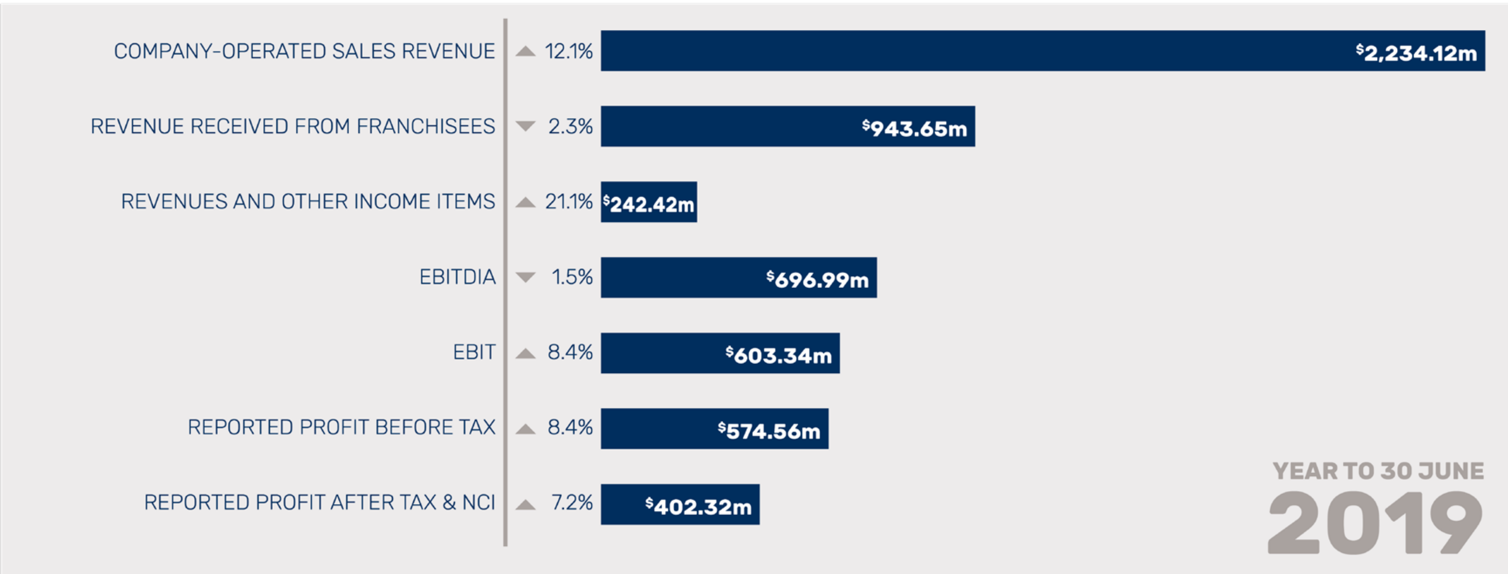
$574.56m

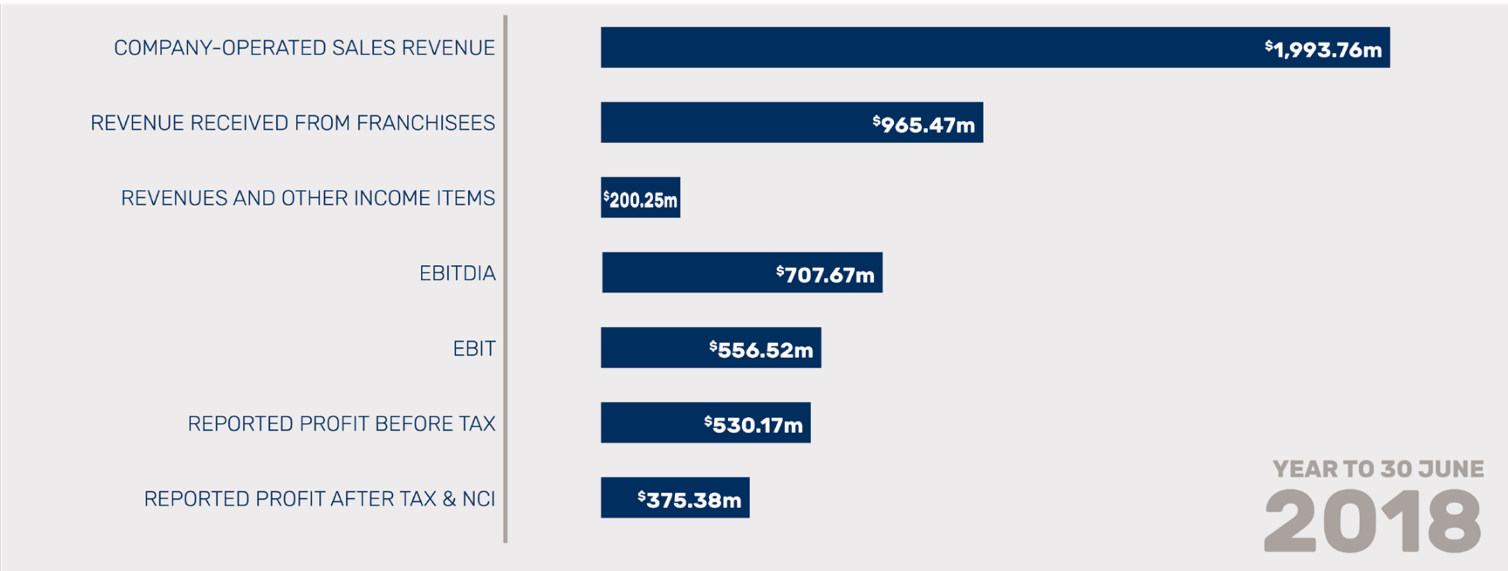
UP 8.4% FROM $530.17m IN 2018

REPORTED PROFIT AFTER TAX & NCI

$402.32m

UP 7.2%FROM $375.38m IN 2018





2019 PBT RETURN ON NET ASSETS

18.0%

BASIC EARNINGS PER SHARE

34.70c

UP FROM 33.21c IN 2018

DIVIDENDS PER SHARE (FULLY-FRANKED)

33.0c

30.0c IN 2018

NET DEBT TO EQUITY RATIO

19.46%

IMPROVED FROM 25.50% IN 2018

FINANCIAL HIGHLIGHTS

net assets of
$3.2bn
consolidated net asset position of $3.2bn, surpassing the $3bn milestone for the first time during FY19

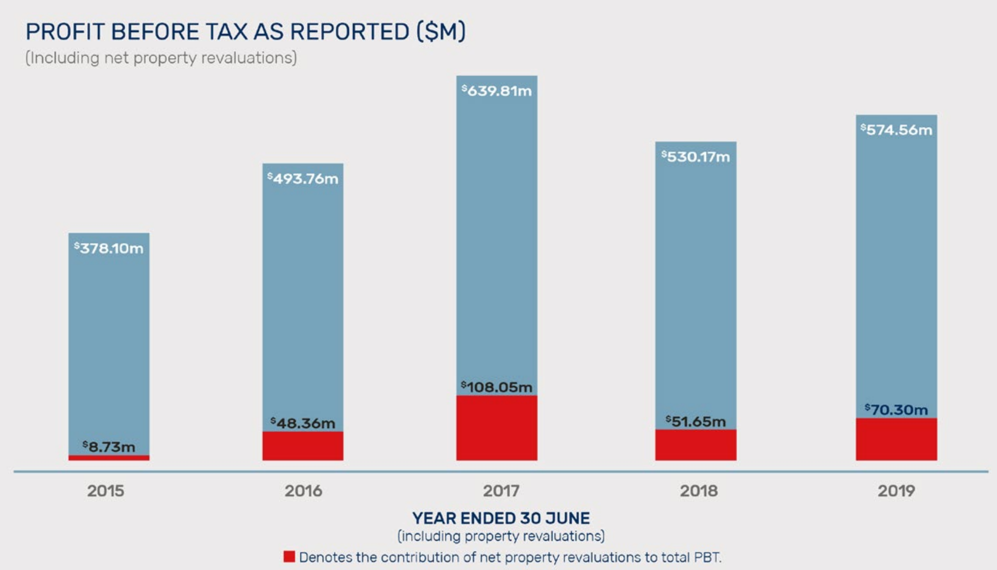
net debt to equity ratio
19.46%
as at 30 June 2019, an improvement from 25.50% as at 30 June 2018

PBT return on net assets of
18%

REPORTED PBT YEAR ENDED 30 JUNE 2019

net profit before tax **$574.56m** | up by **8.4%**

compared to $530.17 million for FY18



The main factors contributing to the $44.39 million (or +8.4%) increase in PBT were:

1. **$13.57 million increase in the profitability of the overseas company-operated retail stores to $129.70 million in FY19, up +11.7% from $116.13 million in FY18.**
   The increased contribution from each region included:

- **Singapore & Malaysia +$12.04 million (+48.1%)** - The 18 Harvey Norman® stores in Malaysia are thriving, having benefitted from a full year's trade of the relaunched Flagship store at Ikano, Kuala Lumpur (Nov 2017) and Viva City Mega Mall in Kuching, Sarawak (Dec 2017) in addition to two new store openings at Paradigm Mall in Johor (Jul 2018) and Miri Times Square at Miri, Sarawak (Apr 2019). The Malaysian business is on track with its expansion plans, with the intention of opening five new sites within the next six months. The Flagship store at Millenia Walk, Singapore, continues to dominate, being the premium, destinational shopping experience in the Home & Lifestyle market in Singapore. There has been a marginal growth in sales in Singapore, despite the closure of the Square Two store in Dec 2018, due to a full year's trade of the expanded, full-format stores at Parkway Parade and North Point City, in addition to the sustained strong sales performance of the Millenia Walk Flagship since its launch in Dec 2015. Local management remain focussed on improved productivity and cost containment, in light of the macroeconomic challenges in Singapore.

- **Ireland & Northern Ireland +$6.39m (+452%)** - Retail sales of the 13 Harvey Norman® stores in Ireland showed double-digit growth across all key product categories, bolstered by the success of the Flagship store at Tallaght, Dublin since July 2017. The consolidated entity is on track to open two new stores in Ireland during FY20 in Galway and Sligo. In Northern Ireland, the Flagship store on the iconic Boucher Road continues to report sales growth in a difficult trading environment.

INVESTING
IN INNOVATION AND FUTURE DEVELOPMENT

We are people-led and technology empowered. Investing in our technology is important - and investing in our franchisees is a strategic priority - enabling a seamless retail experience.

earnings per share of
34.70c
up by 4.5% on previous year

- **Slovenia & Croatia +$0.06m (+0.8%)** - With pleasing market share growth in Croatia, the consolidated entity plans to open three new stores within the next three years.

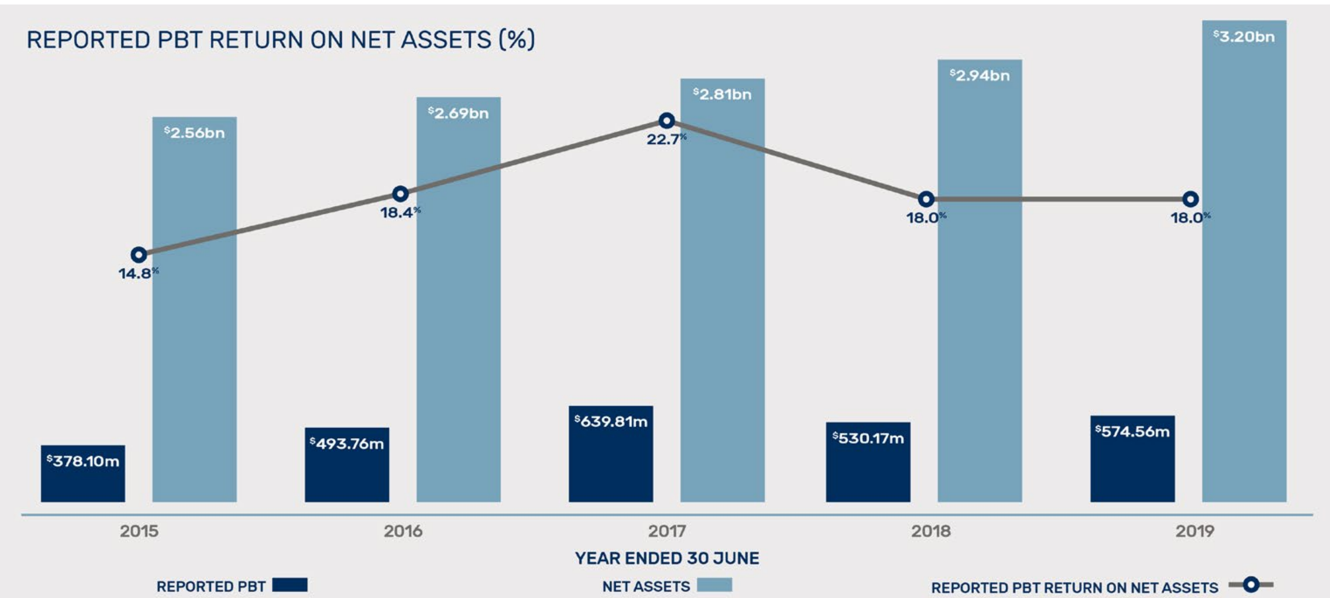
- **Offset by New Zealand -$4.91 million (-6.0%)** - The Flagship store at Wairau Park, North Auckland, has now been open for a full year, and has seen good sales increases since its relaunch. The New Zealand economy has been challenging, but is showing signs of improvement. Total income margins have moderated, coupled with increased operating expenses, resulting in a reduction in the profitability of the New Zealand retail segment in FY19.

2. **$16.11 million increase in the overall property segment result to $204.68 million, up +8.5% from $188.57 million in FY18.**
   This increase is mainly derived from an $18.66 million, or +36.1%, increase in the net property revaluation increment from $51.65 million in FY18 to $70.30 million in FY19, higher rents and outgoings collected from property segment assets, offset by higher borrowing costs due to the increased utilisation of debt facilities for property acquisitions.

3. **$12.51 million increase in the profitability of the equity investments segment to $18.40 million in FY19, up +213% from $5.88 million in FY18.**
   The increase relative to prior year primarily related to a realised gain of $17.51 million recognised by the consolidated entity upon the sale of its shareholdings of equity investments during FY19.

4. **$36.33 million reduction in the losses incurred by the non-core joint ventures included in the 'Other' segment and 'Other Non-Franchised Retail' segment to a net loss of ($26.62) million in FY19, from a net loss of ($62.95) million in FY18.**
   This was mainly due to lower impairment losses by $41.20 million recognised in respect of the Coomboona JV, as the consolidated entity divested out of Coomboona during the year. The FY19 result incorporated a final impairment expense of $8.25 million upon the completion of the Administrator sale in January 2019. The FY18 result included Coomboona impairment expenses of $49.44 million, relating to the $20.67 million impairment of the investment in the Coomboona JV in December 2017 and the estimated shortfall in the recoverability of loans advanced to Coomboona of $28.78 million, in addition to the Coomboona JV equity-accounted trading losses of $4.57 million in the previous year.
   This was offset by a $4.29 million increase in the trading and restructure losses relating to the KEH Partnership Pty Limited (KEH), a retailer of school apparel, education goods and technology equipment through the brand name of The School Locker. Following the restructure of KEH on 1 July 2018, the consolidated entity's partnership interest was 99.02%.

5. **Offset by a ($34.14) million decrease in the profitability of the franchising operations segment to $248.40 million in FY19, down -12.1% from $282.54 million in FY18.**
   Aggregated franchisee headline sales revenue reduced by -1.8% to $5.66 billion in FY19, or down by -0.9% to $5.63 billion on a comparable sales basis - a solid result from franchisees in light of the soft discretionary retail market in Australia. Franchisees have invested in their people, technology and logistics to enhance their operating capabilities and to bolster their future growth and development. The franchising operations segment was negatively impacted by a reduction in revenue received from franchisees by ($21.82) million to $943.65 million in FY19, down by -2.3% from $965.47 million in FY18. There has been a rise in the operating expenses of the franchisor to monitor and evaluate compliance with franchise agreements.



offshore retail revenue of over
$2bn
for the first time

offshore profit
23%
of consolidated profit before tax

Dear Shareholder,

The 2019 financial year has delivered many significant achievements for our company.

Financial Achievements

- Reported profit before tax (PBT) of $574.56m, up 8.4%
- Reported net profit after tax (NPAT) and non-controlling interests of $402.32m, up by 7.2%
- Earnings per share (EPS) of 34.70 cents, up by 4.5% from 33.21 cents
- Net Assets of $3.2 billion, up by 8.8% from $2.9 billion
- Net debt to equity ratio of 19.46%, an improvement from 25.5%
- PBT return on net assets of 18%

Reported consolidated PBT has increased by 8.4% to $574.56 million in the 2019 financial year, up from $530.17 million in the 2018 financial year. This was primarily achieved from the continued dominance of our 90 Harvey Norman® company-operated retail stores overseas, the improved profitability of the property segments and the sale of equity investments during the year.

2019 saw us breakthrough the $3 BILLION milestone for consolidated net assets, with $3.20 billion of net assets as at 30 June 2019, a substantial 8.8%, or $259.86 million increase, from $2.94 billion in the previous year. Our integrated retail, franchise, property and digital business model has equipped us with a very strong balance sheet, with total assets of nearly $5 BILLION, including tangible property assets of nearly $3 billion.

2019 delivered a **solid 18% PBT return on net assets** and we are proud to achieve consistently strong PBT net asset returns each year. We remain committed to delivering sustainable growth year-on-year, via a prudent and measured investment strategy to maximise our value to shareholders.

Offshore Achievements

- Record offshore retail revenue of $2.05bn, up by 9.7% - milestone $2bn achieved during FY19
- Record offshore retail profit of $129.70m, up by 11.7%
- Offshore businesses now represent 23% of consolidated PBT
- We are on track with our expansion plans overseas, predominantly in Malaysia

Our 90 Harvey Norman® company-operated stores overseas continue to thrive and outperform in their respective markets. Total **offshore revenue surpassed the $2 BILLION milestone** for the first time during the 2019 financial year, with each country reporting significant sales growth on the previous year. Total overseas retail revenue grew by $181.06 million, or 9.7%, to $2.05 billion in the 2019 financial year, up from $1.87 billion in the previous year. Retail sales across 39 stores in New Zealand were just under **$1 BILLION** in local currency, whilst sales in Asia across 30 stores were over **HALF-A-BILLION** for the 2019 financial year.

The overseas businesses now represent 23% of consolidated 2019 PBT. Combined, the overseas retail operations produced an exceptional profit result of $129.70 million, up by 11.7% on the previous year.

We intend to grow our international retail footprint and are on track with our expansion opportunities, particularly in Malaysia. Last year, we reported that we intended to open up to 18 new stores overseas by the end of the 2020 financial year. We have already opened 2 new stores in Malaysia this year, with our second full-format store at Miri, Sarawak, paving the way for further growth in East Malaysia. We have updated our expansion plans and now intend to open up to 21 new stores overseas within the next 2 years, with 17 of those new stores in Singapore and Malaysia. By the end of the 2021 financial year, we anticipate having 111 Harvey Norman® company-operated stores across 7 offshore countries.

Flagship Achievements

- 2019 delivered the completion of our 8-country Flagship Strategy and each Flagship has performed to expectations

For new stores and existing store refits going forward in the 8 countries, we are taking the best elements of the Flagship fitout and design to integrate into these stores. We have seen good sales uplifts in our Malaysian, Singaporean, Slovenian and Irish stores, where this has been executed. We plan to start rolling this premium format out in Australia and New Zealand, as new franchised complex and store refits are due. We are currently underway with the first premium refit in Australia at the Cairns franchised complex and the franchised complexes located at Campbelltown, Balgowlah, Preston and Aspley will commence post-Christmas. Mt. Wellington and Hamilton in New Zealand will also commence post-Christmas.

Franchisee Sales Revenue

Franchisee sales have continued to be subdued in the second half. We published franchisee sales revenue for January and February 2019 in our 2019 half-year report. We have seen an improvement in aggregated franchisee sales revenue from March to June. Even though their sales have been soft, our franchisees have continued to invest in their people, logistics and technology, in anticipation of Government stimulus via tax credits, stabilising house prices, and an increase in lending by banks for mortgages and small business loans. The recent reduction in interest rates and the relaxing of stringent lending restrictions on banks by APRA, is anticipated to provide the necessary momentum to stimulate residential home loan customers.

Franchisee sales for July and August 2019 are showing signs of improvement. Aggregated franchisee sales for the period 1 July 2019 to 29 August 2019 increased by 3.3% compared to the period 1 July 2018 to 29 August 2018, and 3.0% on a comparable sales basis.

We'd like to thank all of our staff for their loyalty and commitment to our vision, and pay tribute to the commendable efforts of our franchisees throughout the year. We value and appreciate the continued support and confidence of our shareholders in the leadership and future direction of our business.

G. HARVEY
Chairman
Sydney
27 September 2019

K.L. PAGE
Executive Director / Chief Executive Officer

27 September 2019

Net Profit After Tax (NPAT) & Non-Controlling Interests

Net profit after tax (NPAT) and non-controlling interests **increased by 7.2%, or $26.94 million, to $402.32 million** for the year-ended 30 June 2019, from $375.38 million in the previous year. The effective income tax rate for the year-ended 30 June 2019 was 28.81% compared to an effective income tax rate of 28.32% for the year-ended 30 June 2018.

Offshore Company-Operated Retail Segment

Overseas Businesses Continue to Thrive and Outperform in their Local Markets

RECORD FY19 OFFSHORE RETAIL SALES REVENUE OVER **$2.0 billion** | OFFSHORE PROFIT **23%** OF TOTAL PROFIT BEFORE TAX

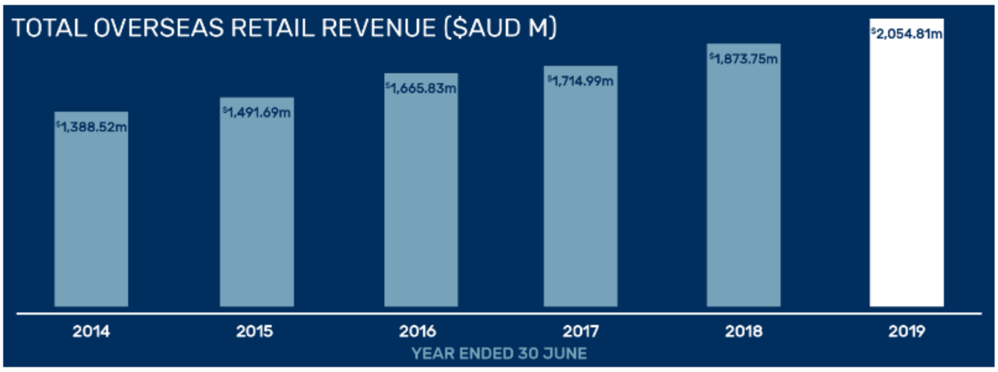
FIRST TIME OVER $2bn

Our brand continues to grow and evolve in our overseas territories, with 90 Harvey Norman® branded stores that are company-owned and company-operated – boosting our position as a leader in global retail. With a great strength and diversity of offerings, it's difficult to find a competitor in the global market that operates as effectively as we do across a similar array of product categories.

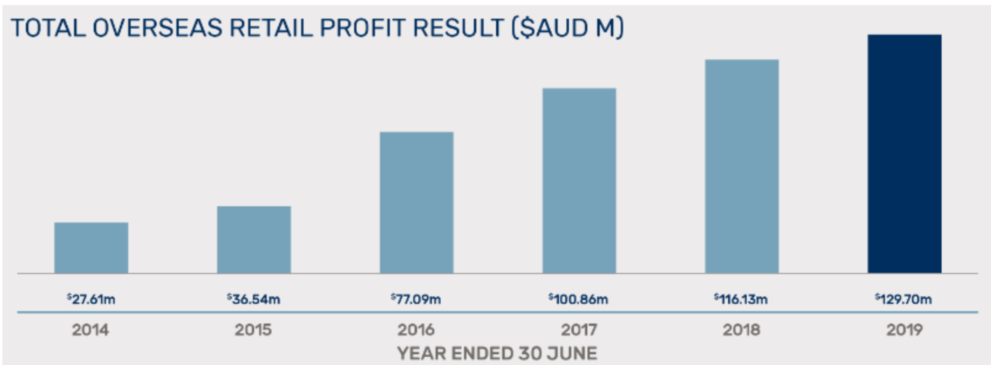
The Flagship stores in each of these territories have proven their exceptional qualities as a peerless shopping destination and innovators in the retail experience. The Flagships have successfully elevated brand awareness and consumer traction to the existing network of stores in the region, continuing to provide a positive 'halo-effect' to other stores near or far. Many of the outcomes from these developments have led to our store reinvigoration strategy, where key elements of the Flagships have been adapted and implemented in a selection of smaller, full-format stores in Singapore, Malaysia, Slovenia and Ireland.

With the success of this strategy in Asia, we'll see future transformations of selected stores around the globe – with locations in Australia, New Zealand and Ireland already earmarked for reinvigoration.

The graph below represents the aggregate value of overseas retail revenue achieved over the past five years. Total aggregated company-operated retail sales and other revenue for the 90 Harvey Norman® branded stores overseas and the 2 Space Furniture® branded stores in Asia have surpassed the $2 BILLION milestone during the 2019 financial year, with each country delivering pleasing sales growth year-on-year. **Total overseas retail revenue grew by $181.06 million, or 9.7%, to $2.05 billion** relative to $1.87 billion in the 2018 financial year.



UP BY **48%** OVER THE LAST 5 YEARS

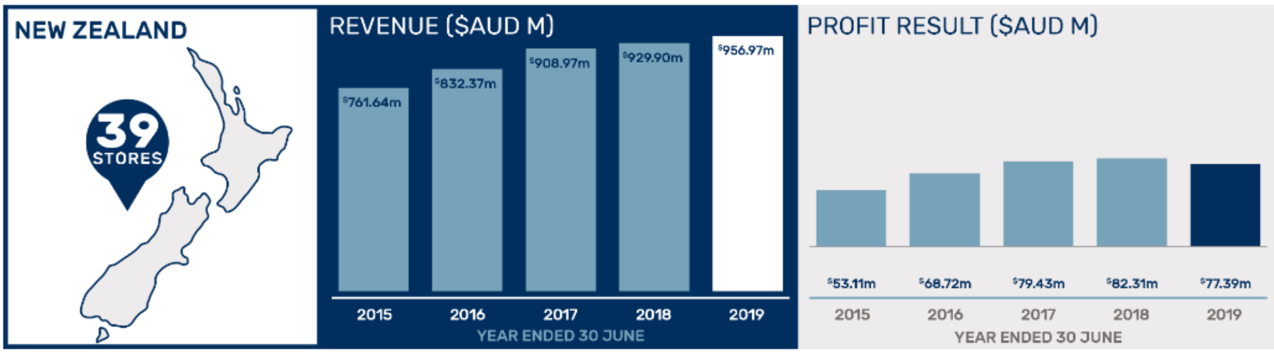


UP BY **370%** OVER THE LAST 5 YEARS

Offshore Company-Operated Retail Segment (continued)

The result before tax for the overseas company-operated retail segment increased by $13.57 million, or 11.7%, to $129.70 million for 2019 financial year, from $116.13 million in 2018 financial year. The offshore businesses now represent 23% of the total consolidated profit before tax for the 2019 financial year.

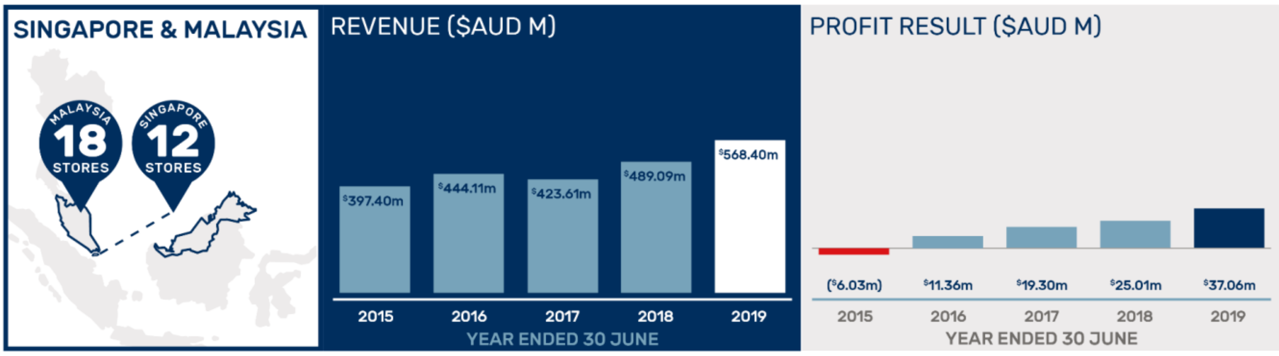
The overseas retail profit result graph on the previous page shows the profit trajectory of the 90 Harvey Norman® branded stores overseas and the 2 Space Furniture® branded stores over the last 5 years. In 2014, the aggregate offshore result was only $27.61 million representing less than 10% of the profit result in that year. Offshore profitability has grown by 370% over the last 5 years to $129.70 million and now comprises nearly a quarter of profit for the 2019 financial year. During 2019, each country reported an improvement in profitability with the exception of New Zealand, which recorded a moderate decline in profitability predominantly attributable to the challenging macroeconomic conditions in the New Zealand market.



The Flagship store at Wairau Park, North Auckland, has now been open for a full year, with notable sales increases over that period. The success of the Flagship concept has resulted in the creation of a retail environment that is second-to-none in Auckland, promoting modest sales growth throughout the existing stores in the New Zealand market. This has resulted in another record sales year in NZ dollars, where the 39 market-leading Harvey Norman® company-operated stores generated **sales of just under $NZ 1 BILLION, with retail sales rising to $NZ997.75 million, up by 1.1% or $NZ10.55 million**, from $NZ987.20 million in the previous year.

This was particularly noteworthy due to the continuing headwinds faced by the New Zealand economy which is still struggling to gain momentum. NZ retail spend has been dampened by the prolonged cooling of the housing market, net migration decrease and subdued consumer and business confidence permeating the economy. Translated into Australian dollars, sales revenue **increased 2.8%, or $25.57 million, to $935.10 million** in the 2019 financial year. There was a 1.72% appreciation of the New Zealand dollar relative to the Australian dollar during the current year.

Focus on cost control, improvements in productivity and strong supplier relationships have been integral to NZ's success since its commencement in 1997. However, the combination of margin pressure and higher operating expenses to maintain and grow market share has resulted in a reduction in the retail result in New Zealand **by $4.91 million, or 6.0%, to $77.39 million** for the year ended 30 June 2019, down from $82.31 million in the previous financial year.



This segment is comprised of 12 Harvey Norman® stores in Singapore, 18 Harvey Norman® stores in Malaysia and the Space Furniture® branded lifestyle stores in Singapore and Malaysia.

We are proud of our successful expansion into Asia and we now have 30 Harvey Norman® stores in Asia that have transformed the brand to new heights, making it synonymous with affordable luxury and a premium, lifestyle offering. Last year, we announced our proposed expansion plans in Southeast Asia, which were predominantly in Malaysia where we had expected to open 9 new Harvey Norman stores by the end of 2020. We have already opened two stores in Malaysia during the 2019 financial year in Paradigm Mall in Johor (July 2018) and Miri Times Square at Miri, Sarawak (April 2019), and we now intend to open a further 7 new stores in Malaysia in the 2020 financial year. The opening of the Miri Times Square store is our second full-format store in East Malaysia, and is expected to pave the way for future growth in that region.

Aggregated sales revenue for the Harvey Norman® and Space Furniture® brands combined exceeded the **HALF-A-BILLION** milestone during the year with retail sales of $S542.69 million in local currency, up by 9.0%, or $S44.77 million, from $S497.92 million in the 2018 financial year.

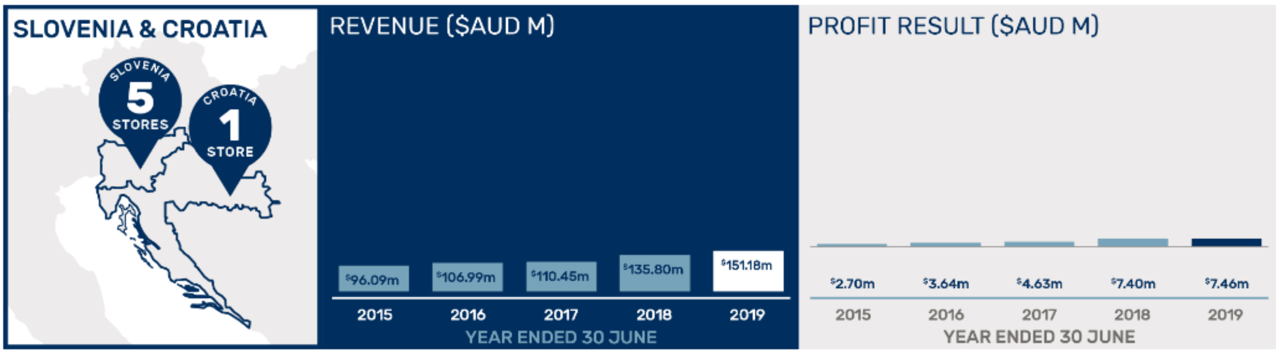
Offshore Company-Operated Retail Segment (continued)

In Singapore, there were 12 Harvey Norman® stores as at 30 June 2019 with the closure of the Square Two store in December 2018. Despite the closure, there has been a marginal growth in sales in Singapore due to a full year's trade of the expanded, full-format stores at Parkway Parade and North Point City, with both stores having been augmented with the best elements of the Flagship concept as part of its expansion last year, in addition to the sustained strong sales performance of the Millenia Walk Flagship since its launch in December 2015. Singapore sales revenue increased in local currency by $S3.82 million, or 1.2%, to $S334.10 million for the 2019 financial year, from $S330.28 million in the previous year. The 6.53% appreciation of the Singapore dollar during the year boosted this increase to $24.63 million, or 7.8%, to sales of $341.97 million in Australian dollars.

Our Malaysian business is thriving and sales revenue from the 18 Harvey Norman® branded stores in Malaysia were exceptionally strong this year, with the Ikano, Kuala Lumpur Flagship store being the shining light delivering significant double-digit growth since its launch in November 2017. The positive halo-effect of the Ikano Flagship is prominent, elevating the market recognition of the brand and having an encouraging flow-on effect throughout the region. Sales were assisted by the two new store openings and a full-year's trade of the Viva City Mega Mall in Kuching, Sarawak that opened in December 2017, in addition to the temporary reprieve from GST obligations introduced by the Malaysian government for the first few months of the 2019 financial year. Sales in Malaysia grew by $S40.26 million, or 26.4%, to $S192.58 million for the 2019 financial year, from $S152.33 million in the previous year. Translated to Australian dollars, the sales increase was $50.76 million, or 34.7%, to $197.12 million.

Sales revenue for the Space Furniture® brand in Singapore and Malaysia combined remained consistent with the previous year.

The segment profit result of the two brands in Asia was $37.06 million for the year ended 30 June 2019 compared to a segment result of $25.01 million in the previous year, an increase of $12.04 million, or 48.1%. This is an excellent result in a highly competitive market.



Since the launch of the Flagship store at BTC City, Ljubljana in June 2017, we have seen some of the key innovations and developments of that process filter through to other stores, with marked improvements in the effectiveness of marketing campaigns, improved in-store product displays and merchandising, and a sizable increase in brand awareness. The Ljubljana Flagship store continues to deliver an unparalleled, immersive shopping experience in Slovenia and the greater Central European region.

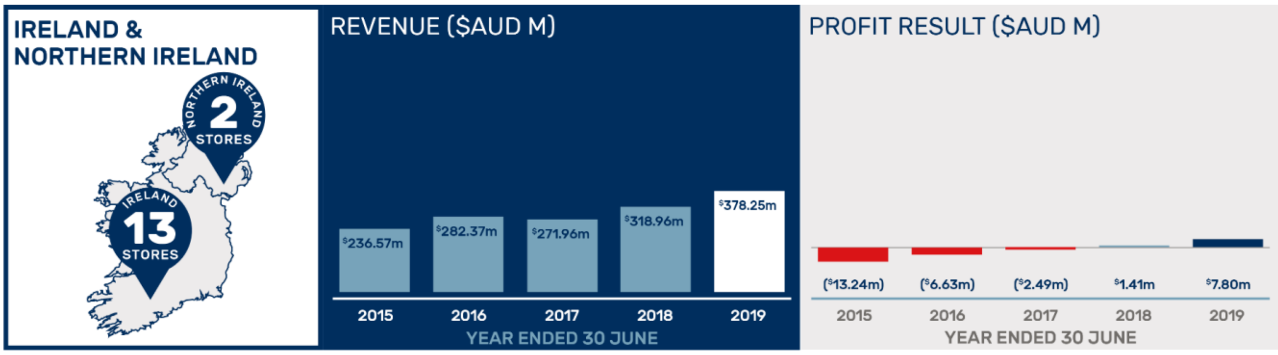
Sales revenue from the 5 company-operated stores in Slovenia increased €5.98 million, or 9.0%, to €72.54 million for the 2019 financial year, up from €66.56 million in the previous year. The positive sales growth was achieved across all stores. Translated into Australian dollars, sales revenue increased $13.29 million, or 13.0%, to $115.69 million, assisted by a 3.67% appreciation of the Euro relative to the Australian dollar during the year.

The retail result in Slovenia was a profit of $6.88 million for the year ended 30 June 2019, an increase of $0.23 million, or 3.5%, from $6.65 million profit in the previous year.

The relaunch of the Zagreb store in Croatia as a Flagship opened in October 2018. Sales revenue increased €0.46 million, or 2.2%, to €20.83 million for the 2019 financial year, from €20.38 million in the previous year. Translated into Australian dollars, sales revenue increased 6.0%, or $1.88 million, to $33.23 million.

Croatia has now been profitable for three full financial years, with a profit of $0.58 million in the 2019 financial year, a slight reduction from the profit of $0.75 million in the 2018 financial year. This year, profitability was impacted by the renovation disruption in the first quarter prior to the launch of the Flagship in October 2018. As there is currently only one store in Croatia, the business could not reap the flow-on benefits of a Flagship as seen in other countries, although it is now in an upward trajectory with pleasing market share growth. There are plans to open three new stores in Croatia within the next three years.

Offshore Company-Operated Retail Segment (continued)



Ireland:

In Ireland, sales revenue from the 13 company-operated stores **increased €28.15 million, or 14.6%, to €220.44 million** for the 2019 financial year, up from €192.30 million in the 2018 financial year. Comparable store sales growth were also strong, increasing by €27.24 million or 14.2% during the year. Translated into Australian dollars, **sales revenue increased by $55.74 million, or 18.8%, to $351.59 million,** from $295.84 million in the previous year, assisted by a 3.67% appreciation in the Euro relative to the Australian dollar during the year. Retail sales showed double-digit growth across all key product categories, with the associated increases in market share.

The ongoing success of the Tallaght Flagship has continued to produce positive flow-on effects to the existing store base with each of the stores in Ireland growing sales during the year. We continued to invest in our store network with the refurbishment of Cork and Limerick showrooms.

During the 2020 financial year, we plan to open two new stores in Galway and Sligo. The Galway store will be a 60,000 sq. ft. store and will anchor the second phase of the Gateway Retail Park in Knocknacarra on the west side of Galway city. The store will trade over two levels and will include a modern and vibrant restaurant with stunning views towards Galway Bay. The Sligo store will be 43,600 sq. ft. and will be located at Sligo Retail Park, Carraroe, Sligo. Both stores will provide the large, full-format offering to our customers.

We continue to invest in our warehousing and logistics capabilities. We intend to open a state-of-the-art warehouse for the electrical category in Dublin which will provide warehousing, installation and delivery services to our seven Dublin metropolitan electrical categories. One of our key initiatives is to grow the digital capability of the Irish business. Ongoing investment in our digital platform, significant growth year-on-year in online traffic and a focus on engaging, high-quality content on the Irish site has aided both the online and offline businesses.

The retail trading environment in Ireland remains upbeat. Employment levels have reached a record high and net inward migration has increased. Construction activity has continued apace with house completions forecasted to grow by 24% in the next 12 months. There are headwinds looming with the extension of the Brexit deadline to 31st October 2019. The heightened uncertainty following the changes in the UK Government has the potential to dampen consumer confidence.

The retail segment result in Ireland generated a **profit of $8.05 million for the 2019 financial year**, compared to $1.98 million in the previous year, **a remarkable improvement of $6.07 million or 307%** on the previous year's profit of $1.98 million.

Northern Ireland:

Sales revenue from the two company operated stores in Northern Ireland **increased by £0.19 million, or 1.9%, to £10.26 million** for the 2019 financial year, from £10.07 million in the previous year. Translated into Australian dollars, sales **increased by $1.09 million, or 6.2%, to $18.57 million**.

The Flagship store on the iconic Boucher Road continues to report sales growth in a very difficult trading environment. The March 2019 launch of the new Premium Bedding Gallery in the Flagship has shown signs of an uplift in growth, and we will see the full impact of this change in the coming year.

The retail trading environment continues to be difficult as the political and economic uncertainty caused by Brexit has negatively impacted consumer confidence.

The 2 company-operated stores in Northern Ireland incurred a small trading loss of $0.25 million for the current year, a modest improvement from the trading loss incurred in the previous year of $0.57 million.

Other Non-Franchised Retail

The non-franchised retail segment consists primarily of retail and wholesale trading operations in Australia which are wholly-owned, controlled or jointly-controlled by the consolidated entity and does not include the operations of any Harvey Norman®, Domayne® and Joyce Mayne® franchisee.

Total revenue for the other non-franchised retail segment was $227.26 million for the year ended 30 June 2019, an increase of $67.44 million, or 42.2%, from segment revenue of $159.82 million in the previous year.

The result for the non-franchised retail segment was a loss of $16.67 million for the 2019 financial year, compared with a loss of $11.17 million for the previous year, a deterioration of $5.50 million from the loss recorded in the previous year.

The other non-franchised retail segment includes the operations of the KEH Partnership Pty Limited (**KEH**), a retailer of school apparel, education goods and technology equipment through the brand name of The School Locker. Up to 30 June 2018, the consolidated entity, through a wholly-owned subsidiary, had a 50% interest in the KEH business (**Partnership**) and had accounted for its interest as an equity-accounted joint venture entity.

Effective 1 July 2018, a wholly-owned subsidiary of Harvey Norman Holdings Limited acquired all of the inventory assets of KEH. Subsequently, there was a restructure of the KEH business where, by unanimous agreement in writing, each partner in the Partnership agreed to vary the interest of the respective partners in the Partnership, with the consolidated entity increasing its partnership interest in the Partnership to 99.02%.

From 1 July 2018, the consolidated entity's interest in the Partnership was 99.02% and, from that date, the consolidated entity ceased equity accounting and consolidated the financial statements of KEH, resulting in the following accounting implications for the year ended 30 June 2019:

- the line-by-line consolidation of the financial statements of KEH into the financial statements of the consolidated entity from 1 July 2018;
- the cessation of equity accounting and the unwinding of any equity-accounted transactions from 1 July 2018;
- for consolidation purposes, the elimination of any commercial loans advanced to KEH and the reversal of any cumulative impairment expenses recognised to date in respect of the expected shortfall on the repayment of the KEH loan receivable.

The financial impact of the KEH restructure on the revenues and results reported in the other non-franchised retail segment were as follows:

- the recognition of revenues of $67.00 million in FY19 compared to nil in FY18;
- the recognition of impairment expenses of $0.15 million in FY19 compared to $16.92 million in FY18;
- the recognition of the trading losses of The School Locker business of $11.40 million for FY19; and
- the recognition of a further loss of $9.67 million in FY19 on the restructure and consolidation of KEH, being the difference in the carrying amount of the loan receivable from KEH in the consolidated entity's financial statements of $40.14 million and the fair value of the loan payable in KEH's financial statements of $30.47 million.

Refer to Note 38. Business Combinations on page 124 for further information regarding the restructure of KEH.

Other Segment

The Other segment is primarily comprised of credit facilities provided to related and unrelated parties, other unallocated income and expense items and the equity-accounted joint venture investment in Coomboona Holdings Pty Limited (**CHPL**), that was the subject of the Administrator Sale during the 2019 financial year. The Other segment recorded a loss of $9.95 million for the year ended 30 June 2019 compared to a loss of $51.78 million in the previous financial year, an improvement of $41.83 million. This was mainly due to lower impairment losses by $41.20 million recognised in respect of the Coomboona JV, as the consolidated entity divested out of the Coomboona business during the current year.

HNM Galaxy Pty Limited, acting in its capacity as trustee of the HNM Galaxy Unit Trust (**HN JV Entity**), holds 49.9% of the issued shares in CHPL. CHPL holds all of the issued shares in companies which carried on the business of dairy farm operations, land ownership and a pedigree breeding and genetics division in Northern Victoria (the **Coomboona JV**).

On 27 February 2018, the HN JV Entity demanded that the Coomboona JV repay outstanding indebtedness due by the Coomboona JV to the HN JV Entity. The poor trading performance of the Coomboona JV, the notice provided by the HN JV Entity to the Coomboona JV to demand repayment of the outstanding indebtedness, in addition to the dispute between the HN JV Entity and the other JV partner to the Coomboona JV regarding the future direction of the Coomboona JV, resulted in the appointment of Ferrier Hodgson as administrators of CHPL and subsidiaries of CHPL (**Administrators**) on 23 March 2018.

In the 2018 Annual Report, the consolidated entity reported that the total indebtedness of CHPL to its creditors Network Consumer Finance Pty Limited (**NCF**) (for the assignment of the commercial loans previously owed by the Coomboona JV to National Australia Bank Limited (**NAB**)) and the HN JV Entity, both wholly-owned subsidiaries of Harvey Norman Holdings Limited, as at 30 June 2018 amounted to $74.99 million as follows:

- *NCF - first-ranking secured creditor:* the total value of commercial loans granted to the Coomboona JV by NCF of $36.28 million;
- *HN JV Entity - second-ranking secured creditor:* the total value of commercial loans granted to the Coomboona JV by the HN JV Entity of $38.71 million, repayable on demand.

Other Segment (continued)

The recoverable amount of the indebtedness of CHPL to NCF and the HN JV Entity, totalling $74.99 million in aggregate, was assessed as at 30 June 2018. An impairment loss of $28.78 million was recognised in June 2018 to reduce the carrying amount of the Coomboona JV non-trade receivables to its recoverable amount. The estimated recoverable amount of the Coomboona JV non-trade receivables, net of any impairment provisions, was $46.21 million as at 30 June 2018.

In August 2018, the Administrators commenced an orderly sale process for the sale of the Coomboona JV assets (**Administrator Sale**). Expressions of interest were received and reviewed by the Administrator. On 31 October 2018, the Administrators advised the consolidated entity that the property, the subject of the NCF Securities and HN JV Entity Securities in respect of the NCF and HN JV Entity receivables, had been sold for $44.10 million to Australian Fresh Milk Holdings Pty Limited.

On 16 January 2019, the Administrator Sale was completed and the Contract for Sale settled. The secured creditors received net proceeds on sale of $40.50 million for the full discharge of the NCF receivables and the partial discharge of the HN JV Entity receivables. After taking into account the net sales proceeds, a further impairment expense of $8.25 million was recognised in December 2018 to reduce the value of the HN JV Entity receivables to its estimated recoverable amount.

There were no further material transactions pertaining to the Coomboona JV subsequent to the completion of the Administrator Sale.

Equity Investments

There was an increase in the profitability of the equity investments segment, growing by $12.51 million to $18.40 million in the 2019 financial year, up from $5.88 million in the 2018 financial year. This was primarily due to a $17.51 million realised gain on sale of equity investments in Australia during the year.

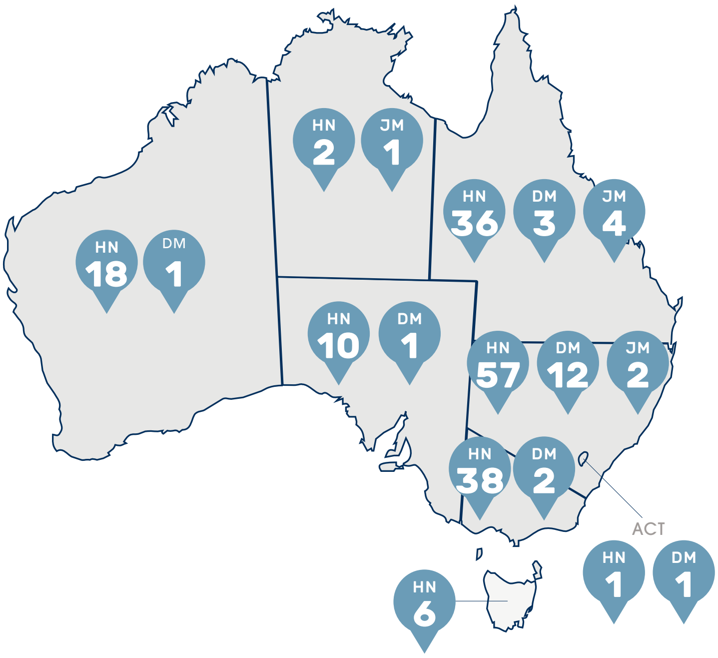
THE FRANCHISING OPERATIONS SEGMENT IN AUSTRALIA

Auburn, Sydney
(Australia Flagship complex)

Harvey Norman Holdings Limited (HNHL) and subsidiaries of HNHL own valuable intellectual property rights, including the trade marks Harvey Norman®, Domayne® and Joyce Mayne®, software and other confidential information to promote and enhance the brands.

A subsidiary of HNHL (a franchisor) grants separate franchises to independent franchisees to use the Harvey Norman®, Domayne® or Joyce Mayne® trade marks in Australia and to conduct the retail business of the franchisee at or from a store within a particular branded complex, pursuant to the terms of a franchise agreement.

195 Franchised complexes in Australia trading under the Harvey Norman®, Domayne® and Joyce Mayne® brand names.



Each franchisee owns and controls the franchisee business of that franchisee. Each franchisee has control over the day-to-day operations of the franchisee business and has the discretion and power to make the decisions necessary to drive sales, control floor margins and contain operating costs to maximise profitability of the franchisee business.

Each franchisee pays franchise fees to a franchisor pursuant to a franchise agreement between that franchisee and that franchisor.

The franchising operations segment in Australia captures and records the franchisee fees received from franchisees including gross franchise fees, rent and outgoings for the use of a branded complex and interest on the financial accommodation facility that is made available to each franchisee.

540 Number of franchisees who are responsible for the day-to-day management and control of their respective franchisee businesses

The franchising operations segment also includes the costs of operating the franchised system and monitoring and evaluating the performance and compliance of franchisees with their franchise agreements.

Harvey Norman®
168 FRANCHISED COMPLEXES

DOMAYNE®
20 FRANCHISED COMPLEXES

JOYCE MAYNE®
7 FRANCHISED COMPLEXES

Franchising Operations Segment

The franchising operations segment revenue was $838.67 million in the 2019 financial year, down by $19.03 million, or 2.2%, from $857.69 million in the 2018 financial year, primarily due to a decrease in revenues received from franchisees in 2019 relative to 2018.

Revenue received from franchisees decreased by 2.3%, or $21.82 million, to $943.65 million in the current year from $965.47 million in the previous year, mainly attributable to a 1.8% reduction in headline aggregated franchisee sales revenue to $5.66 billion in FY19, or a reduction of 0.9% on a comparable franchisee sales basis.

Presentation of Tactical Support Payments Under AASB 15

The first-time application of the new accounting standard, AASB 15 Revenue from Contracts with Customers, required the consolidated entity to recognise revenue received from franchisees based on the amount it expects to receive in exchange for the provision of franchising operations' activities to franchisees, pursuant to a franchise agreement. AASB 15 required tactical support payments to be netted off against gross franchise fees received.

AASB 15 had no impact on the franchising operations segment result with the effect being a reclassification from expenses to a reduction in franchising operations segment revenue. Tactical support payments to franchisees protect, enhance and promote the Harvey Norman®, Domayne® and Joyce Mayne® brands, and are an expense of the franchisor to assist a franchisee, as required from time-to-time at a franchisor's discretion, to effectively compete in their local markets.

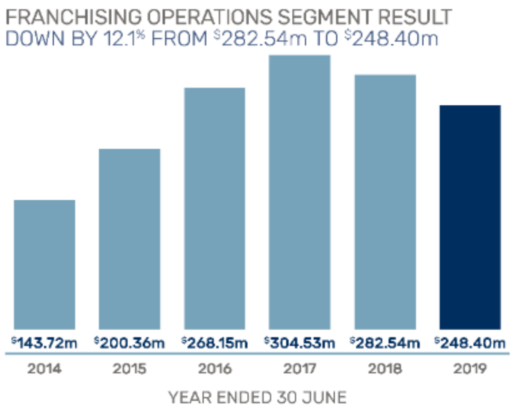
The consolidated entity has adopted this standard from 1 July 2018 and has applied the standard retrospectively, adjusting the comparative information for consistency.

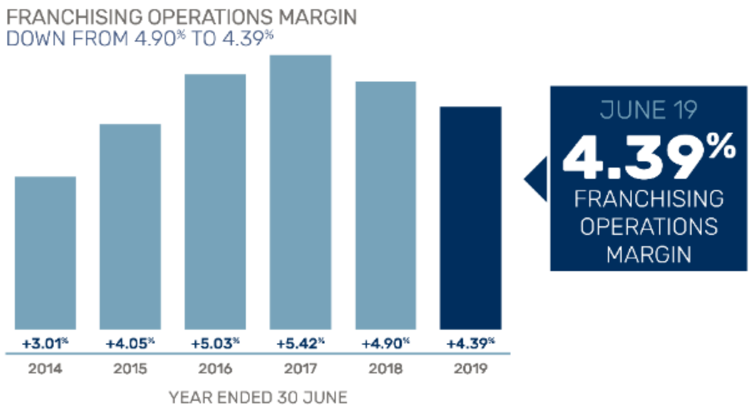
The Franchising Operations Margin (%)

The franchising operations margin is calculated as the segment result before tax of the franchising operations segment over Australian franchisee aggregated sales revenue.

The franchising operations segment result decreased by $34.14 million, or 12.1%, to $248.40 million in the year ended 30 June 2019 from $282.54 million in the previous year. This decrease is due to the reduction in franchising operations segment revenue by $19.03 million, or 2.2%, as described above. There has been a rise in operating expenses of the franchisor to monitor and evaluate compliance with franchise agreements.

The franchising operations margin moderated from 4.90% in FY18 to 4.39% in FY19, a reduction of 51 basis points.





FRANCHISING OPERATIONS SEGMENT ANALYSIS BY HALF YEAR	Half Year Ended 31 December			Half Year Ended 30 June			Full Year Ended 30 June		
	2016	2017	2018	2017	2018	2019	2017	2018	2019
# Franchised complexes in Australia	193	195	195	194	195	195	194	195	195
Franchising operations segment result	$172.13m	$167.21m	$158.47m	$132.41m	$115.33m	$89.93m	$304.53m	$282.54m	$248.40m
Franchisee aggregated sales revenue	$2.86bn	$3.00bn	$2.95bn	$2.75bn	$2.76bn	$2.71bn	$5.62bn	$5.76bn	$5.66bn
Franchising Operations Margin (%)	6.01%	5.57%	5.37%	4.81%	4.18%	3.32%	5.42%	4.90%	4.39%

Franchisee Sales Revenue Underpins the Franchising Operations Segment

Headline Australian franchisee aggregated sales revenue contracted by 1.8%, or $104.21 million, to $5.66 billion for the 2019 financial year, from $5.76 billion in the previous year. Comparable Australian franchisee aggregated sales revenue reduced by 0.9% to $5.63 billion for current year compared to $5.68 billion in the 2018 financial year.

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® in Australia are made by independently owned franchisee businesses that are not consolidated with the consolidated entity's results. Australian franchisee aggregated sales revenue are reported to the market as it is a key indicator of the performance of the franchising operations segment.

Retail sales in Australia remain subdued, impacted by the challenges faced by the residential housing market, and this was reflected in the aggregated sales revenue of franchisees in Australia.

AGGREGATED FRANCHISEE SALES REVENUE FY2019

TOTAL FRANCHISEE SALES	COMPARABLE FRANCHISEE SALES
JUNE 2019	JUNE 2019
$5.66bn DOWN BY 1.8%	$5.63bn DOWN BY 0.9%

Innovative Living in Australian Homes

2020 will be a breakout year for the continued growth of smart products in everyday Australian homes with Harvey Norman®, Domayne® and Joyce Mayne® franchisees continuing to invest in trading relationships, innovation and marketing that delivers a leading position with consumers. Voice activation has been a central feature of the Connected Smart Home this year. AI technology on home appliances such as smart refrigeration, laundry, vacuum cleaners have enhanced the Connected Home Ecosystem. Voice assisted devices are growing exponentially and are becoming a key consideration for consumers in their search for modern, integrated and connected products.

The audio-visual category of franchisees has again seen strong growth over the past year, with the launch of 8K televisions, which is a whole new viewing experience. 8K resolution offers a barrier-breaking performance from screens with four times the resolution of 4K to provide incredible detail, an outstanding picture quality and the brightest and most vivid colours. The demand for a high-quality home entertainment experience has also enabled growth in franchisees' audio sales, with voice enabled sound bars in demand.

Innovations in smart technology, features and colour have underpinned growth in the Home Appliance category. Slim capacity French Door refrigeration has created new growth in a category that continues to expand and premium cooking brands continued to innovate with steam and colour through their ranges which excited consumers. The importance of the kitchen in Australian homes continues to be reinforced by the comparable expansion of smart, innovative products by premium brand partners and the positive response from Harvey Norman®, Domayne® and Joyce Mayne® franchisees customers.

The relationship of Optus with Harvey Norman® franchisees has led to solid growth in the communication category and mobile phones specifically. The impending wave of new growth led by the introduction of 5G in Australia will create opportunity in the year ahead and beyond in this category. Portable Audio and its importance as a category was reinforced again by the emerging category of True Wireless headphones and bluetooth speakers featuring smart connectivity and voice.

The relationship of franchisees with leading global designer brands are delivering innovation in product, omni-channel presentation and customer experience. As consumers continue to invest in quality premium products for the home, franchisees are motivated to ensure that their offering exceeds expectation. The experience of connectivity, style, innovation and value in products and services is a roadmap for future growth.

Key Statistics and the Impact of the Housing Market on Retail Spending

The following key statistics have been provided as discretionary spending on Home and Lifestyle goods – the market in which our Harvey Norman®, Domayne® and Joyce Mayne® franchisees operate in - is fundamentally driven by population growth, household income, consumer confidence and activity in the Australian residential property market.

Population growth presently remains robust with the Australian resident population increasing by 411,000 in the 12 months to 30 June 2019 *(BIS Oxford Economics estimate)*, at which point the Australian population reached 25.4 million people. Net Overseas Migration (NOM) is the main driver of growth; over calendar year 2018, the ABS estimates that NOM was 248,400 or 61.4% of the increase in total population over the same period *(Australian Bureau of Statistics, cat. 3101.0)*.

Franchisee Sales Revenue Underpins the Franchising Operations Segment (continued)

Looking ahead, national population growth is expected to remain solid, with the Australian resident population projected to reach 27 million by the end of FY2023 *(BIS Economics forecast)*.

Over 296,000 new jobs were added between June 2018 and June 2019 *(Australian Bureau of Statistics, cat.6202.0)*. While growth in employment is above its historical average, it has been matched with a rise in the participation rate to a record high (from 65.7% in June 2018 to 66% in June 2019, *Australian Bureau of Statistics, cat.6202.0*). The unemployment rate has fallen marginally to 5.2% (June 2019) from 5.3% a year earlier *(Australian Bureau of Statistics, cat.6202.0)*. The RBA forecasted in May 2019 that the unemployment rate will be 4.8% by June 2021.

Conditions remain challenging for households with household income rising by only 2.3% year-on-year in the March 2019 quarter *(Australian Bureau of Statistics, cat. 5206.0)*. However it appears that Sydney and Melbourne dwelling prices have reached a trough (*CoreLogic monthly dwelling price series)*, which may limit any further negative wealth effects. Consumers remain moderately optimistic about the outlook, with the ANZ-Roy Morgan confidence index recording a net positive outlook (as at 30 June 2019) for the next twelve months.

Franchisees have invested in their people, technology and logistics to enhance their operating capabilities, and to bolster their future growth and development

Franchisees have performed solidly in this difficult retail climate and continue to be the dominant player in the domestic Home and Lifestyle market. Franchisees have invested in their people, their physical and digital fulfilment options and their logistical delivery capabilities.

Franchisees are focussed on driving customer engagement throughout the customer journey, from the start of the sales process, right through to the final delivery and beyond. Franchisees continue to recognise that the cornerstone of delivering superior experiences for their customers lies in the ongoing development of, and investment in, their people. Franchisees maintain a focus on ensuring their teams are well-equipped with the tools, knowledge and skills to deliver the attention and service their customers expect, from the moment they start their journey in-store or online to well beyond the fulfilment and delivery of their goods. This focus along with concerted efforts to ensure adequate service levels are present across their shop floors, and that their people are both adequately and fairly rewarded, have seen the financial investment in their people continue strongly throughout the 2019 financial year.

The delivery and fulfilment capabilities of franchisees have been enhanced, and are constantly evolving to enable a seamless retail experience and provide a multitude of fulfilment options to best suit their customers' needs. Their digital transformation is a necessary component of their investment strategy, providing real-time visibility and effective communication to optimise customer satisfaction.

Investment in their people, technology and logistics is a critical, bedrock component of their strategy to invest in innovation and future growth and development.

A MORE ENRICHED CUSTOMER EXPERIENCE

O2O STRATEGY

Customers of Harvey Norman®, Domayne® and Joyce Mayne® franchisees are increasingly tech-savvy, and are utilising technology today in ways that are very exciting, both in-store and in the online marketplaces. Franchisees strive to meet and exceed the insatiable digital expectations of their customers, and have embarked on the necessary digital transformations required to ensure that their Online-to-Offline (O2O) Strategy continues to evolve to enhance and optimise their service offering for their customers.

Supporting the O2O strategy, several initiatives were introduced, upgraded or enhanced during the 2019 financial year. Delivering these initiatives provides Harvey Norman® customers with a heightened experience, helps remove friction from their experience, and brings franchisees and their people into the technological ecosystems created by providing them with tools that build richer connections and encounters with, and for, their customers.

- **Buy Now Pay Later (BNPL)**
  Latitude Financial Services Australia Holdings Pty Ltd and its related bodies corporate (Latitude) are a long term key partner of Harvey Norman® in Australia and New Zealand, providing a suite of popular Interest Free financing solutions to consumers. In December 2018, Latitude acquired GenoaPay, a New Zealand based BNPL provider. Following the acquisition, Harvey Norman® New Zealand was the first major national retailer to launch GenoaPay in April 2019, giving customers the ability to convert eligible purchases into a 10 week instalment plan, with no interest or extra fees. GenoaPay takes the first instalment when the customer makes a purchase, with the remaining balance processed weekly. Latitude is excited to announce that LatitudePay (based on GenoaPay) will be launched exclusively at Harvey Norman®, Domayne® and Joyce Mayne® franchisees in Australia in September 2019.

- **Shippit Same Day Delivery Expansion**
  Expanding scheduled and same-day delivery of small-to-medium products to approximately 85 franchised complex locations Australia-wide will leverage the advantage of franchised complexes with inventory close to their customers. This service was previously only available out of a selected 13 franchised complexes.
  Same Day - Franchisees provide same-day delivery for metro customers across Australia. There is an option to select and receive a 3-hour delivery window between 4pm-10pm Monday to Friday. Orders must be placed prior to 1pm in order to schedule same day delivery.

  Scheduled - Scheduled delivery provides a flexible service that offers 4 delivery windows throughout the day (10am-1pm), (1pm-4pm), (4pm-7pm), (7pm-10pm) up to 2 weeks in advance.

- **1 Hour Click & Collect**
  Through strong reporting and CSAT (Customer Satisfaction), Harvey Norman® franchisees have successfully taken Click & Collect to a speedy 1-hour. The goal is to further drive this time to notification down with the use of better technology for notifications to and from the customer. Click & Collect is an increasingly popular medium used by Harvey Norman® customers and drives foot traffic to Harvey Norman® franchised complexes.

- **Mobile First**
  Harvey Norman® continues to invest effort in improving the mobile experience for customers via PWA (Progressive Web App) technology. Harvey Norman® franchisees are utilising this cutting-edge technology to optimise the customer experience on mobile to engage and inspire customers and drive franchisee sales growth.

- **Store Location Management System**
  The Harvey Norman location management service (LMS) continues to grow and evolve. An integral part of the O2O strategy, this service provides a single source of truth across all information services (Facebook, Google, Maps) for franchised complexes including location information, contact details, trading hours, and local events, allowing customers to easily obtain information about their nearest Harvey Norman® franchised complex. Most recently, store finder functionality has been switched over to the LMS, to again leverage the O2O strategy to improve the experience for customers of Harvey Norman® franchise outlets.

DELIVERY SERVICES AND FULFILMENT OPTIONS OF FRANCHISEES

Franchisees are investing heavily in physical assets in warehousing and logistics to enhance the Last Mile delivery experience for their customers. Home delivery service standards have been successfully implemented across all stores to provide customers with a delivery service option to best suit their needs. Franchisees are focused on driving customer engagement throughout the entire journey from the start of the sales process right through to final fulfilment.

Concerted efforts have been made by each Franchisee to invest in technology that will enhance warehousing capabilities and fulfilment offerings. There has been a focus on digital transformation to optimise their Last Mile delivery capabilities in order to effectively respond to the growth in demand for customer fulfilment services.

The delivery service offering of franchisees has been progressed over the 2019 financial year providing a seamless experience to the customer with the introduction, upgrade and enhancement of the following initiatives:

- **Home Delivery Services**
  Provide customers with a delivery service option to best suit their needs. Whether customers prefer a quick 'Store to Door' drop-off, a 'Delivery Plus' for a basic connection or a full 'Premium Delivery' service.

- **Delivery Vehicle Branding Standards**
  Ensuring that customers will not only enjoy transparency of the delivery process but will also experience an enhanced service offering with clean, branded trucks. Franchisees will continue to invest in high-quality delivery vehicles over the coming year to improve the quality of their service.

- **Driver Standards**
  Will complement the newly branded trucks, as delivery vehicle drivers will be uniformed with branded clothing and present themselves in a neat and tidy manner to customers.

- **Customer Warehouse Pickup**
  Provides customers with an enhanced experience when they choose to pickup bulky goods from the warehouse immediately after the purchase. Franchisees have invested in customer pickup areas at the warehouse through significant refits to accommodate the increase in demand.

In addition, several franchisees have launched the following initiatives:

- Trak by Harvey Norman®
  An investment by several franchisees in logistics technology to optimise route planning for deliveries and provide automated customer communication with real-time tracking. Additional franchisees in metropolitan areas will be looking to invest in this technology over the course of the coming year.
- Delivery Experience Survey
  Leverages the developing customer satisfaction framework for online to include a customer survey after the delivery through the Trak by Harvey Norman® platform. The quality of service from delivery drivers is critical to the overall customer experience and providing feedback to franchisees is critical to ensure an exceptional customer experience during the overall delivery process.
- Connected Driver
  Facilitates communication between driver and customer, where drivers in metropolitan areas will be equipped with devices during the year to enhance the service quality levels at the final stage of the delivery process.

Review of the Property Segment

Composition of the Property Portfolio

The robust property portfolio was valued at $2.99 billion as of 30 June 2019 and still continues to be the consolidated entity's driving point of difference and competitive advantage in the Australian market.

With a substantial, stable and diversified mix of tenants underpinning the retail centres, the resilient investment property portfolio keeps us a step-ahead and ready to respond to the evolving and dynamic needs of consumers. The physical complexes provide the flexible, large footprint needed to showcase the best on offer from global brands and demonstrate the maximum capabilities of those products to integrate and connect our busy day-to-day lives.

As at 30 June 2019, total property assets amounted to over 62% of the consolidated entity's total asset base of $4.80 billion. Growth in the property portfolio was mainly due to the continued solid market conditions in the large-format retail sector delivering capital appreciation during the year, the concerted focus on completing the Flagship strategy of the consolidated entity and the acquisition and refurbishment of other investment properties in Australia. The following tables represent the composition of property segment assets at each balance date and the number of owned and leased retail use properties as at 30 June 2019.

TOTAL PROPERTY SEGMENT ASSETS AS AT 30 JUNE	2017	2018	2019
Investment properties and Assets Held for Sale	$2.242bn	$2.429bn	$2.546bn
Owner-occupied land & buildings in New Zealand, Singapore, Slovenia, Ireland & Australia	$413.85m	$432.46m	$441.21m
Joint venture assets	$2.05m	$2.54m	$1.17m
TOTAL PROPERTY SEGMENT ASSETS	$2.66bn	$2.86bn	$2.99bn

OWNED & LEASED RETAIL USE PROPERTIES AS AT 30 JUNE 2019	# of owned retail use properties	# of leased retail use properties	Total
Australia: Franchised complexes	94	101	195
New Zealand	18	21	39
Slovenia	5	-	5
Croatia	-	1	1
Ireland	1	12	13
Northern Ireland	-	2	2
Singapore	-	12	12
Malaysia	-	18	18
TOTAL	118	167	285

Net Property Revaluation Adjustments

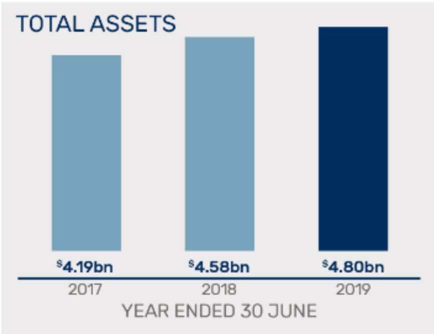
The investment property portfolio in Australia and properties held in joint venture entities are subject to a semi-annual review to fair market value. At each reporting period, one-sixth of the investment property portfolio is independently valued with the remaining five-sixths reviewed for fair value by Directors. The entire portfolio is independently valued every three years.

During the year ended 30 June 2019, thirty-nine (39) sites within the investment property portfolio in Australia were independently valued, representing 30.0% of the total number of sites and 37.7% of the fair value of the investment property portfolio in Australia. The balance of the portfolio was reviewed for comparability resulting in the preparation of internal valuations for eighteen (18) additional sites. The valuation for the current year resulted in a net increase of $69.29 million relating to investment properties in Australia and $1.01 million relating to New Zealand, compared to a net increase of $51.65 million in the previous year.

NET PROPERTY REVALUATION ADJUSTMENTS AS AT 30 JUNE	RECORDED IN THE INCOME STATEMENT (Net Property Revaluation Increment)			RECORDED IN EQUITY (Asset Revaluation Reserve)		
($ million)	2017	2018	2019	2017	2018	2019
AUSTRALIA	$107.38m	$51.65m	$69.29m	$1.12m	-	-
NEW ZEALAND	-	-	$1.01m	$16.03m	$9.72m	$9.64m
SLOVENIA	$0.67m	-	-	$2.96m	$0.08m	$0.08m
SINGAPORE	-	-	-	-	$0.66m	($1.40m)
IRELAND	-	-	-	-	$2.76m	-
TOTAL	$108.05m	$51.65m	$70.30m	$20.11m	$13.22m	$8.32m

Review of the Financial Position of the Consolidated Entity

RECORD NET ASSETS EXCEED $3 billion

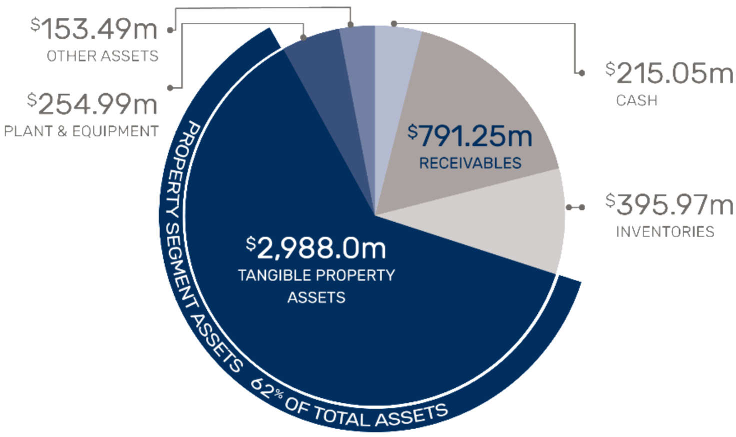


NET ASSET POSITION JUNE 2019

UP 8.8%

TO $3.20bn

COMPOSITION OF TOTAL ASSETS OF $4.80bn



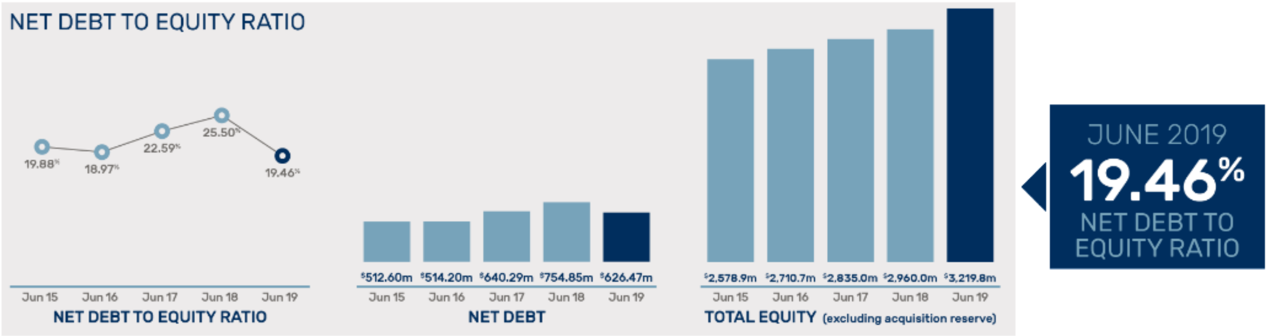
The consolidated entity has tangible property assets of $2.99 billion, representing 62% of the total asset base of $4.80 billion.

Total assets increased by 4.8%, or $221.10 million, to $4.80 billion as at 30 June 2019, from $4.58 billion in the previous year. The value of the investment property portfolio increased by $79.55 million, or 3.3%, to $2.51 billion as at 30 June 2019 primarily due to the net property revaluation increment of $70.30 million during the current year and the acquisition and refurbishment of other investment property assets during the current year. Inventories increased by $50.68 million, or 14.7%, due to store expansion overseas and the consolidation of The School Locker business of the KEH Partnership that was previously accounted for as an equity-accounted joint venture entity. Cash and cash equivalents increased by $44.50 million, or 26.1% relative to the previous year. Property, plant and equipment assets have increased by $35.87 million due to new and improved offshore retail locations, the refurbishment of Flagship stores and the continued investment in upgrading existing franchised complexes and company-operated stores to a high-quality standard.

Total liabilities decreased by $38.76 million, or 2.4%, to $1.60 billion as at 30 June 2019 from $1.64 billion in the prior year mainly due to lower utilisation of the Syndicated Facility and other external borrowings.

The consolidated entity is very pleased to report another solid net asset base, with robust growth of 8.8% during the year, or an increase of $259.86 million, to $3.20 billion as at 30 June 2019 from $2.94 billion as at 30 June 2018.

Net Debt to Equity Ratio



The overall debt levels of the consolidated entity remain within an acceptable range, with a **low net debt to equity ratio of 19.46% as at 30 June 2019,** an improvement compared to a ratio of 25.50% as at 30 June 2018. Net debt comprises total interest-bearing loans and borrowings, net of cash and cash equivalents.

Solid Cash Flows

Cash and cash equivalents, net of bank overdraft, as disclosed in the Statement of Cash Flows on page 65, **increased by $60.35 million, or 48.1%, to $185.82 million in FY19**, compared to $125.46 million in FY18.

During 2019, the consolidated entity generated a solid $372.85 million of net cash flows from operating activities. This was primarily achieved by receiving $2.40 billion from customers, $858.37 million net receipts from franchisees, offset by $2.68 billion payments to suppliers and employees. The decrease in operating cash flows by $81.33 million, or 17.9%, to $372.85 million in FY19 relative to $454.17 million in FY18 can primarily be attributed to a reduction in net receipts from franchisees by $88.69 million to $858.37 million during the year. Net receipts from franchisees are affected by the movement in the aggregate amount of financial accommodation provided to franchisees, which has increased in FY19 compared to the movement in FY18. The higher movement in the aggregate amount of financial accommodation this year was predominantly due to an increase in the inventory reserves acquired by franchisees during the FY19 relative to FY18. Franchisees increased their inventory investment to support sales growth post-balance date, driven by expected improved trading conditions. Lower net receipts from franchisees are also due to a reduction in gross revenue from franchisees received in FY19 compared to prior year.

There was a reduction in the net cash flows used in investing activities by $237.28 million during FY19 primarily due to a reduction in the purchase of investment properties by $97.78 million, the receipt of proceeds of $40.50 million pursuant to the completion of the Administrator Sale of the Coomboona JV assets in January 2019 and the reduction in loans granted to joint venture entities, joint venture partners and unrelated entities by $89.70 million between the two comparable years. During FY19, the consolidated entity advanced loans of $5.18 million to joint ventures and unrelated entities compared to a net outflow of $94.88 million in FY18.

There was an increase in the net cash financing outflows by $178.19 million during the 2019 year primarily due to the repayment of external borrowings utilising the proceeds raised from the renounceable pro-rata Entitlement Offer in October 2018 of $163.87 million. There was a net repayment of the Syndicated Facility Agreement by $25 million during FY19 compared to a net drawdown of $210 million during FY18, a significant improvement in the utilisation of the Syndicated Loan Facility by $235 million between the two comparable years. Furthermore, there were higher dividend payments during FY19 totalling $342.12 million compared with FY18 dividend payments of $267.34 million, an increase of $74.79 million, mainly due to the higher 2018 final dividend which was paid in December 2018.

Capital Management Policy

The objective of the consolidated entity's capital management policy is to:
- create long-term sustainable value for shareholders;
- maintain optimal returns to shareholders and benefits to other stakeholders;
- source the lowest cost of available capital; and
- prevent the adverse outcomes that can result from short-term decision making.

The Capital Management Policy stipulates a net debt-to-equity target for the consolidated entity of less than 50%.

The capital structure of the consolidated entity consists of:
- Debt, which includes Interest-Bearing Loans and Borrowings in Notes 18 and 21 of this report;
- Cash and cash equivalents disclosed in Note 28(a); and
- Equity attributable to equity holders of the parent, comprising ordinary shares, retained profits and reserves as disclosed in Notes 24, 26 and 25 respectively.

The consolidated entity's borrowings consist primarily of bank debt provided by a syndicate of ten banks, including each of the "Big 4" Australian Banks. Concentration risk is minimised by staggering facility renewals and utilising a range of maturities of up to 3 years.

Outlook

We intend to continue growing our international retail footprint and expect to open up to 21 new stores overseas within the next 2 years, with 17 of those new stores in Singapore and Malaysia. By the end of the 2021 financial year, we anticipate having 111 Harvey Norman® company-operated stores across 7 offshore countries. In Australia, 1 Harvey Norman® complex in Victoria will open in the 2020 financial year.

For new stores and existing store refits going forward in the 8 countries, we will be taking the best elements of the Flagship fitout and design to integrate into these stores. We plan to start rolling this premium format out in Australia and New Zealand, as new franchised complex and store refits become due. We are currently underway with the first premium refit in Australia at the Cairns franchised complex and the franchised complexes located at Campbelltown, Balgowlah, Preston and Aspley will commence post-Christmas. Mt. Wellington and Hamilton in New Zealand will also commence post-Christmas.

Franchisee sales for July and August 2019 are showing signs of improvement. Aggregated franchisee sales for the period 1 July 2019 to 29 August 2019 increased by 3.3% compared to the period 1 July 2018 to 29 August 2018, and 3.0% on a comparable sales basis. Franchisees are yet to see an uplift from the tax credit initiative.

Total overseas sales revenue and comparable overseas sales revenue increases/(decreases) for each of our overseas controlled entities for the period 1 July 2019 to 29 August 2019 vs 1 July 2018 to 29 August 2018 is as follows;

COUNTRY	$A Total Sales %	$A Comparable Sales %	Constant Local Currencies Total Sales %	Constant Local Currencies Comparable Sales %
New Zealand	9.8	9.7	5.2	5.1
Slovenia & Croatia	14.5	14.3	11.2	11.0
Ireland	12.4	12.4	9.0	9.0
Northern Ireland	10.9	10.9	9.5	9.5
Singapore	(-6.7)	(-4.1)	(-12.4)	(-10.0)
Malaysia	14.7	0.9	9.3	(-3.9)

Sales growth from our company-operated stores in New Zealand, Slovenia, Croatia, Ireland and Northern Ireland have been strong for the first 2 months of the 2020 financial year.

Sales reported by our company-operated stores in Malaysia are cycling higher comparable sales, relating to the removal of the 6% GST by the Malaysian Government in the months of June, July and August 2018. Sales during that GST-free period last year were exceptionally high, and then from 1 September 2018, sales normalised after the introduction of the 10% sales tax by the Malaysian Government.

In Singapore, sales for July and August 2019 were under pressure due to softening economic conditions. The Singaporean Government has indicated that an economic stimulus may be required. Singapore has seen a plunge in exports, partly because of weakening growth in China which has been further exacerbated by the trade war between China and the United States.

Harvey Norman® New Zealand launched GenoaPay (Buy Now Pay Later (**BNPL**)) in April 2019. After the successful NZ launch, a select number of Harvey Norman® franchisees and Latitude Financial Services Australia Holdings Pty Ltd (**Latitude**) trialled the BNPL offer in Australia (**LatitudePay**). LatitudePay will now launch nationally in early September 2019.

The consolidated entity will continue to invest in our people, our brands and in the development and enhancement of the tools provided to our franchisees to enable them to seamlessly service their customers.

Summary of Key Business Risks

The Board is optimistic about the consolidated entity's future trading performance but acknowledges that there are several factors that may pose a risk to the achievement of the business strategies and future financial performance as outlined above.

Every business faces risks with the potential to impair its ability to execute its strategy or achieve its financial objectives. There are a number of key risks, both specific to the Harvey Norman® integrated retail, franchise, property and digital system and external risks, for example the macroeconomic environment, over which the consolidated entity has no control. The consolidated entity acknowledges the existence of these risks, and in the first instance seeks to identify and understand individual risks, and then – to the extent possible – manage and/or minimise risks.

Changes to macroeconomic conditions and policy that may result in declining consumer sentiment:

The consolidated entity has a significant exposure to the economy of the countries in which it operates. There are a number of general economic conditions, including interest and exchange rate movements, overall levels of demand, housing market dynamics, wage growth, employment, economic and political instability and government fiscal, trade, monetary and regulatory policies, that can

Summary of Key Business Risks (continued)

impact the level of consumer confidence and discretionary retail spending. These conditions may affect revenue from sales to customers and franchise fees. The consolidated entity seeks to reduce its exposure to these risks through appropriate business diversification, also by closely monitoring both internal and external sources of information that provide insights into any changes in demand within the economies in which it operates.

Increased competition resulting in a decline of retail margin or a loss of market share for franchisees in Australia and company-operated stores in overseas markets:

The integrated retail, franchise, property and digital system, and diverse category mix assists in maintaining the consolidated entity's competitive position. Market consolidation and/or acquisition may result in further competition and changes to retail margins and market share. Franchisees in Australia and company-operated stores in 7 overseas regions operate across a number of categories in the strongly performing Home and Lifestyle market. Diversity of category and the ability to identify growth opportunities locally and overseas, mitigates the risk from existing and potential competitors.

Emergence of competitors in new channels:

The Harvey Norman® Omni Channel Strategy provides customers of franchisees with a diverse, consistent and distinctive Harvey Norman® customer experience through a range of channels. The Harvey Norman® Omni Channel Strategy integrates retail, online, mobile, and social channels.

The online operations of franchisees in Australia and the company-operated online operations overseas continue to grow. The digital platform provides new opportunities for growth and new ways to embrace and engage with customers. Data analytics are an important element of the Harvey Norman® Omni Channel Strategy, and are utilised to improve customer experience.

The Harvey Norman® Omni Channel Strategy sets the Harvey Norman® brand apart from other online and digital competitors as the digital, physical complex and distribution channels are fully integrated, providing customers of franchisees with a multitude of engagement options to meet their needs. The Harvey Norman® Omni Channel Strategy, supported by the retail property portfolio of the consolidated entity, makes the Harvey Norman® brand a strong competitor in the market.

A decline in the commercial property sector leading to softening property asset values, falling rental returns and a reduction of future capital returns on property assets:

With a property portfolio of $2.99 billion, the consolidated entity is exposed to potential reductions in commercial property values. The consolidated entity has a selective and prudent acquisition and development strategy and maintains high-quality complexes and a solid, dynamic, complementary tenancy mix in order to maximise the profitability of the property segment.

Counterparty risks of service providers:

This risk relates to the inability of service providers to meet their obligations, including compliance obligations. The consolidated entity closely monitors and evaluates the performance of external service providers to mitigate counterparty risk.

Counterparty risk associated with the mining camp accommodation joint ventures:

Commodity prices are inherently volatile. The provision of services to the mining industry is dependent on the cycle investment. The consolidated entity has continued its joint ventures with counterparties to provide mining camp accommodation services. The risk in respect of mining camp accommodation joint ventures includes the ability of counterparties to meet financial and other obligations under mining camp accommodation joint venture agreements.

The consolidated entity closely monitors and evaluates the performance of counterparties of the mining camp accommodation joint ventures by monitoring compliance with joint venture agreements; adopting a prudent and conservative approach to the review of mining camp accommodation cash flows, including future cash flow projections; and ensuring that an adequate level of security is maintained for any funds advanced to mining camp accommodation joint ventures.

Compliance by franchisees with franchise agreements:

The risk relates to franchisees acting in breach of the terms and conditions of their respective franchise agreements. The consequences of non-compliance may include damage to the brand, fines or other sanctions from regulators, and/or a reduction in franchise fees received from franchisees.

The franchisor continually monitors and evaluates the financial and operating performance of each franchisee to actively assess compliance with executed franchise agreements. Instances of non-compliance are promptly addressed to protect the Harvey Norman® brand and/or intellectual property of the franchisor.

Information Technology ("IT") security and data security breaches:

This risk relates to the potential failure in IT security measures resulting in the loss, destruction or theft of customer, supplier, financial or other commercially-sensitive information including intellectual property. This has the potential to adversely affect our operating results which would lead to lawsuits, damage the reputation of the Harvey Norman® brand, and/or create other liabilities for the consolidated entity.

There are a number of key controls in place, including an ongoing security improvement program, investment in cyber security resources; the implementation, maintenance and supervision of operational policies and contracts intended to preserve the confidentiality and integrity of IT systems. The Information Technology environment is subject to regular independent audit and review of IT security controls, response plans and incident management practices.

DIRECTORS' REPORT
THE BOARD OF DIRECTORS

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 was the co-founder of Harvey Norman Holdings Limited in 1982 with Mr. I.J. Norman. Mr. G. Harvey has overall executive responsibility for the strategic direction of the consolidated entity, and in particular, property investments.
Kay Lesley Page *Executive Director and CEO*	Ms. Page 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 Trustee of the Sydney Cricket and Sports Ground Trust. On 30 July 2018, Ms. Page was appointed as an independent member of the Place Management NSW Board.
Chris Mentis *B.Bus., FCA, FGIA, Grad Dip App Fin* *Executive Director, CFO & Company Secretary*	Mr. Mentis 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 Fellow of the Chartered Accountants Australia & New Zealand (CA ANZ) and a Fellow of the Governance Institute of Australia, with extensive experience in financial accounting. Mr. Mentis has overall executive responsibility for the accounting and financial matters of the consolidated entity.
John Evyn Slack-Smith *Executive Director & COO*	Mr. Slack-Smith 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 was appointed a non-executive director of the Children's Tumour Foundation of Australia on 22 July 2019.
David Matthew Ackery *Executive Director*	Mr. Ackery 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® home appliances, home entertainment and technology franchisees and strategic partners. Mr. Ackery finished his tenure as the Chairman of the public company, St. Joseph's College Foundation Limited, on 30 June 2019.
Michael John Harvey *B.Com* *Non-Executive Director*	Mr. M. Harvey 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. Since 2013, Mr. M. Harvey has been a director of CaraCare Limited, a registered charity.
Christopher Herbert Brown *OAM, LL.M, FAICD, CTA* *Non-Executive Director*	Mr. Brown 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 a member of the Audit, Remuneration and Nomination Committees. Mr. Brown is the Chairman of Windgap Foundation Limited. In 2013 he was awarded the Medal of the Order of Australia (OAM) for service to the community, particularly to people with disability.
Kenneth William Gunderson-Briggs *B.Bus., FCA, MAICD* *Non-Executive Director (Independent)*	Mr. Gunderson-Briggs 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 CA ANZ. Mr. Gunderson-Briggs was appointed Chairman of the Remuneration Committee on 16 December 2015 and is a member of the Audit and Nomination Committees. Mr. Gunderson-Briggs is an independent non-executive director of Australian Pharmaceutical Industries Limited, a company listed on the ASX.
Graham Charles Paton *AM, B.Ec, FCPA, MAICD* *Non-Executive Director (Independent)*	Mr. Paton holds a Bachelor of Economics degree from the University of Sydney. During his 23 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, Mr. Paton 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 and was appointed the Senior Independent Director on 16 December 2015. Mr. Paton was appointed Chairman of the Nomination Committee on 16 December 2015, Chairman of the Audit Committee on 9 March 2006 and is a member of the Remuneration Committee. Mr. Paton was an independent non-executive director of Gazal Corporation Limited, and resigned his directorship on 14 May 2019.
Maurice John Craven *B.Sc, FAICD* *Non-Executive Director (Independent)*	Mr. Craven was appointed a director of Harvey Norman Holdings Limited on 27 March 2019. Mr. Craven holds a Bachelor of Science degree from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors. Mr. Craven has been actively involved with innovation and growth in technology empowered industries for the past 20 years and prior to that was a partner for 25 years with Andersen Consulting. Mr. Craven is Chair of Specialisterne Australia and is a member of the Global Board of the Specialisterne Foundation, based in Denmark. He is also a member of the Board of Social Venture Partners Melbourne, a philanthropic investment organisation.

Corporate Governance

The board of directors (**Board**) of Harvey Norman Holdings Limited (the **Company**) is committed to a high standard of corporate governance, and is responsible for establishing, maintaining and monitoring the corporate governance framework of the consolidated entity.

The Board has benchmarked its practices against the ASX Corporate Governance Council's (**CGC**) published guidelines and the CGC corporate governance principles and recommendations (27 March 2014 edition) (**Principles**). 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.

The Corporate Governance Statement outlines the Company's corporate governance practices, including compliance with the Principles for the year ended 30 June 2019. The Corporate Governance Statement has been approved by the Board. The full Corporate Governance Statement and further details about corporate governance policies adopted by the Company and the Board and committee charters may be accessed via the Company's website www.harveynormanholdings.com.au.

The Board of Directors: Roles and Responsibilities / Structure and Composition

Role and Responsibilities

The role and responsibility of the Board is to set and approve the strategy of the Company, to identify significant business risks and ensure arrangements are in place in order to manage those risks and review the performance of the CEO. The Board aims to foster a culture of compliance, with an emphasis on ethical behaviour, accountability, corporate and individual integrity and respect for others.

The Board has established guidelines for the composition of the Board and meeting processes.

The responsibility for implementation of strategy and risk management and operations of the business is delegated, by the Board, to the CEO and the executive management team. The CEO reports to the Board on operational issues that include:

a) Recommendations on strategic initiatives and developing and implementing corporate strategies;
b) Preparation for approval by the Board of budgets and cash flow forecasts and management of operations within the financial constraints imposed by the Board;
c) Maintenance of effective compliance and risk management frameworks;
d) Evaluation of the performance of key executives, including succession and learning and growth activities;
e) Achievement of financial and non-financial key performance indicators as set by the Board; and
f) Information to keep the Board and ASX fully informed having regard to continuous disclosure obligations.

The Company's continuous disclosure policy sets out procedures supporting the Company's compliance with its continuous disclosure obligations under the ASX listing rules. The policy is available on the Governance page of the website.

Matters which are specifically reserved for the Board are set out in the Board Charter, which is available on the Governance page of the website. Other functions reserved for the Board include:

a) Approving the annual and half-yearly financial reports;
b) Approving and monitoring the progress of major capital expenditure, capital management, and acquisitions and divestitures;
c) Ensuring that any significant risks are identified, assessed, appropriately managed and monitored; and
d) Reporting to shareholders.

Board Structure and Composition

The relevant factors in determining the suitability of a board member are integrity, business savvy, an owner-oriented attitude and a deep genuine interest in the business of the consolidated entity.

In applying these principles to the consolidated entity:

a) Business savvy requires a deep understanding of one or more of the sectors of retail, property, franchising and digital.
b) Integrity requires a level of fundamental honesty, candour and frankness in dealing with colleagues, regulators and other third parties. Integrity necessarily requires a director to bring an open mind and independent judgment to the discussion of any matter of concern to the Board.
c) An owner orientation or perspective of an owner requires the individual to either have:
    1. "skin in the game" by holding, controlling or benefitting from a significant parcel of shares where the financial interests of the director are aligned with the long term beneficial interest of shareholders; or
    2. a perspective of advising owners of businesses and understanding that wealth generation is derived from the building of business interests that create long term sustainable value.
d) Directors with an owner orientation retain an open mind to consider diverse views but are not strictly beholden to the whims of fashionable thinking and are able to form their own views as to what constitutes best practice in corporate governance.
e) Interest in and time to do the job means:
    1. the person has an executive role, meaning that the person's career is based on job performance at the company; or
    2. the individual has a limited number of outside interests (i.e. the person is not a professional non-executive director),

but in both cases the individual has an independence of mind and outlook.

Applying these criteria to the current Board, the Board is satisfied that each Director brings to the Board the necessary skills and attributes specified.

The Board of Directors: Roles and Responsibilities / Structure and Composition (continued)

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 interfere materially with, or could reasonably be perceived to interfere materially with, the exercise of their unfettered and independent judgement.

A majority of the Board does not consist of independent directors. The majority of the Board consists of executive directors. The Board recognises the CGC's recommendation that a majority of the Board should consist of independent directors.

The Board believes that each executive director (and each non-executive director who is not independent) is able to bring, and does bring quality independent judgement to all relevant issues falling within the scope of the role of that 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 notes that while the two independent, non-executive members have each served more than nine years, having regard to the totality of the defining characteristics of an independent director and the specific skills and experience of these directors, the Board still believes each of them are able to bring quality independent judgement to the issues that come before the Board.

The Board recognises the CGC's recommendation that the Chair should be an independent director. As Chair, Mr Gerald Harvey is not an independent director.

The Board believes that Mr Gerald Harvey is the most appropriate person to lead the Board as Executive Chairman and that he is able to bring, and does bring quality 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.

The Company has in place with each Director a written agreement which sets out the terms of their appointment.

Company Secretary

Mr. C. Mentis is a chartered accountant and became Company Secretary on 20 April 2006. Mr. Mentis has extensive experience in financial accounting and has been with the consolidated entity since 1997. Mr. Mentis is a Fellow of the Governance Institute of Australia.

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 OAM
- K.W. Gunderson-Briggs

Remuneration Committee:
- K.W. Gunderson-Briggs (Chairman)
- C.H. Brown OAM
- G.C. Paton AM

Nomination Committee:
- G.C. Paton AM (Chairman)
- C.H. Brown OAM
- K.W. Gunderson-Briggs

Directors' Meetings

DIRECTOR	Attendance	Full Board	Audit	Remuneration	Nomination
G. Harvey	100%	8 [8]	n/a	n/a	n/a
K.L. Page	100%	8 [8]	n/a	n/a	n/a
J.E. Slack-Smith	100%	8 [8]	n/a	n/a	n/a
D.M. Ackery	88%	7 [8]	n/a	n/a	n/a
C. Mentis	100%	8 [8]	n/a	n/a	n/a
M.J. Harvey	88%	7 [8]	n/a	n/a	n/a
C.H. Brown	100%	8 [8]	10 [10]	8 [8]	5 [5]
K.W. Gunderson-Briggs	100%	8 [8]	10 [10]	8 [8]	5 [5]
G.C. Paton	100%	8 [8]	10 [10]	8 [8]	5 [5]
M.J. Craven	100%	2 [2]	n/a	n/a	n/a

The number of meetings of the Board of Directors and of its Board Committees during the 2019 financial year were:
- Full Board: 8
- Audit Committee: 10
- Remuneration Committee: 8
- Nomination Committee: 5

The above table represents the directors' attendance at meetings of the Board, Audit Committee, Remuneration Committee and Nomination 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.

Directors' Relevant Interests

At the date of this report, the relevant direct and indirect interest of each director in the ordinary shares and performance rights instruments of the Company and related bodies corporate are:

DIRECTOR	Ordinary Shares	Performance Rights
G. Harvey	369,778,107	190,500
K.L. Page	18,610,447	408,000
J.E. Slack-Smith	997,750	259,000
D.M. Ackery	562,908	259,000
C. Mentis	1,014,186	233,000
M.J. Harvey	3,149,892	-
C.H. Brown	194,107,477	-
K.W. Gunderson-Briggs	9,499	-
G.C. Paton	16,605	-
M.J. Craven	15,925	-
TOTAL	588,262,796	1,349,500

Share Options

At the date of this report, there was no unissued ordinary shares under options (2018: Nil).

Performance Rights

At the date of this report, there were 1,349,500 performance rights (2018: 1,200,000), being a right to acquire ordinary shares in the Company at nil exercise price. On 30 November 2015, a total of 400,000 performance rights under Tranche 1 of the 2016 Long-Term Incentive (LTI) Plan were granted to executive directors following Board adoption of the scheme and shareholder approval of the LTI Plan in 2015. On 28 November 2016, a total of 400,000 performance rights under Tranche 2 of the 2016 LTI Plan were granted to executive directors in accordance with the terms and conditions of the LTI Plan. On 1 December 2017, a total of 400,000 performance rights under Tranche 3 of the 2016 LTI Plan were granted to executive directors in accordance with the terms and conditions of the LTI Plan. On 4 December 2018, a total of 549,500 performance rights under Tranche FY19 of the 2016 LTI Plan were granted to the executive directors following shareholder approval of the three new tranches to be granted during FY19, FY20 and FY21 at the 2018 AGM of the Company.

On 1 January 2019, 160,000 performance rights representing 40% of Tranche 1 of the 2016 LTI Plan had lapsed and will never be exercisable by the participants. On 1 March 2019, 112,500 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 8 March 2019, 45,000 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 11 March 2019, 45,000 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 21 March 2019, 37,500 performance rights under Tranche 1 of the 2016 LTI Plan were exercised reducing performance rights under Tranche 1 of the 2016 LTI Plan to nil.

CEO and CFO Certification

The CEO and CFO have provided written statements to the Board in accordance with section 295A of the Corporations Act 2001 and have also certified to the Board in relation to the year ended 30 June 2019, that:

a) 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; and

b) 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 factors such 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. CEO and CFO control assurance is not, and cannot, be designed to detect all weaknesses in control procedures.

In order to mitigate this risk, 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 the written statements of the CEO and CFO.

Dividends

The directors recommend a fully franked final dividend of 21.0 cents per share to be paid on 1 November 2019 (total dividend, fully franked - $247,744,684). The following fully franked dividends of the Company have also been paid, declared or recommended since the end of the preceding financial year:

	Payment Date	Amount
2018 final fully-franked dividend	2 November 2018	$200,554,004
2019 interim fully-franked dividend	1 May 2019	$141,568,391

The total dividend in respect of the year ended 30 June 2019 of 33.0 cents per share represents 96.77% (2018: 89.05%) of profit after tax and non-controlling interests, as set out on page 61 of the financial statements.

Excluding the non-cash net property revaluation increments, the total dividend in respect of the year ended 30 June 2019 of 33.0 cents per share represents 110.26% (2018: 98.54%) of profit after tax and non-controlling interests, as set out on page 61 of the financial statements.

The Dividend Policy of the Company is to pay such dividends as do not compromise the capability of the Company to execute strategic objectives.

Letter from the Chairman of the Remuneration Committee

Dear Shareholders

The consolidated entity has delivered another solid result with the 2019 financial year achieving a profit before tax of $574.56 million, an increase of 8.4% on the 2018 financial year of $530.17 million. The reported net profit after tax and non-controlling interests for the 2019 financial year of $402.32 million was up 7.2% on the $375.38 million for the 2018 financial year.

The consolidated entity delivered a strong increase of 8.8% in the net asset base for shareholders to $3.20 billion as at 30 June 2019. The profit before tax (PBT) return on net assets was 18% for the 2019 year compared to 18.05% for 2018.

Each of the executive directors have a significant shareholding in the Company, each in excess of their respective total fixed remuneration, which provides alignment of the executive management with that of shareholders. The directors and other members of the key management personnel team are committed to growing the business and creating long-term sustainable value for all stakeholders of the consolidated entity.

Changes to Remuneration

Changes to the Framework

At the 2018 AGM held on 27 November 2018, the Company received a vote of 50.63% of eligible votes against the 2018 Remuneration report.

The consolidated entity recognises the critical connection between conduct and reward. The assessment of conduct is informed by the fundamental principles of:

- obey the law
- do not mislead or deceive
- act fairly
- provide goods and services that are fit for purpose
- delivery goods and services with reasonable care and skill

The following changes were made to the remuneration framework for executive directors:

- The evaluation of the performance of each executive director has been undertaken by means of an individual executive director assessment with satisfactory performance required to qualify for the short term incentive pool;
- Earnings per share adjusted for the after tax effect of property increments and decrements (AEPS) is the measure used for the achievement of the financial conditions for the short term incentive (STI), replacing return on net assets (RONA);
- STI's will only be provided in the form of cash performance incentives if the executive director has a benchmark level of shares held in the Company equating to their individual level of fixed remuneration, otherwise the incentives will be provided as shares; and
- The STI pool can be increased if the financial performance conditions for the short term incentives are over-achieved to the maximum extent of 120%, otherwise the pool remained the same as the 2018 pool.

The quantum of the performance rights awarded in accordance with the 2016 LTI Plan as approved by shareholders at the 2018 AGM was determined as a proportion of the fixed remuneration of each executive director using the 10-day volume weighted average price (VWAP) of the Company following the announcement of the 2018 result of the Company, basing the award on market value.

The Board continued to review the executive remuneration structure to ensure it continues to drive shareholder value and to attract and retain the talent needed to achieve its strategic objectives. The framework for the executive remuneration structure remained similar to that which was in place for the 2018 financial year in respect of the following:

- Benchmarked fixed remuneration - Independent remuneration consultants i.e. Guerdon Associates, provided remuneration benchmark information for consideration and analysis in respect of the level of executive director remuneration, including fixed remuneration, and the long term incentives framework;
- At risk STI subject to a balanced scorecard of measures relevant to the given financial year;
- Entry at the base level of financial achievement in respect of the STI is required before the non-financial performance conditions became activated;
- At risk long term incentives (LTI) in the form of performance rights as issued under the terms of the 2016 LTI Plan;
- The use of RONA as the measure of financial performance for LTI capturing the effect of all impairments; and write-downs, apart from property revaluation increments and decrements.

The proportion of the "at-risk" STI remuneration opportunity for the Executive Directors, excluding the Chairman, increased from between 6% to 8% for the 2019 financial year.

Changes to the 2019 STI Plan

The Board adopted a STI Plan for Executive Directors relevant to the desired outcomes of the 2019 financial year. The STI Plan is subject to both financial conditions, calculated exclusively using Earnings per Share adjusted for the after tax effect of property increments and decrements (AEPS) as to a 50% weighting, and non-financial conditions as to 50% weighting. The minimum financial performance conditions (i.e. entry-level achievement) must be achieved prior to the activation of the non-financial performance conditions.

With respect to the 2019 STI Plan, the minimum financial performance conditions (entry-level to the 2019 STI Plan) was set at 28 cents AEPS, the 100% achievement level at 33 cents AEPS, with a maximum over-achievement level of 120% at 37 cents AEPS. The 100% achievement equated to an 8.26% increase on the equivalent 100% AEPS achievement level for the 2018 year of 30.48 cents. Achievement between the 50% and 100% targets and the 100% to the 120% targets is set on a straight line basis.

Letter from the Chairman of the Remuneration Committee (continued)

In respect of the 2019 STI, each participating Executive Director was subject to an additional non-financial performance condition in the form of a Participant Performance Review which:

- Measured the extent of the proper performance and discharge of the executive responsibilities and accountabilities of that Individual Participant Executive Director;
- Measured the extent of the proper performance and discharge of the duties of that Individual Participant Executive Director, as an officer and director of the Company.

Remuneration Outcomes

The achievements of the 2019 financial year are reflected in the remuneration outcomes.

1) Executive Directors achieved 90.61% of their 2019 Short Term Incentive (STI) targets for performance against a balanced scorecard of measures, as compared to 81.26% for the 2018 financial year.
   - In respect of the financial performance conditions the AEPS of 31.69 cents represented an achievement of 86.90%.
   - The non-financial performance conditions were achieved to the extent of 94.32% compared to 77.52% in the previous financial year.
   - This resulted in the recognition of an aggregated STI expense of $2,537,080 for the 2019 financial year in respect of the 2019 STI Plan as compared to $2,275,280 for the 2018 financial year.
   - The total 2019 STI achievement was $261,800, or 11.5%, higher than the 2018 STI achievement recognised in the 2018 financial year.

2) Return on Net Assets (RONA) of 17.32% for the year resulted in the following:
   - Tranche 2 of the 2016 LTI Plan, granted on 28 November 2016 being reassessed for vesting, remaining unchanged at 60%;
   - Tranche 3 of the 2016 LTI Plan, granted on 1 December 2017 being reassessed for vesting, remaining unchanged at 40%;
   - Tranche FY19 of the 2016 LTI Plan, granted on 4 December 2018 was assessed for probable vesting at 40%.

3) The total at risk compensation expense for the 2019 financial year was $499,721 or 13.3% less than the expense in the 2018 financial year due to the lower level of payment and assessed vesting under the LTI awards.

4) The total "take-home" pay for directors was $2,380,245 or 19.1% less than the 2018 financial year, due to the payout of long-term performance cash incentives relating to previous financial periods during FY2018.

5) Tranche 1 of the 2016 LTI Plan, granted on 30 November 2015 and subject to performance over the 2016, 2017 and 2018 financial years vested as to 60% with effect from 1 January 2019. All vested performance rights have been exercised.

6) The Executive Directors continued to be employed throughout the year.

The Board is confident that the remuneration policies support the financial and strategic goals of the consolidated entity.

On behalf of the Board, I invite you to review the full report and thank you for your continued interest.

Yours sincerely

Ken Gunderson-Briggs

K.W GUNDERSON-BRIGGS
Remuneration Committee Chairman

Contents of the 2019 Remuneration Report

This remuneration report for the year ended 30 June 2019 outlines the remuneration arrangements of the consolidated entity in accordance with the requirements of the *Corporations Act 2001 (Cth),* as amended, (the "Act") and its regulations. This information has been audited as required by section 308(3C) of the Act.

The remuneration report is presented under the following sections:

1. Introduction
2. Remuneration principles and strategy
3. Remuneration governance
4. Remuneration mix - target
5. Details of short-term and long-term incentive plans
6. Performance and executive remuneration outcomes in FY19
7. Executive contractual arrangements
8. Non-executive director remuneration arrangements
9. Relationship between remuneration and the performance of the Company
10. Compensation of key management personnel
11. Additional disclosures relating to options, performance rights and shares
12. 'Take-Home Pay' for key management personnel Directors of the Company
13. Other matters for disclosure
14. Loans to key management personnel and their related parties
15. Other transactions and balances with key management personnel and their related parties

1. Introduction

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 consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

Details of KMP of the Company and consolidated entity during the 2019 financial year are set out below. Unless otherwise indicated, the individuals were KMP for the entire financial year. For the purposes of this report, the term "executive" includes the chief executive officer ("CEO"), executive directors and senior executives of the consolidated entity.

Key Management Personnel

	Position	Term as KMP
Executive Directors		
Gerald Harvey	Executive Chairman	Full financial year
Kay Lesley Page	Executive Director & Chief Executive Officer	Full financial year
John Evyn Slack-Smith	Executive Director & Chief Operating Officer	Full financial year
David Matthew Ackery	Executive Director	Full financial year
Chris Mentis	Executive Director, Chief Financial Officer & Company Secretary	Full financial year
Non-Executive Directors		
Christopher Herbert Brown OAM	Non-Executive Director	Full financial year
Michael John Harvey	Non-Executive Director	Full financial year
Kenneth William Gunderson-Briggs	Non-Executive Director (Independent)	Full financial year
Graham Charles Paton AM	Non-Executive Director (Independent)	Full financial year
Maurice John Craven	Non-Executive Director (Independent)	Appointed 27 March 2019
Senior Executives		
Martin Anderson	General Manager – Advertising	Full financial year
Thomas James Scott	General Manager – Property	Full financial year
Gordon Ian Dingwall	Chief Information Officer	Full financial year
Frank Robinson	General Manager – Technology & Entertainment	Full financial year
Lachlan Roach	General Manager – Home Appliances	Full financial year
Ajay Calpakam	General Manager – Audio Visual	Full financial year

2. Remuneration Principles and Strategy

The executive remuneration strategy of the consolidated entity in 2019 is designed to attract, motivate and retain high performing individuals and align the interests of executives with shareholders. The relevant factors in determining the suitability of a board member, including the executive directors, are integrity, business savvy, an owner-oriented attitude and a deep genuine interest in the business of the consolidated entity.

In applying these principles to the consolidated entity:

a) Business savvy requires a deep understanding of one or more of the sectors of retail, property, franchising and digital.

b) Integrity requires a level of fundamental honesty, candour and frankness in dealing with colleagues, regulators and other third parties. Integrity necessarily requires a director to bring an open mind and independent judgment to the discussion of any matter of concern to the Board.

c) An owner orientation or perspective of an owner requires the individual to either have:

   i. "skin in the game" by holding, controlling or benefitting from a significant parcel of shares where the financial interests of the director are aligned with the long term beneficial interest of shareholders; or

   ii. a perspective of advising owners of businesses and understanding that wealth generation is derived from the building of business interests that create long term sustainable value.

d) Directors with an owner orientation retain an open mind to consider diverse views but are not strictly beholden to the whims of fashionable thinking and are able to form their own views as to what constitutes best practice in corporate governance.

e) Interest in and time to do the job means:

   i. the person has an executive role, meaning that the person's career is based on job performance at the company; or

   ii. the individual has a limited number of outside interests (i.e. the person is not a professional non-executive director),

In both cases, the individual has an independence of mind and outlook.

2. Remuneration Principles and Strategy (continued)

Applying these criteria to the current Board, the Board is satisfied that each director, including the executive directors, bring to the Board the necessary skills and attributes specified.

The following table illustrates how the remuneration strategy of the consolidated entity in 2019 aligns with the strategic direction and links remuneration outcomes to performance.

Objective of the consolidated entity in 2019	To be recognised as a leader in the sectors in which the consolidated entity operates and build long-term sustainable value for shareholders

Remuneration strategy linkages to objectives of the consolidated entity in 2019	Align the interests of executives with shareholders	The remuneration framework incorporates "at risk" components, through STI and LTI plans	Short-term performance is assessed against a suite of financial and non-financial measures relevant to the success of the consolidated entity in 2019 and generating returns for shareholders
	Long-term performance is assessed against financial performance conditions calculated exclusively in respect of RONA	Attract, motivate and retain high performing individuals Longer-term remuneration encourages retention and multi-year performance focus	The remuneration offering is competitive for companies of a similar sector, size and complexity

Component	Vehicle	Purpose	Link to Performance
Fixed Remuneration	Comprises base salary, superannuation contributions and other benefits	To provide competitive fixed remuneration set with reference to role, market and experience	Consolidated entity and individual performance are considered during the annual remuneration review
Short-Term Incentive (STI)	Paid as cash as performance cash incentive (PCI), subject to minimum shareholding of individual Executive Directors.	Rewards executives for their contribution to achievement of consolidated entity outcomes	(a) There is no STI award for an Executive Director unless the Executive Director satisfies the Participant Performance Review in terms of the Individual Executive Director Assessment Report. (b) There is no STI award unless the Entry Level financial condition is achieved. (c) The STI pool in respect of 100% achievement level is subject to performance criteria as to: (1) 50% subject to financial conditions, with the financial conditions based on Adjusted Earnings per Share (**AEPS**); (2) 50% subject to non-financial conditions. (d) Financial achievement calculated over the 100% achievement level is subject to financial conditions only. (e) Executive directors are to hold shares to the value equating to the level of fixed remuneration for that Executive Director at the end of the given financial year. (f) If shares held are less than the benchmark, benefits are to be provided in the form of shares.
Where Adjusted Earnings per Share (**AEPS**) means the fraction	$\frac{\text{Annual Net Profit After Tax (APAT) excluding the after-tax effect of property revaluation increments or decrements}}{\text{Number of Shares on issue at the beginning of the financial year}}$		
Long-Term Incentive (LTI)	Awards under the LTI Plan are granted in the form of performance rights, being a right to acquire one ordinary share in the Company at nil exercise price	Rewards executives for their contribution to the financial performance of the consolidated entity and the effective utilisation of net assets to generate wealth for shareholders	Vesting of LTI performance rights is conditional upon achievement, in aggregate, of Minimum RONA over the 2019, 2020 and 2021 financial years of 16% (for 20% vesting) with full vesting (i.e. 100%) achieved at 20% RONA
Where Return on Net Assets (**RONA**) means the fraction	$\frac{\text{APBT (annual net profit before income tax excluding property revaluation increments or decrements)}}{\text{Net Assets (excluding non-controlling interests) at the close of the preceding financial year}}$		

3. Remuneration Governance

Remuneration Committee

The remuneration committee is responsible for making recommendations to the Board on the remuneration arrangements for executive directors and non-executive directors ("NEDs").

3. Remuneration Governance (continued)

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. Independent remuneration consultants, Guerdon Associates, provided remuneration benchmark information for consideration and analysis in respect of the level of executive director remuneration, including fixed remuneration, and the long-term incentives framework during the 2019 financial year.

The remuneration committee comprises three NEDs, two of whom are independent NEDs. Further information on the committee's role, responsibilities and membership is located on the website: www.harveynormanholdings.com.au.

Remuneration Approval Process

The Board approves the remuneration arrangements of the chief executive officer ("CEO") and executives and all awards made under the long-term incentive plans of the Company, following recommendations from, and certain determinations by, 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 short term incentive ("STI") pool for executive directors.

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

No executive director was present at any meeting of directors which considered any long term incentive plan or short term incentive plan of the Company, and no executive director voted on those matters.

4. Remuneration Mix - Target

For the 2019 financial year, the executive remuneration framework comprised fixed remuneration, STI and LTI as outlined below.

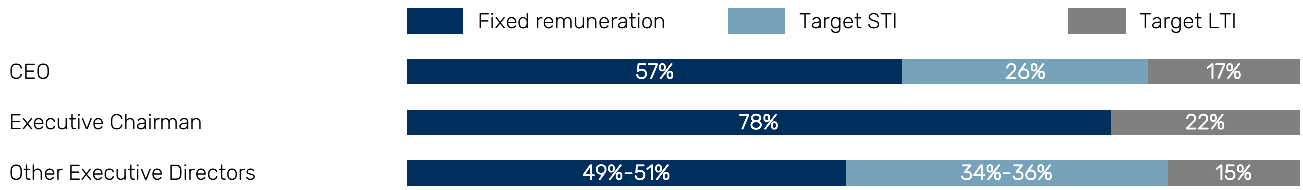
The consolidated entity aims to reward executives with a level and mix of remuneration appropriate to their position and responsibilities, while being market competitive.

The policy of the consolidated entity is to position fixed remuneration around the median of comparator groups. Target total remuneration is intended to provide the opportunity to earn top quartile rewards for outstanding performance.

During the 2019 financial year, remuneration benchmarking was undertaken with reference to both sector peers and comparator groups comprising companies of a similar financial size.

Remuneration levels are considered annually through a remuneration review which considers market data and the performance of the consolidated entity and individual.

The following summarises the target remuneration mix of the executives.



5. Details of Short-Term and Long-Term Incentive Plans

The extent to which the financial condition and non-financial conditions are satisfied is documented in a Performance Report and an Internal Audit Report, for consideration by the Remuneration Committee in accordance with the terms and conditions of the short-term and long-term incentive plans. The Performance Report is a report prepared for, and on behalf of, the CEO addressing whether each weighted non-financial condition has been satisfied or, where relevant, the extent (expressed as a percentage) to which each weighted non-financial condition has been satisfied. The Internal Audit Report is a report prepared by the Chief Internal Auditor of the Company, which is an objective appraisal of the Performance Report and documents the findings of the audit of the Performance Report.

2019 STI Plan

The consolidated entity operates an annual STI program available to executive directors and awards a performance cash incentive (PCI), or equity, subject to the achievement of clearly defined measures, targets, initiatives and conditions.

5. Details of Short-Term and Long-Term Incentive Plans (continued)

2019 STI Plan	
Who participates?	Executive directors
How is the STI delivered?	STI awards, in the form of a cash bonus or performance cash incentive (**PCI**) or equity (subject to the below criteria), have been made annually to executive directors in order to align remuneration with the achievement of a number of performance measures, targets and initiatives covering both financial and non-financial, corporate and individual measures of performance. Executive directors are to hold shares in the Company to the value equating to the level of fixed remuneration for that Executive Director at the end of the given financial year (the **Benchmark Shareholding Level**), with any STI paid in equity or cash subject to the following: (a) If the Executive Director is under the Benchmark Shareholding Level, the STI reward will be paid in equity, subject to shareholder approval and compliance with the ASX Listing Rules, to the value that increases the holding of the Executive Director to the Benchmark Shareholding Level, with any remaining balance of the STI reward paid in cash. (b) If the Executive Director is over the Benchmark Shareholding Level, the STI reward will be paid in cash.
When is the STI paid?	The payment of the 2019 STI Plan PCI to an executive under the 2019 STI Plan is to be made on 27 September 2019, or as soon as reasonably practicable after that date, subject to the satisfaction of 2019 STI Plan Performance Conditions and 2019 STI Plan Service Conditions.
What is the 2019 STI opportunity?	Executive directors, excluding the Executive Chairman, have a target STI opportunity of between 46% to 76% of fixed remuneration. The target STI opportunity 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. For the year ended 30 June 2019, the 100% STI Opportunity Pool of the 2019 STI Plan PCI, potentially payable, was $2,800,000 as follows: (i) in respect of Gerald Harvey, nil; (ii) in respect of Kay Lesley Page, $800,000; (iii) in respect of John Evyn Slack-Smith, $700,000; (iv) in respect of David Matthew Ackery, $700,000; and (v) in respect of Chris Mentis, $600,000. The maximum pool for allocation at 120% Over-Achievement Level was $3,360,000 in aggregate.
What are the STI performance conditions for FY2019?	Actual STI payments awarded to each executive depend on the extent to which specific measures, targets, initiatives and conditions for the 2019 financial year ("STI Targets") were met. STI Targets cover financial and non-financial measures of performance. There is no STI award for an Executive Director unless the Executive Director satisfies the Participant Performance Review in terms of the Individual Executive Director Assessment Report. There is no STI award unless the Entry Level financial condition is achieved. The primary weighting of the 2019 STI Plan Performance Conditions are as follows: (a) as to 50% - the Financial Condition; and (b) as to 50% - the Non-Financial Conditions

(a) 50% Financial Condition	(b) 50% Non-Financial Conditions
AEPS [Aggregate APAT ÷ Number of Shares] as defined in Section 2 above was selected as the STI performance measure as it: ▪ indicates the level of after tax profit generated on a per share basis; and ▪ provides a basis for comparing growth in profitability year-on-year The Financial Condition is calculated in respect of the year ended 30 June 2019 and will be achieved at the following levels: ▪ Entry Level at 28 cents AEPS, equating to 50% entitlement to the STI pool (50% opportunity pool = $1.40 million); ▪ 100% Level at 33 cents AEPS, equating to 100% entitlement to the STI pool (100% opportunity pool; = $2.80 million); ▪ Straight-line sliding scale between Entry Level and 100% Level; ▪ 120% Over-Achievement Level at 37 cents AEPS, equating to 120% entitlement to the STI pool (120% opportunity pool = $3.36 million); ▪ Straight-line sliding scale for achievement between 100% and 120% Level.	The Non-Financial Conditions are assessed in respect of the year ended 30 June 2019 and include the following non-financial measures in: ▪ Customer experience (10%); ▪ Improve productivity (10%); ▪ Company-operated store expansion strategy (20%); and ▪ Franchisee learning, development and growth (10%).

How is performance assessed?	In respect of the 2019 STI, each participating Executive Director will be subject to an additional non-financial performance condition in the form of a Participant Performance Review which would: ▪ Measure the extent of the proper performance and discharge of the executive responsibilities and accountabilities of that Individual Participant Executive Director; ▪ Measure the extent of the proper performance and discharge of the duties of that Individual Participant Executive Director, as an officer and director of the Company. To determine whether an individual is eligible for the 2019 STI, the following process is undertaken:

5. Details of Short-Term and Long-Term Incentive Plans (continued)

How is performance assessed? (continued)	▪ A Report by the CEO in respect to which each Individual Participant Executive Director has satisfied the Participant Performance Review in the form of an Individual Executive Director Assessment Report. In respect of the assessment of the CEO, the Chairman of the Remuneration Committee shall undertake the report and assessment in respect of the CEO. ▪ An objective appraisal by the Internal Auditor of the process and conclusions reached in the Individual Executive Director Assessment Reports, to be provided to the Remuneration Committee promptly after 30 June 2019. In the event of a satisfactory Participant Performance Review, and after consideration of reports and performance against STI Targets, the remuneration committee makes a final determination of the amount of STI to be paid to the CEO and other executive directors. The extent to which the financial conditions and non-financial conditions are satisfied will be documented in the Performance Report and an Internal Audit Report, for consideration by the Remuneration Committee in accordance with the terms and conditions of the 2019 STI Plan. The Remuneration Committee (acting on behalf of the Company) may at any time, in its absolute discretion, decrease the amount of the STI which is, or may become, payable to an executive under the 2019 STI Plan by serving a written notice to the relevant executive at any time before the payment date. Details of the 2019 STI Targets and levels of achievement in the 2019 financial year are set out in pages 39 to 41 of this report.
What happens if an executive leaves?	For "Bad Leavers" (defined by the Company as resignation or termination for cause), any STI is forfeited, unless otherwise determined by the Board. For any other reason, the Board has discretion to award STI on a pro-rated basis taking into account time and the current level of performance against performance hurdles.

Tranche FY19 of the 2016 LTI Plan	LTI grants are made annually to executive directors in order to align remuneration with the creation of sustainable shareholder value over the long-term.
Who participates?	Executive directors which have an impact on the performance of the consolidated entity against the relevant long-term performance measures.
How is the LTI delivered?	Shareholders at the AGM held on 24 November 2015 approved the terms and conditions of the 2016 LTI Plan that permitted the grant of performance rights to executive directors, being a right to acquire one ordinary share in the Company at nil exercise price, in three separate tranches in the 2016, 2017 and 2018 financial years. Shareholders at the AGM held on 27 November 2018, permitted the grant of a further three separate tranches of performance rights to executive directors in the 2019, 2020 and 2021 financial years, subject to the terms and conditions of the 2016 LTI Plan.

Executive	Tranche FY19 Exercisable between 1 January 2022 and 30 June 2024	Tranche FY20 Exercisable between 1 January 2023 and 30 June 2025	Tranche FY21 Exercisable between 1 January 2024 and 30 June 2026
G. Harvey	65,500	65,500	65,500
K.L Page	183,000	183,000	183,000
J.E. Slack-Smith	109,000	109,000	109,000
D.M. Ackery	109,000	109,000	109,000
C. Mentis	83,000	83,000	83,000
	549,500	549,500	549,500

What is the LTI opportunity?	A performance right is the right to acquire one ordinary share in the Company at nil exercise price. No amount is payable in respect of the grant of a performance right. If exercised, each performance right will be converted into one ordinary share in the Company. Executive directors have a target LTI opportunity of between 29% to 30% of fixed remuneration. A total of 549,500 performance rights under Tranche FY19 of the 2016 LTI Plan were granted to executive directors on 4 December 2018. The performance rights were independently valued by Mercer Consulting (Australia) Pty Limited at grant date with a fair value of $2.59 per entitlement share granted under Tranche FY19 on 4 December 2018, based on a share price of $3.21. The fair value was derived from a discounted cash flow technique where the value of the performance right is the face value of the share at grant date less the present value of the dividends expected to be paid on the share but not received by the holder during the vesting period. Subject to the satisfaction of the financial performance condition (calculated exclusively based on RONA) and service conditions of the 2016 LTI Plan, the total fair value of Tranche FY19 performance rights amounted to $1,423,205 in aggregate.

Tranche FY19	Key Dates
Grant date	4 December 2018
Vesting date	31 December 2021
First exercise date	1 January 2022
Last exercise date	30 June 2024

5. Details of Short-Term and Long-Term Incentive Plans (continued)

What are the performance conditions for Tranche FY19 of the 2016 LTI Plan?

Performance conditions are deemed to be an essential component of all variable reward entitlements. The proposed allocation of performance rights will be subject to service conditions and financial performance conditions. The Board (after consideration of the recommendations of the Remuneration Committee), may, in its discretion, impose additional non-financial performance conditions which must be satisfied as a condition of exercise of any performance rights by the Grantee.

100% Financial Condition

With the exception of the service condition, the Board has resolved that the conditions in respect of the achievement of Tranche FY19 of the 2016 LTI Plan will be all financial, based exclusively on RONA, where Tranche FY19 RONA means the fraction:

Tranche FY19 Aggregate APBT ÷ Tranche FY19 Aggregate Net Assets, expressed as a percentage.

Where:

Tranche FY19 Financial Years means the financial years ending 30 June 2019, 2020 and 2021;

Tranche FY19 Aggregate APBT means the aggregate amounts of the annual net profit before income tax of the consolidated entity for each of the Tranche FY19 Financial Years, but excluding amounts accounted for in the financial statements of the consolidated entity for increments or decrements arising from the revaluation of land or buildings in the Tranche FY19 Financial Years;

Tranche FY19 Aggregate Net Assets means the amounts of the net assets of the consolidated entity, excluding non-controlling interests, as at each of 30 June 2018, 2019 and 2020 as described in the annual report of the consolidated entity in respect of each of the Tranche FY19 Financial Years.

Full vesting of the Tranche FY19 performance rights is conditional upon achievement, of Tranche FY19 RONA of at least 20%, with a lesser vesting as set out in the table below:

Tranche FY19 RONA Achieved	Tranche FY19 % of Performance Rights that will become exercisable
Less than 16%	Nil
16%	20%
17%	40%
18%	60%
19%	80%
20%	100%

What are the service conditions of Tranche FY19 of the 2016 LTI Plan?

The service condition in respect of Performance Rights of a Participant under each Tranche will be deemed to be satisfied if at the time of exercise of the Performance Rights:

(a) the Participant has not resigned or provided notice of resignation of employment from the Company, except in order to retire from the workforce;
(b) the Company has not terminated the employment of the Participant for cause; and
(c) the Board has not determined that the Performance Rights should lapse as a result of any fraud, gross misconduct or conduct of the Participant which brings the Company into disrepute.

How will the 2016 LTI Plan be administered?

The LTI Plan will be administered by the Board. The Board has the right (after consideration of any recommendations of the Remuneration Committee), and subject to the Listing Rules and applicable legal requirements, to:

- make all determinations required under the LTI Plan; and
- waive or modify the application of all or any service conditions, non-financial terms and conditions of the LTI Plan and performance rights granted under the LTI Plan as the Board considers appropriate.

How is performance assessed?

Level of satisfaction of LTI Plan conditions is monitored by the Remuneration Committee, with assistance from Internal Audit, each year, with the vesting outcomes ultimately determined at the end of the three year performance period.

The LTI award for each of the financial years will be measured over a three year period, with Tranche FY19 of the 2016 LTI Plan measured over the period for financial years ending 30 June 2019, 30 June 2020 and 30 June 2021.

When does the LTI vest?

Performance rights granted under Tranche FY19 of the 2016 LTI Plan will vest on 31 December 2021, subject to meeting the financial performance conditions in the 2019, 2020 and 2021 financial years and service conditions, and will be capable of exercise between 1 January 2022 and 30 June 2024.

How are potential LTI awards treated on termination?

In general, where a participant resigns or is terminated for cause before a performance right vests, all unvested performance rights will lapse. The Board (after consideration of the recommendations of the Remuneration Committee of the Board), has discretion to determine the treatment of any unvested performance rights where a participant ceases employment in "good leaver" circumstances (such as by reason of death, disability or otherwise in circumstances approved by the Board).

In the event of fraud, dishonesty or breach of obligations, the Board may make a determination, including lapsing an award of performance rights, to ensure no unfair benefit is obtained by a participant.

How are potential LTI awards treated if a change of control occurs?

In the event of a takeover, scheme of arrangement or other transaction which may result in a person becoming entitled to exercise control over the Company, the Board has a discretion to determine whether any unvested performance rights should vest, lapse or become subject to different performance conditions, or whether any resulting shares that are subject to a restriction period, should become unrestricted.

Are executives eligible for dividends?

Performance rights will not carry any voting or dividend rights. Performance rights are non-transferable except in limited circumstances or with the consent of the Board. If exercised, each performance right will be converted into one ordinary share in the Company. Executives will then be entitled to dividends on those ordinary shares after conversion.

6. Performance and Executive Remuneration Outcomes in FY19

6A. Actual Remuneration Earned by Key Management Personnel (KMP) in FY19

The compensation expensed in respect of KMP in FY19 is set out in Table 1 (for Directors) and Table 2 (for Senior Executives) on pages 47 and 48 of this report. This provides shareholders with a view of the remuneration earned by KMP for performance in the 2019 financial year and the value of any LTIs expensed during the financial year.

The 'take-home pay' for KMP Directors of the Board of the Company, representing the benefits paid to each Director during the year ended 30 June 2019, or as soon as practicable after that date, is set out in Section 12 of the Remuneration Report on page 52.

6B. Fixed Remuneration

Executive contracts of employment do not include any guaranteed base pay increases. The fixed remuneration 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 47 of this report.

6C. Actual Performance Against Short Term Incentive (STI) Measures

A combination of financial and non-financial measures is used to measure performance for STI awards. The aggregate 100% opportunity pool of the 2019 STI Plan potentially payable was $2,800,000, the same size pool as the 2018 STI. The maximum pool for allocation at 120% over-achievement level was $3,360,000 in aggregate. 50% of the STI is dependent on the satisfaction of financial performance conditions (exclusively based on AEPS) and 50% is measured against the achievement of set non-financial measures.

Actual performance against those measures is as follows for the 2019 financial year:
(a) 86.90% achievement of the 50% Financial Condition (score of 43.45%) = $1,216,600 payable for FY19
(b) 94.32% achievement of the 50% Non-Financial Conditions (score of 47.16%) = $1,320,480 payable for FY19

The total 2019 STI Plan payable in respect of the 2019 financial year is $2,537,080, compared to $2,275,280 for the 2018 financial year. This represented a total achievement of 90.61% of the 2019 STI as shown in the tables below. The payment of the 2019 STI Plan is to be made on or before 27 September 2019, or as soon as reasonably practicable after that date, subject to the satisfaction of the 2019 STI Plan Service Conditions.

Financial Conditions of the 2019 STI Plan

Achievement of 50% Financial Condition						
Calculation of FY19 AEPS		FY19 APAT (profit after tax excl property revaluation) / FY 18 HVN Shares on Issue			$353.09 million / 1,114,188,911 HVN Shares	**AEPS = 31.69 cents**
	100% Level 2019 STI PCI	% Financial Conditions	2019 STI PCI Financial Condition	2019 AEPS	% Financial Condition Satisfied	2019 STI PCI Payable
Gerald Harvey	Nil	n/a	Nil	n/a	n/a	Nil
Kay Lesley Page	$800,000	50%	$400,000	31.69 cents	86.9% (43.45% score)	$347,600
John Evyn Slack-Smith	$700,000	50%	$350,000	31.69 cents	86.9% (43.45% score)	$304,150
David Matthew Ackery	$700,000	50%	$350,000	31.69 cents	86.9% (43.45% score)	$304,150
Chris Mentis	$600,000	50%	$300,000	31.69 cents	86.9% (43.45% score)	$260,700
Total	$2,800,000		$1,400,000			$1,216,600

For the 2019 financial year $1,400,000, being 50% of the aggregate 100% level opportunity pool of the 2019 STI Plan PCI of $2,800,000, was subject to the AEPS financial condition. The Entry Level point for the financial condition was at 28 cents AEPS with the 100% achievement level at 33 cents AEPS. Achievement points are set on a straight-line, sliding scale basis between the Entry Level of 28 cents AEPS to the 100% Level of 33 cents AEPS. AEPS for the 2019 financial year was 31.69 cents resulting in an achievement level of 86.9% of the financial condition on a straight-line sliding scale basis. This translated to an achievement score of 43.45% in respect of the 2019 STI.

Non-Financial Conditions of the 2019 STI Plan

Achievement of 50% Non-Financial Conditions	For the 2019 financial year $1,400,000, being 50% of the aggregate 100% opportunity pool of the 2019 STI Plan PCI of $2,800,000, was subject to set non-financial performance measures as to: ▪ Customer experience (10%); ▪ Improve productivity (10%); ▪ Company-operated store expansion strategy (20%); and ▪ Franchisee learning, development and growth (10%).

6C. Actual Performance Against Short Term Incentive (STI) Measures (continued)

	100% Level 2019 STI PCI	% Non-Financial Conditions	2019 STI PCI Non-Financial Conditions	% Non-Financial Conditions Satisfied	2019 STI PCI Payable
Gerald Harvey	Nil	n/a	Nil	n/a	Nil
Kay Lesley Page	$800,000	50%	$400,000	94.32% (47.16% score)	$377,280
John Evyn Slack-Smith	$700,000	50%	$350,000	94.32% (47.16% score)	$330,120
David Matthew Ackery	$700,000	50%	$350,000	94.32% (47.16% score)	$330,120
Chris Mentis	$600,000	50%	$300,000	94.32% (47.16% score)	$282,960
Total	$2,800,000		$1,400,000		$1,320,480

The Remuneration Committee had regard to certificates and reports from officers of the Company, other Board committees and management, including the Individual Director Assessment Reports and Internal Audit Reports, and noted that 94.32% of the non-financial performance hurdles for the 2019 STI Plan were achieved. This resulted in an amount of $1,320,480 in respect of the non-financial performance measures becoming payable to executive directors.

Achievement of the Non-Financial Performance Conditions for the 2019 STI Plan are set out in the following table.

	Assessment of Non-Financial Conditions of the 2019 STI Plan					
Measure	Target	Primary Weighting	Initiatives and Conditions	Weighting of Initiatives & Conditions	Achievement	Score
Customer Experience	Grant licences to use tools to reinforce and enhance the "Shop with Confidence" Harvey Norman® brand positioning through the Customer Service Standards.	10.0%	(1) Each franchisee in a Harvey Norman® complex to achieve an aggregate satisfaction rating from customer experience surveys of no less than 50% for that complex in Australia (expected achievement of 75%).	40%	96.25%	3.85%
			(2) Each franchisee in Australia to achieve a reduction in the number of total consumer complaints of 4% in FY19 over the prior year on a like-for-like basis.	40%	100%	4.0%
			(3) Company-operated stores in New Zealand to achieve an aggregate independent rating from the planned and budgeted customer experience surveys during FY19 of at least 50% (expected achievement of 75%).	10%	81%	0.81%
			(4) Company-operated stores in New Zealand to achieve a net reduction in total complaints of 3% in FY19 over the prior year on a like-for-like basis.	10%	100%	1.0%
Improve Productivity	Implement process improvements and systems to enhance the Online-to-Offline (020) Strategy of the consolidated entity	10.0%	Franchisees are to be provided with licences and training to use tools to improve the profitability of their franchised business.			
			(1) Tools to expand business scope in respect of 'Drop Ship' capability.	25%	100%	2.5%
			(2) Tools to redesign marketplace websites.	25%	0%	0%
			(3) Upgrade of e-commerce platforms.	25%	100%	2.5%
			(4) Selected franchisees in metropolitan locations to implement customer service and process improvement initiatives as part of the 'Last Mile'.	25%	100%	2.5%

6C. Actual Performance Against Short Term Incentive (STI) Measures (continued)

	Assessment of Non-Financial Conditions of the 2019 STI Plan (continued)					
Measure	Target	Primary Weighting	Initiatives and Conditions	Weighting of Initiatives & Conditions	Achievement	Score
Company-Operated Store Expansion Strategy	Company-operated store expansion strategy to be developed and executed in Malaysia, Croatia and Ireland.	20.0%	(1) Malaysia: Two new stores to be opened during FY19.	33.33%	100%	6.67%
			(2) Croatia: Progress with the identification, planning, approval and future land purchases of potential sites.	33.33%	100%	6.67%
			(3) Ireland: Progress with two new stores at Galway and Sligo to the completion of the planning and approval stage.	33.33%	100%	6.67%
Franchisee learning, development and growth	Ongoing refinement of the process by each franchisee that promotes and encourages measureable improvement in the knowledge and capability of the franchisee and their employees.	10.0%	(1) Franchisees to identify and nominate a minimum number of 50 candidates to attend the "Franchisees in Training (FIT)" development course during FY2019.	30%	100%	3.0%
			(2) Achieve a participation rate of female FITs in the FIT course of no less than 30% for the courses run during FY2019.	30%	100%	3.0%
			(3) Achieve a successful completion rate of 75% by participants in the FIT course during FY2019.	40%	100%	4.0%
Total		50.0%				47.16%

Service Conditions of the 2019 STI Plan

The 2019 STI Plan Service Conditions will be deemed to be satisfied, if and only if, as at the relevant payment date being 27 September 2019:

- the Executive has not resigned or provided notice of resignation of employment from the Employer, except in order to retire from the workforce;
- the Employer has not terminated the employment of the Executive for cause; or
- the Board has not determined that the incentives should be revoked or lapse as a result of any breach of the law, corrupt conduct, bribery, fraud, gross misconduct or conduct of the Executive which brings the Company or the Employer into disrepute.

Shareholding Benchmark of the 2019 STI Plan

Executive directors are to hold shares in the Company to the value equating to the level of fixed remuneration for that executive director at the end of the financial year (the **Benchmark Shareholding Level**). If shares held by the executive director are less than the Benchmark Shareholding Level, the STI benefit are to be provided in the form of shares, subject to shareholder approval and compliance with ASX Listing Rules, to the value that increases the holding of the executive director to the Benchmark Shareholding Level.

Each of the executive directors that participated in the 2019 STI Plan held shares in the Company of a value that was in excess of the Benchmark Shareholding Level. The STI benefit under the 2019 STI Plan is to be paid in cash.

6D. Actual Performance Against Long-Term Incentive (LTI) Measures for Tranche FY19 of the 2016 LTI Plan

With the exception of the service condition, the Board has resolved that the conditions in respect of Tranche FY19 of the 2016 LTI Plan will be all financial, based exclusively on RONA, where Tranche FY19 RONA means the fraction **Tranche FY19 Aggregate APBT ÷ Tranche FY19 Aggregate Net Assets**, expressed as a percentage. Tranche FY19 of the 2016 LTI Plan will be measured over a three-year period for financial years ending 30 June 2019, 30 June 2020 and 30 June 2021. The financial condition of Tranche FY19 will be wholly satisfied if the cumulative RONA over the measurement period is 20%, with lesser vesting as set out in the LTI Plan conditions on pages 37 and 38. Tranche FY19 will not vest if the RONA is less than 16% on a cumulative basis over the three-year measurement period.

A total of 549,500 performance rights were granted to executive directors on 4 December 2018. The performance rights were independently valued by Mercer Consulting (Australia) Pty Limited at a fair value of $2.59 per entitlement share, based on a share price of $3.21 as at grant date, resulting in a total fair value of Tranche FY19 of $1,423,205. The Remuneration Committee had regard to certificates and reports from officers of the Company, other Board committees and management and Internal Audit Reports, and has estimated, based on the available evidence, that the financial performance condition for Tranche FY19 of the 2016 LTI Plan will be 40% achieved by the end of the vesting period and 40% of the estimated fair value of the performance rights will meet the performance condition.

The probability of 40% vesting has been estimated based on the calculation of Tranche FY19 RONA for the 2019 financial year of 17.32%. A 17.32% RONA for FY19 resulted in a 40% vesting for year 1 of the three-year measurement period. A 40% vesting probability will result in an estimated cumulative Tranche FY19 fair value of $569,282 over the vesting period. An amount of $105,887 has been recognised as remuneration to Executive Directors and expensed in the income statement on a straight-line basis for the year ended 30 June 2019.

6D. Actual Performance Against Long-Term Incentive (LTI) Measures for Tranche FY19 of the 2016 LTI Plan (continued)

Achievement of 100% Financial Condition for Tranche FY19 of 2016 LTI Plan			
Calculation of FY19 RONA	FY 19 APBT (net profit excluding property revaluation) / FY 18 Net Assets (excluding non-controlling interests)	$504.26 million / $2,911.01 million	= 17.32% RONA

	Number of Performance Rights	Fair Value per Right	Fair Value of Performance Rights	Probability of Vesting %	Estimated Value of Tranche FY19 2016 LTI Plan to Vest	Tranche FY19 LTI Plan Expense in FY2019
Gerald Harvey	65,500	$2.59	$169,645	40%	$67,858	$12,622
Kay Lesley Page	183,000	$2.59	$473,970	40%	$189,588	$35,263
John Evyn Slack-Smith	109,000	$2.59	$282,310	40%	$112,924	$21,004
David Matthew Ackery	109,000	$2.59	$282,310	40%	$112,924	$21,004
Chris Mentis	83,000	$2.59	$214,970	40%	$85,988	$15,994
Total	549,500		$1,423,205		$569,282	$105,887

Subject to the satisfaction of the financial performance condition and service conditions of the 2016 LTI Plan, Tranche FY19 will vest on 31 December 2021. The exercise price for each performance right will be nil. If exercised, each performance right will be converted into one ordinary share of the Company. Unexercised performance rights, will lapse, irrespective of whether they have become exercisable on 1 July 2024 or:

- such earlier date specified by the Board;
- the Board determines the performance rights granted to a Grantee should lapse, as a result of any fraud, gross misconduct or conduct by that Grantee which brings the Company into disrepute; or
- the Board determines the relevant requirements in relation to performance rights granted to a Grantee, including performance conditions and a service condition, have not and are incapable of being met.

6E. Reassessment of Tranche 3 of the 2016 LTI Plan Performance Conditions and Expense Recognised in FY19

In 2018, a total of 400,000 performance rights were granted to executive directors on 1 December 2017 under Tranche 3 of the 2016 LTI Plan. The performance rights were independently valued by Mercer Consulting (Australia) Pty Limited at a fair value of $3.34 per entitlement share, based on a share price of $4.02 as at grant date, resulting in a total fair value of Tranche 3 of $1,336,000. Tranche 3 of the 2016 LTI Plan will be measured over a three-year period for financial years ending 30 June 2018, 30 June 2019 and 30 June 2020.

In the 2018 Remuneration Report, it was reported that the estimated achievement of Tranche 3 of the 2016 LTI Plan would have been 40% by the end of the vesting period and that 40% of the estimated fair value of the Tranche 3 performance rights will meet the performance condition. The probability of 40% vesting had been estimated based on the calculation of Tranche 3 RONA for the 2018 financial year of 17.15%.

The financial performance condition of Tranche 3 is subject to reassessment during each of the Tranche 3 Financial Years meaning the financial years ending 30 June 2018, 2019 and 2020. A reassessment of the Tranche 3 Aggregate APBT and Tranche 3 Aggregate Net Assets for the 2018 and 2019 financial years has resulted in a revised RONA for the two-year aggregated period of 17.24%. A revised aggregated RONA of 17.24% for the Tranche 3 Financial Years results in a probability of vesting of 40%. This revised probability of vesting is consistent with the FY 2018 estimated vesting probability of 40%. The cumulative expense in respect of Tranche 3 is $534,400 consistent with the previous cumulative Tranche 3 expense reported in the 2018 Remuneration Report.

Reassessment of 100% Financial Condition for Tranche 3 of 2016 LTI Plan			
Calculation of Aggregated RONA for Tranche 3 Financial Years (2018 and 2019)	Tranche 3 Aggregated APBT (2018 + 2019) / Tranche 3 Aggregated Net Assets (2017 + 2018)	$982.78 million / $5,701.47 million	= 17.24% RONA

	Probability Vesting % in FY18	Tranche 3 Fair Value in FY18	Revised Probability Vesting in FY19	Revised Tranche 3 Fair Value in FY19	Adjustment due to Reassessment	Tranche 3 LTI Plan Expense in FY2019
Gerald Harvey	40%	$83,500	40%	$83,500	-	$27,043
Kay Lesley Page	40%	$150,300	40%	$150,300	-	$48,677
John Evyn Slack-Smith	40%	$100,200	40%	$100,200	-	$32,452
David Matthew Ackery	40%	$100,200	40%	$100,200	-	$32,452
Chris Mentis	40%	$100,200	40%	$100,200	-	$32,452
Total		$534,400		$534,400	-	$173,076

6F. Reassessment of Tranche 2 of the 2016 LTI Plan Performance Conditions and Expense Recognised in FY19

In 2017, a total of 400,000 performance rights were granted to executive directors on 28 November 2016 under Tranche 2 of the 2016 LTI Plan. The performance rights were independently valued by Mercer Consulting (Australia) Pty Limited at a fair value of $3.87 per entitlement share, based on a share price of $4.73 as at grant date, resulting in a total fair value of Tranche 2 of $1,548,000. Tranche 2 of the 2016 LTI Plan was measured over a three-year period for financial years ending 30 June 2017, 30 June 2018 and 30 June 2019.

In the 2018 Remuneration Report, it was reported that the estimated achievement of Tranche 2 of the 2016 LTI Plan would have been 60% by the end of the vesting period and that 60% of the estimated fair value of the performance rights would meet the performance condition. The probability of 60% vesting had been estimated based on the calculation of Tranche 2 RONA for the 2017 and 2018 financial years of 18.51%. During 2018, the probability of vesting was revised downwards from the previous level of 80% vesting in the 2017 Remuneration Report.

The financial performance condition of Tranche 2 was subject to reassessment during each of the Tranche 2 Financial Years meaning the financial years ending 30 June 2017, 2018 and 2019. A reassessment of the Tranche 2 Aggregate APBT and Tranche 2 Aggregate Net Assets for the 2017, 2018 and 2019 financial years has resulted in a revised RONA for the three-year aggregated period of 18.10%. A revised aggregated RONA of 18.10% for the Tranche 2 Financial Years has resulted in a 60% achievement of the Tranche 2 performance rights. The actual Tranche 2 achievement of 60% is consistent with the FY 2018 estimated vesting probability of 60%. The cumulative expense in respect of Tranche 2 is $928,800 consistent with the previous cumulative Tranche 2 expense reported in the 2018 Remuneration Report.

Reassessment of 100% Financial Condition for Tranche 2 of 2016 LTI Plan			
Calculation of Aggregated RONA for Tranche 2 Financial Years (2017 and 2018)	Tranche 2 Aggregated APBT (2017 + 2018 + 2019) / Tranche 2 Aggregated Net Assets (2016 + 2017 + 2018)	$1,514.54 million / $8,367.76 million	= 18.10% RONA

	Probability Vesting % in FY18	Tranche 2 Fair Value in FY18	Revised Probability Vesting in FY19	Revised Tranche 2 Fair Value in FY19	Adjustment due to Reassessment	Tranche 2 LTI Plan Expense in FY2019
Gerald Harvey	60%	$145,125	60%	$145,125	-	$46,918
Kay Lesley Page	60%	$261,225	60%	$261,225	-	$84,453
John Evyn Slack-Smith	60%	$174,150	60%	$174,150	-	$56,302
David Matthew Ackery	60%	$174,150	60%	$174,150	-	$56,302
Chris Mentis	60%	$174,150	60%	$174,150	-	$56,302
Total		$928,800		$928,800	-	$300,277

6G. Reassessment of Tranche 1 of the 2016 LTI Plan Performance Conditions and Expense Recognised in FY19

In 2016, a total of 400,000 performance rights were granted to executive directors on 30 November 2015 under Tranche 1 of the 2016 LTI Plan. The performance rights were independently valued by Mercer Consulting (Australia) Pty Limited at a fair value of $3.52 per entitlement share, based on a share price of $4.08 as at grant date, resulting in a total fair value of Tranche 1 of $1,408,000. Tranche 1 of the 2016 LTI Plan was measured over a three-year period for financial years ending 30 June 2016, 30 June 2017 and 30 June 2018.

In the 2018 Remuneration Report, it was reported that the achievement of Tranche 1 of the 2016 LTI Plan was 60% as at the end of the three-year measurement period ending 30 June 2018. This was based on the calculation of the Tranche 1 Aggregate APBT and Tranche 1 Aggregate Net Assets for the 2016, 2017 and 2018 financial years resulting in a three-year RONA of 18.21%.

During the 2019 financial year, an expense of $137,804 was recognised in respect of Tranche 1 of the 2016 LTI Plan representing the remaining vesting period up to 31 December 2018. Of the 400,000 performance rights granted to executive directors during 2016, a total of 60%, or 240,000 performance rights vested on 31 December 2018 and were exercisable from 1 January 2019. The cumulative expense recognised in respect of Tranche 1 was $844,800.

Achievement of the 100% Financial Condition for Tranche 1 of 2016 LTI Plan			
Calculation of Aggregated RONA for Tranche 1 Financial Years (2016, 2017 and 2018)	Tranche 1 Aggregated APBT (2016 + 2017 + 2018) / Tranche 1 Aggregated Net Assets (2015 + 2016 + 2017)	$1,455.69 million / $7,993.84 million	= 18.21% RONA

	Actual Achievement in FY18	Actual Tranche 1 Fair Value	Tranche 1 LTI Plan Expense in FY2019
Gerald Harvey	60%	$132,000	$21,532
Kay Lesley Page	60%	$237,600	$38,758
John Evyn Slack-Smith	60%	$158,400	$25,838
David Matthew Ackery	60%	$158,400	$25,838
Chris Mentis	60%	$158,400	$25,838
Total		$844,800	$137,804

6H. Summary of Performance and Executive Remuneration Outcomes in FY19

Remuneration Component	Value of STI and LTI Disclosed in 2019 and 2018 Remuneration Reports						
	100%-Level Achievement Amount	Achievement	Score	Amount Payable	Vesting Period	2019 Remuneration Amount	2018 Remuneration Amount
2019 STI Plan							
Financial conditions (50%)	$1,400,000	86.90%	43.45%	$1,216,600	1 Year	$1,216,600	-
Non-financial conditions (50%)	$1,400,000	94.32%	47.16%	$1,320,480		$1,320,480	-
Total 100%	$2,800,000			$2,537,080		$2,537,080	-
2018 STI Plan							
Financial conditions (50%)	$1,400,000	85.00%	42.50%	$1,190,000	1 Year	-	$1,190,000
Non-financial conditions (50%)	$1,400,000	77.52%	38.76%	$1,085,280		-	$1,085,280
Total 100%	$2,800,000			$2,275,280		-	$2,275,280
Total Short-Term Incentive PCI						$2,537,080	$2,275,280
Tranche FY19 (FY19) of 2016 LTI Plan							
Financial conditions (100%)	$1,423,205	40%	40%	$569,282	4 Years	$105,887	-
Non-financial conditions (0%)	-	-	-	-	(Yr 1 of 4)	-	-
Total 100%	$1,423,205			$569,282		$105,887	-
Tranche 3 (FY18) of 2016 LTI Plan							
Financial conditions (100%)	$1,336,000	40%	40%	$534,400	4 Years	$173,076	$100,526
Non-financial conditions (0%)	-	-	-	-	(Yr 2 of 4)	-	-
Total 100%	$1,336,000			$534,400		$173,076	$100,526
Tranche 2 (FY17) of 2016 LTI Plan							
Financial conditions (100%)	$1,548,000	60%	60%	$928,800	4 Years	$300,277	$241,318
Non-financial conditions (0%)	-	-	-	-	(Yr 3 of 4)	-	-
Total 100%	$1,548,000			$928,800		$300,277	$241,318
Tranche 1 (FY16) of 2016 LTI Plan							
Financial conditions (100%)	$1,408,000	60%	60%	$844,800	4 Years	$137,804	$273,362
Non-financial conditions (0%)	-	-	-	-	(Yr 4 of 4)	-	-
Total 100%	$1,408,000			$844,800		$137,804	$273,362
Total LTI Performance Rights						$717,044	$615,206
2015 LTI Plan PCI							
Financial conditions (50%)	$1,850,000	100%	50%	$1,850,000	-	-	$462,184
Non-financial conditions (50%)	$1,850,000	86.8%	43.4%	$1,605,800		-	$401,175
Total 100%	$3,700,000			$3,455,800		-	$863,359
Total LTI Performance Cash Incentive						-	$863,359
Total Value of STI and LTI						$3,254,124	$3,753,845

The total value of STI and LTI expensed in the Income Statement for the 2019 financial year and disclosed in this remuneration report was $3.25 million compared to $3.75 million expensed in the 2018 financial year, a decrease of $0.50 million or 13.3%, relative to the previous year.

7. Executive Contractual Arrangements

Remuneration arrangements for KMP are formalised in employment agreements. Details of these contracts are 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's total potential employment cost is $3,533,970 comprised of:

- fixed remuneration of $2,100,000 per annum;
- maximum STI opportunity in respect of the year ended 30 June 2019 of $960,000 (at 120% over-achievement level); and
- maximum LTI opportunity in respect of the year ended 30 June 2019 of $473,970.

7. Executive Contractual Arrangements (continued)

The CEO's termination provisions are as follows:

CEO's Termination Provisions	Notice Period	Payment in Lieu of Notice	Treatment of STI on Termination	Treatment of LTI on Termination
Employer-initiated termination	5 weeks	5 weeks	Pro-rated for time and performance	Board discretion
Termination for serious misconduct	None	None	Unvested awards forfeited	Unvested awards forfeited
Employee-initiated termination	5 weeks	5 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. There is a Benchmark Shareholding Level in respect of the 2019 STI Plan to determine whether the reward is to be paid as cash or in shares.

Other KMPs

All other KMPs have rolling contracts.

Standard KMP Termination Provisions	Notice Period	Payment in Lieu of Notice	Treatment of STI on Termination	Treatment of LTI on Termination
Employer-initiated termination	4-5 weeks	4-5 weeks	Pro-rated for time and performance	Board discretion
Termination for serious misconduct	None	None	Unvested awards forfeited	Unvested awards forfeited
Employee-initiated termination	4-5 weeks	4-5 weeks	Unvested awards forfeited, subject to Board discretion	Unvested awards forfeited, subject to Board discretion

8. 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 NED pool of $1,000,000 per year.

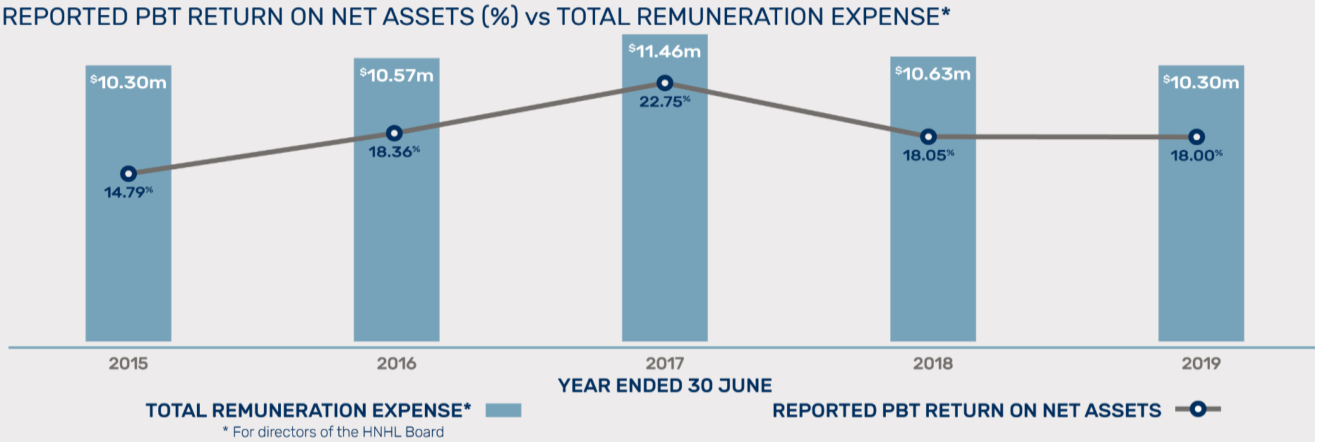
The Board will not seek any increase for the NED pool at the 2019 AGM.

Structure

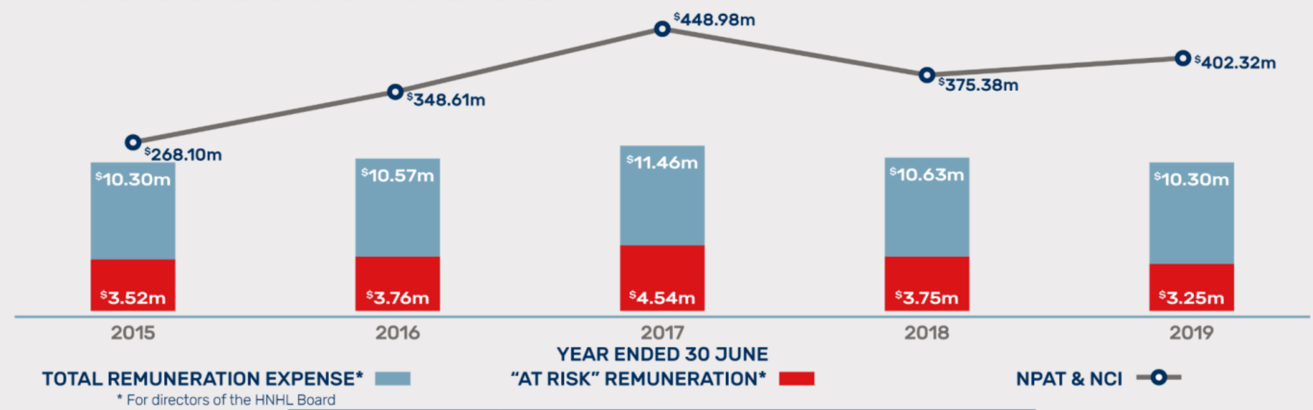
The remuneration of NEDs consists of directors' fees. NEDs do not receive retirement benefits, nor do they participate in any incentive programs. Each NED receives a fee for being a director of the Company. The structure of NED remuneration is separate and distinct from executive remuneration. The remuneration of NEDs for the years ended 30 June 2019 and 30 June 2018 are disclosed in Table 1 on page 47 of this report.

9. Relationship between Remuneration and the Performance of the Company

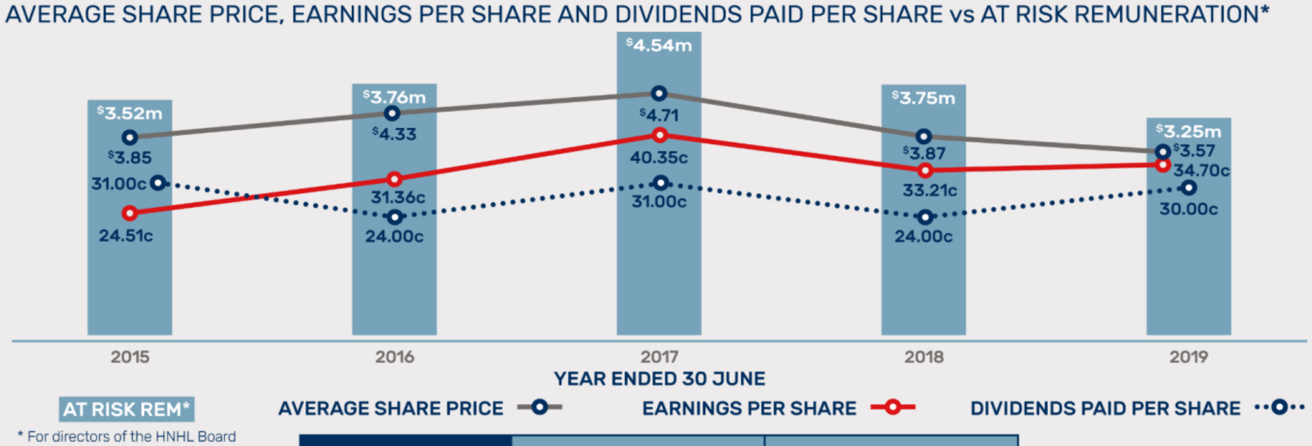
The graphs below illustrate the Company's performance for the past five financial years.



CORRELATION	5 YEAR: 91.3%	3 YEAR: 96.4%



CORRELATION	TOTAL REMUNERATION	"AT RISK" REMUNERATION
5 YEAR	70.1%	53.7%
3 YEAR	79.6%	72.2%



CORRELATION	AVERAGE SHARE PRICE	EARNINGS PER SHARE
5 YEAR	93.1%	62.6%
3 YEAR	99.1%	82.9%

Where:
NPAT & NCI = net profit after tax & non-controlling interests
EPS = earnings per share
AT RISK REM = the sum of STI PCI & LTI

10. Compensation of Key Management Personnel

TABLE 1: Compensation of Key Management Personnel Expensed for the Year Ended 30 June 2019

Directors of Harvey Norman Holdings Limited:

		Short Term Benefits				Post Employment	Long Term Incentives		Other		
		Salary & Fees	Performance Cash Incentive	Other Short Term	Non-Monetary Benefits	Superannuation	Performance Cash Incentive	Performance Rights	Long Service Leave (a)	Total Remuneration	**% earned at risk**
Gerald Harvey	2019	719,069	-	10,400	-	20,531	-	108,115	-	858,115	12.6%
Executive Chairman	2018	719,551	-	10,400	-	20,049	109,671	96,126	-	955,797	21.5%
Kay Lesley Page	2019	2,060,306	724,880	-	19,163	20,531	-	207,151	-	3,032,031	30.7%
Executive Director/CEO	2018	2,062,925	650,080	-	17,026	20,049	205,339	173,027	-	3,128,446	32.9%
John Evyn Slack-Smith	2019	1,229,469	634,270	-	-	20,531	-	135,596	20,491	2,040,357	37.7%
Executive Director/COO	2018	1,229,951	568,820	-	-	20,049	186,672	115,351	20,499	2,141,342	40.7%
David Matthew Ackery	2019	1,211,469	634,270	18,000	-	20,531	-	135,596	20,491	2,040,357	37.7%
Executive Director	2018	1,211,951	568,820	18,000	-	20,049	186,672	115,351	20,499	2,141,342	40.7%
Chris Mentis	2019	885,264	543,660	-	44,205	20,531	-	130,586	14,754	1,639,000	41.1%
Executive Director/CFO	2018	897,533	487,560	-	32,418	20,049	175,005	115,351	14,959	1,742,875	44.6%
Michael John Harvey	2019	54,795	-	-	-	5,205	-	-	-	60,000	-
Non-Executive Director	2018	54,795	-	-	-	5,205	-	-	-	60,000	-
Christopher Herbert Brown	2019	146,119	-	-	-	13,881	-	-	-	160,000	-
Non-Executive Director	2018	132,420	-	-	-	12,580	-	-	-	145,000	-
Kenneth William Gunderson-Briggs	2019	251,922	-	-	-	20,531	-	-	-	272,453	-
Non-Executive Director	2018	158,788	-	-	-	15,085	-	-	-	173,873	-
Graham Charles Paton	2019	146,119	-	-	-	13,881	-	-	-	160,000	-
Non-Executive Director	2018	132,420	-	-	-	12,580	-	-	-	145,000	-
Maurice John Craven	2019	34,828	-	-	-	3,304	-	-	-	38,132	-
Non-Executive Director	2018	-	-	-	-	-	-	-	-	-	-
Total for the 2019 Financial Year	2019	6,739,360	2,537,080	28,400	63,368	159,457	-	717,044	55,736	10,300,445	31.6%
Total for the 2018 Financial Year	2018	6,600,334	2,275,280	28,400	49,444	145,695	863,359	615,206	55,957	10,633,675	35.3%

(a) Table 1 includes the accrual for long service leave entitlements in respect of the years ended 30 June 2019 and 30 June 2018. The Chairman (G. Harvey) and Chief Executive Officer (K.L. Page) do not have a long service leave accrual as they have elected to forgo this employee entitlement.

The listed Parent Company, Harvey Norman Holdings Limited, does not have any employees.

10. Compensation of Key Management Personnel (continued)

TABLE 2: Compensation of Key Management Personnel Expensed for the Year Ended 30 June 2019 Senior Executives of Harvey Norman Holdings Limited:

		Short Term Benefits				Post Employment	Long Term Incentives		Other			
		Salary & Fees	Performance Cash Incentive	Other Short Term	Non-Monetary Benefits	Superannuation	Performance Cash Incentive	Perfor-mance Rights	Termination Benefits	Long Service Leave	Total Remuneration	% earned at risk
Thomas James Scott GM – Property	2019	574,322	-	-	-	20,531	-	-	-	9,572	604,425	-
	2018	574,804	-	-	-	20,049	-	-	-	9,580	604,433	-
Martin Anderson GM – Advertising	2019	299,777	-	-	28,057	22,162	-	-	-	4,996	354,992	-
	2018	295,936	-	-	25,034	21,828	-	-	-	4,932	347,730	-
Gordon Ian Dingwall Chief Information Officer	2019	494,469	-	-	-	20,531	-	-	-	8,241	523,241	-
	2018	464,951	-	-	-	20,049	-	-	-	7,749	492,749	-
Rob Nelson [a] GM – Audio Visual	2019	-	-	-	-	-	-	-	-	-	-	-
	2018	28,496	-	1,821	-	1,671	-	-	40,680[f]	-	72,668	-
Ajay Calpakam [b] GM – Audio Visual	2019	403,017	-	9,000	-	20,531	-	-	-	6,717	439,265	-
	2018	362,083	-	8,250	-	20,049	-	-	-	6,035	396,417	-
Haydon Ian Myers [c] GM – Home Appliances	2019	-	-	-	-	-	-	-	-	-	-	-
	2018	33,252	-	-	-	1,671	-	-	103,385[f]	-	138,308	-
Lachlan Roach [d] GM – Home Appliances	2019	403,017	-	9,000	-	20,531	-	-	-	6,717	439,265	-
	2018	293,677	-	6,750	-	15,037	-	-	-	4,895	320,359	-
Frank Robinson [e] GM – Technology & Entertainment	2019	484,517	-	15,000	-	20,531	-	-	-	8,075	528,123	-
	2018	444,583	-	13,750	-	20,049	-	-	-	7,410	485,792	-
Total for the 2019 Financial Year	2019	2,659,119	-	33,000	28,057	124,817	-	-	-	44,318	2,889,311	-
Total for the 2018 Financial Year	2018	2,497,782	-	30,571	25,034	120,403	-	-	144,065	40,601	2,858,456	-

(a) resigned 31 July 2017
(b) commenced 1 August 2017
(c) resigned 31 July 2017
(d) commenced 1 October 2017
(e) commenced 1 August 2017
(f) this amount represents the cash payment of employee leave entitlements upon resignation

11. Additional Disclosures Relating to Options, Performance Rights and Shares

Options Granted to Executive Directors as Part of Remuneration:

There were no options granted to any executive director during the year ended 30 June 2019.

Movement in option holdings during the year ended 30 June 2018:

a) There were no share options issued pursuant to the 2010 Share Option Plan during the 2018 financial year.

b) On 4 September 2017, J.E. Slack-Smith exercised 567,000 options over 567,000 shares representing his full entitlement in respect of the Third Tranche of Options, previously granted on 29 November 2012, at the exercise price of $1.827 per option. The total consideration paid by J.E. Slack-Smith was $1,035,909.

c) On 8 March 2018, C. Mentis exercised 567,000 options over 567,000 shares representing his full entitlement in respect of the Third Tranche of Options, previously granted on 29 November 2012, at the exercise price of $1.827 per option. The total consideration paid by C. Mentis was $1,035,909.

Option Holdings of Key Management Personnel for the Year Ended 30 June 2019

There was no option held by any director or senior executive during the year ended 30 June 2019.

TABLE 3: Performance Rights Granted to Executive Directors as Part of Remuneration

The table below discloses the number of performance rights granted to executive directors as remuneration during the year ended 30 June 2019 as well as the number of performance that vested, were exercised or lapsed during the year.

Performance rights do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met until their expiry date.

	Performance Rights Granted as Remuneration During Year		Performance Rights Vested During the Year		Performance Rights Lapsed During the Year		Unvested Performance Rights at 30 June 2019		Performance Rights Exercised During the Year	
	Number of Rights Granted	Value of Performance Rights Granted $	Number of Performance Rights Vested	Value of Performance Rights Vested $	Number of Performance Rights Lapsed	Value of Performance Rights Lapsed $	Number of Unvested Performance Rights	Value of Unvested Performance Rights $	Number of Performance Rights Exercised	Value of Performance Rights Exercised $
Gerald Harvey	65,500	$169,645	37,500	$132,000	25,000	$88,000	190,500	$620,270	37,500	$132,000
Kay Lesley Page	183,000	$473,970	67,500	$237,600	45,000	$158,400	408,000	$1,285,095	67,500	$237,600
John Evyn Slack-Smith	109,000	$282,310	45,000	$158,400	30,000	$105,600	259,000	$823,060	45,000	$158,400
David Matthew Ackery	109,000	$282,310	45,000	$158,400	30,000	$105,600	259,000	$823,060	45,000	$158,400
Chris Mentis	83,000	$214,970	45,000	$158,400	30,000	$105,600	233,000	$755,720	45,000	$158,400
Total	549,500	$1,423,205	240,000	$844,800	160,000	$563,200	1,349,500	$4,307,205	240,000	$844,800

11. Additional Disclosures Relating to Options, Performance Rights and Shares (continued)

Movement in performance rights during the year ended 30 June 2019:

a) A total of 549,500 performance rights under Tranche FY19 of the 2016 LTI Plan were granted to executive directors on 4 December 2018. The performance rights were independently valued by Mercer Consulting (Australia) Pty Limited at grant date with a fair value of $2.59 per entitlement on 4 December 2018, based on a share price of $3.21. The fair value was derived from a discounted cash flow technique where the value of the performance right is the face value of the share at grant date less the present value of the dividends expected to be paid on the share but not received by the holder during the vesting period. Subject to the satisfaction of the financial performance condition (calculated exclusively based on RONA) and service conditions of the 2016 LTI Plan, the total fair value of Tranche FY19 performance rights amounted to $1,423,205 in aggregate.

b) On 1 January 2019, 160,000 performance rights representing 40% of Tranche 1 of the 2016 LTI Plan had lapsed and will never be exercisable by the participants. On 1 March 2019, 112,500 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 8 March 2019, 45,000 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 11 March 2019, 45,000 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 21 March 2019, 37,500 performance rights under Tranche 1 of the 2016 LTI Plan were exercised reducing the unissued ordinary shares under Tranche 1 of the 2016 LTI Plan to nil.

c) As at 30 June 2019, a total of 1,349,500 performance rights under Tranche 2 FY2017 (as to 400,000 performance rights), Tranche 3 FY2018 (as to 400,000 performance rights) and Tranche FY19 FY2019 (as to 549,500 performance rights) of the 2016 LTI Plan were outstanding, unvested and not capable of exercise.

TABLE 4: Performance Rights of Key Management Personnel for the Year Ended 30 June 2019

						Due for Vesting during the year ended 30 June 2019		
	1 July 2018 Balance at the Beginning of Year	Granted as Remuneration	Performance Rights Exercised	Performance Rights Lapsed	30 June 2019 Balance at End of the Year	Total	Exercised	Lapsed
KMP: Board of Directors								
Gerald Harvey	187,500	65,500	(37,500)	(25,000)	190,500	62,500	37,500	25,000
Kay Lesley Page	337,500	183,000	(67,500)	(45,000)	408,000	112,500	67,500	45,000
John Evyn Slack-Smith	225,000	109,000	(45,000)	(30,000)	259,000	75,000	45,000	30,000
David Matthew Ackery	225,000	109,000	(45,000)	(30,000)	259,000	75,000	45,000	30,000
Chris Mentis	225,000	83,000	(45,000)	(30,000)	233,000	75,000	45,000	30,000
Total	1,200,000	549,500	(240,000)	(160,000)	1,349,500	400,000	240,000	160,000

Apart from the KMPs disclosed above, comprised of the executive directors of the Company, each of the non-executive directors or senior executives of the Company did not have any performance rights during the year ended 30 June 2019.

The closing balance of the performance rights in the Company of 1,349,500 as at 30 June 2019 is comprised of:

a) Balance at the beginning of year: 400,000 performance options under Tranche 2 FY2017; fair value at grant date of $3.87; to vest on 31 December 2019; exercisable between 1 January 2020 and 30 June 2022;

b) Balance at the beginning of year: 400,000 performance options under Tranche 3 FY2018; fair value at grant date of $3.34; to vest on 31 December 2020; exercisable between 1 January 2021 and 30 June 2023; and

c) Granted as remuneration during the year: 549,500 performance options under Tranche 1 FY2019; fair value at grant date of $2.59; to vest on 31 December 2021; exercisable between 1 January 2022 and 30 June 2024.

11. Additional Disclosures Relating to Options, Performance Rights and Shares (continued)

TABLE 5: Shareholdings/Relevant Interests of Key Management Personnel for the Year Ended 30 June 2019

	1 July 2018 Balance at the Beginning of Year	On Exercise of Performance Rights (a)	1-for-17 Renounceable Pro-Rata Entitlement Offer (b)	Net Change Other (c)	30 June 2019 Balance at the End of Year
KMP: Board of Directors					
Gerald Harvey	340,157,038	37,500	20,295,786	9,287,783	369,778,107
Kay Lesley Page	17,507,642	67,500	1,029,863	-	18,605,005
John Evyn Slack-Smith	899,818	45,000	52,932	-	997,750
David Matthew Ackery	489,134	45,000	28,774	-	562,908
Chris Mentis	915,341	45,000	53,845	-	1,014,186
Michael John Harvey	2,974,897	-	174,995	-	3,149,892
Christopher Herbert Brown	183,323,726	-	10,783,751	-	194,107,477
Kenneth William Gunderson-Briggs	6,137	-	362	3,000	9,499
Graham Charles Paton	15,682	-	923	-	16,605
Maurice John Craven	-	-	-	15,925	15,925
KMP: Senior Executives					
Thomas James Scott	31,835	-	1,873	-	33,708
Lachlan Roach	-	-	-	5000	5000
Total	546,321,250	240,000	32,423,104	9,311,708	588,296,062

(a) On 21 December 2018, the Company announced that 240,000 performance rights, representing 60% of the performance rights issued in accordance with Tranche 1 of the 2016 LTI Plan, will vest and become exercisable from 1 January 2019. With effect from 30 June 2018, 160,000 performance rights, representing 40% of Tranche 1 of the 2016 LTI Plan, had lapsed and will never be exercisable by the participants.

On 1 March 2019, 112,500 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 8 March 2019, 45,000 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 11 March 2019, 45,000 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 21 March 2019, 37,500 performance rights under Tranche 1 of the 2016 LTI Plan were exercised reducing the unissued ordinary shares under Tranche 1 of the 2016 LTI Plan to nil.

(b) On 31 August 2018, the Company announced that it would be offering shareholders the opportunity to participate in a renounceable pro-rata entitlement offer of new fully-paid ordinary shares in the Company (New Shares) to raise approximately $163.85 million (before costs) (Entitlement Offer). The offer price was $2.50 per New Share (Offer Price) The Entitlement Offer was for 1 New Share for every 17 existing ordinary shares in the Company at the Record Date, being 12 September 2018. The Entitlement Offer forms part of the Company's ongoing capital management program.

On 22 October 2018, the Company announced that the Directors of the Company took up their full entitlement in respect of the Entitlement Offer and acquired 34,180,442 New Shares in HVN in accordance with the Change of Directors' Interest Notice to the ASX on that date and the terms and conditions of the Entitlement Offer.

On 5 November 2018, the Company announced the sale of 1,759,211 'top up shares' in HVN as requested by the ASX. The net profit on the sale of the top up shares was donated to the Western Sydney University Scholarship Fund.

(c) The 'Net Change Other' column discloses the number of shares acquired by each Director of the Company via an 'on-market trade' in accordance with the prevailing market conditions on the ASX at the time of the transaction. These trades were on no more favourable terms and conditions than those that would be reasonably expected of an arm's length transaction.

12. 'Take-Home Pay' for KMP Directors of the Company

The below table shows the 'take-home pay' for each director of the Company, representing the benefits paid to each director during the year ended 30 June 2019, or as soon as practicable after that date. Total 'take-home pay' for the directors of the Company amounted to $10.11 million for the year ended 30 June 2019. The total value of remuneration expensed for directors of the Company in respect of the 2019 financial year was $10.30 million (refer to Table 1 on page 47 of this report). For the 2019 financial year, total 'take-home pay' was $0.19 million lower than the value of remuneration expensed to the income statement.

KMP: Board of Directors	Salary & Fees	Other Short Term	Non-Monetary Benefits	Superannuation	Short-Term Performance Cash Incentive [a]	Long-Term Performance Cash Incentive [b]	Exercise of Tranche 1 2016 LTI Plan [c]	FY2019 Total Take-Home Pay	FY2018 Total Take-Home Pay
Gerald Harvey	719,069	10,400	-	20,531	-	-	132,000	882,000	1,188,980
Kay Lesley Page	2,060,306	-	19,163	20,531	650,080	-	237,600	2,987,680	3,580,586
John Evyn Slack-Smith	1,229,469	-	-	20,531	568,820	-	158,400	1,977,220	2,538,247
David Matthew Ackery	1,211,469	18,000	-	20,531	568,820	-	158,400	1,977,220	2,538,247
Chris Mentis	885,264	-	44,205	20,531	487,560	-	158,400	1,595,960	2,120,976
Michael John Harvey	54,795	-	-	5,205	-	-	-	60,000	60,000
Christopher Herbert Brown	146,119	-	-	13,881	-	-	-	160,000	145,000
Kenneth William Gunderson-Briggs	251,922	-	-	20,531	-	-	-	272,453	173,873
Graham Charles Paton	146,119	-	-	13,881	-	-	-	160,000	145,000
Maurice John Craven	34,828	-	-	3,304	-	-	-	38,132	-
Total Take-Home Pay 2019	6,739,360	28,400	63,368	159,457	2,275,280	-	844,800	10,110,665	
Total Take-Home Pay 2018	6,600,334	28,400	49,444	145,695	2,211,236	3,455,800			12,490,909

a) The short-term incentive of $2.28 million represented the payment of the 2018 STI Plan that was earned in respect of the 2018 financial year, and was paid to executive directors in October 2018.

b) The long-term performance cash incentive of $3.46 million represented the payment of the 2015 LTI Plan PCI that was earned in respect of the 2015 financial year, and was expensed over a 4-year vesting period for the financial years ending 30 June 2015, 30 June 2016, 30 June 2017 and 30 June 2018. This was paid to executive directors on 4 July 2018.

c) The fair value of the performance rights exercised during the 2019 financial year of $3.52 resulted in an aggregate fair value of $844,800.

13. Other Matters for Disclosure

Comments on the Remuneration Report at the most recent AGM of the Company

The previous AGM of the Company was held on 27 November 2018. At that meeting:

a) Comments were made in respect of:
   - **The performance review process for the executive directors** – the review process of executive directors is noted on pages 36 and 37 under Item 5 2019 STI Plan "How is performance assessed"; and
   - **The payment of the STI in cash and not equity** - the payment of STI is noted on page 36 under Item 5 2019 STI Plan "How is the STI delivered".

b) When the resolution that the Remuneration Report be adopted, 50.63% of the eligible votes were cast against the resolution.

The following changes have been made to the remuneration framework for executive directors:

- The evaluation of the performance of each executive director has been undertaken by means of an individual executive director assessment with satisfactory performance required to qualify for the short term incentive pool;
- Earnings per share adjusted for the after tax effect of property increments and decrements (**AEPS**) is the measure used for the achievement of the financial conditions for the short term incentive (**STI**), replacing return on net assets (**RONA**);
- STI's will only be provided in the form of cash performance incentives if the executive director has a benchmark level of shares held in the Company equating to their individual level of fixed remuneration, otherwise the incentives will be provided as shares; and
- The STI pool can be increased if the financial performance conditions for the short term incentives are over-achieved to the maximum extent of 120%, otherwise the pool remained the same as the 2018 pool.

Engagement of Remuneration Consultant

While the Remuneration Committee seeks external advice from advisors who are independent of the management of remuneration matters, the Committee did not require a remuneration recommendation as defined under Section 9B of the Corporation Act 2001 by an external advisor during the year ended 30 June 2019. Independent remuneration consultants i.e. Guerdon Associates, provided remuneration benchmark information for consideration and analysis in respect of the level of executive director remuneration, including fixed remuneration, and the long term incentives framework.

14. Loans to Key Management Personnel and their Related Parties

There were no loans granted to key management personnel during the year ended 30 June 2019 (2018: nil). There were no loans outstanding from key management personnel as at 30 June 2019 (2018: nil).

15. Other Transactions and Balances with Key Management Personnel and their Related Parties

		CONSOLIDATED	
		June 2019 $000	June 2018 $000
(i)	**Loans from directors to subsidiaries of Harvey Norman Holdings Limited:**		
	Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited) borrowed money from entities and related parties associated with G. Harvey, M.J. Harvey and K.L. Page. Interest is payable at commercial rates. These loans are unsecured and repayable at call.	-	39,566,536
	Net amounts paid to entities associated with the above mentioned directors and their related parties.	(39,566,536)	(6,572,729)
	Interest paid/payable	371,695	897,393
(ii)	**Lease of business premises from Ruzden Pty Limited:**		
	The consolidated entity leases business premises at Bundall, Queensland from Ruzden Pty Limited. Mr G. Harvey, Ms K.L. Page, Mr M.J. Harvey and I.J. Norman Nominees Pty Limited (C.H. Brown) 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 was:	5,134,607	4,692,124
(iii)	**Legal fees paid to a director-related entity:**		
	Legal fees were paid to the firm of which Mr C.H. Brown is a partner for professional services rendered to the consolidated entity in the normal course of business.	2,638,587	3,469,948
(iv)	**Other income derived by related entities of key management personnel:**		
	Certain franchises are operated by entities owned or controlled by relatives of key management personnel under normal franchisee terms and conditions. Aggregated net income derived by entities owned or controlled by relatives of key management personnel was:	310,761	762,655

(v) **Perth City West Retail Complex**

By a contract for sale dated 31 October 2000, Gerald Harvey, as to a one-half share as tenant in common, and a subsidiary of Harvey Norman Holdings Limited, as to a one-half share as tenant in common, purchased the Perth City West retail complex for a purchase price of $26.60 million. In the financial statements of the consolidated entity, the day-to-day management of this entity has been accounted for as a joint venture as disclosed in Note 37. The property was subject to a lease of part of the property in favour of a subsidiary of Harvey Norman Holdings Limited (the "P.C.W. Lessee"). Gerald Harvey is entitled to one-half of the rental and outgoings paid by the P.C.W. Lessee. The amount of rental and outgoings paid by the P.C.W. Lessee to Gerald Harvey and the subsidiary of Harvey Norman Holdings Limited for the year ended 30 June 2019 was $0.74 million (2018: $0.77 million). Each of the above transactions were executed under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transactions were at arm's length.

(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 Joint Venture"). In the financial statements of the consolidated entity, the day-to-day management of this entity has been accounted for as a joint venture as disclosed in Note 37. A subsidiary of Harvey Norman Holdings Limited held a conference at The Byron at Byron Resort and paid the Byron Bay Joint Venture conference fees amounting to $0.11 million for the year ended 30 June 2019 (2018: $0.12 million). Gerald Harvey is entitled to one-half of the conference fees paid to the Byron Bay Joint Venture. The above 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.

15. Other Transactions and Balances with Key Management Personnel and their Related Parties (continued)

Subsequent to balance date on 9 August 2019, the consolidated entity announced that Harvey Norman Holdings Limited (the Company) and certain of its controlled entities, with certain entities controlled by Gerald Harvey, as owners of the property and business known as The Byron at Byron Bay Resort (Resort), have entered into agreements for sale of the Resort (Sale Contract) for the sale price of $41,764,000 (ex GST), subject to terms and conditions for completion. The purchasers under the Sale Contract are GAG Byron on Byron Property Co Pty Ltd ACN 635 158 351 and GAG Byron on Byron Business Company Pty Ltd ACN 635 172 333. Subject to the terms and conditions of the Sale Contract, completion of the Sale Contract will occur on the later of 16 September 2019 and the second Monday following the grant of the liquor licence approval by the relevant authority. If the terms and conditions for completion of the Sale Contract are not satisfied, in certain circumstances, the purchasers have the right to terminate or rescind the Sale Contract.

(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, the 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 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, the 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 tenants 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. In the financial statements of the consolidated entity, the day-to-day management of 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 rental and outgoings paid by the G.C. Lessee. The Michael Harvey Entity is entitled to one-eighth of the rental and outgoings paid by the G.C. Lessee. The amount of rental and outgoings paid by the G.C. Lessee to the Gepps Cross Joint Venture for the year ended 30 June 2019 was $3.33 million (2018: $3.23 million). Each of the above transactions were executed under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transactions were at arm's length.

Other Information

Significant Events After Balance Date

On 9 August 2019, the consolidated entity announced that Harvey Norman Holdings Limited (the Company) and certain of its controlled entities, with certain entities controlled by Gerald Harvey, as owners of the property and business known as The Byron at Byron Bay Resort (**Resort**), have entered into agreements for sale of the Resort (**Sale Contract**) for the sale price of $41,764,000 (ex GST), subject to terms and conditions for completion. The purchasers under the Sale Contract are GAG Byron on Byron Property Co Pty Ltd ACN 635 158 351 and GAG Byron on Byron Business Company Pty Ltd ACN 635 172 333. Subject to the terms and conditions of the Sale Contract, completion of the Sale Contract will occur on the later of 16 September 2019 and the second Monday following the grant of the liquor licence approval by the relevant authority. If the terms and conditions for completion of the Sale Contract are not satisfied, in certain circumstances, the purchasers have the right to terminate or rescind the Sale Contract.

On 30 August 2019, the Company announced a renounceable, pro-rata entitlement offer of new fully-paid ordinary shares in the Company to raise approximately $173.49 million (before costs) (**Entitlement Offer**) with an offer price of $2.50 per new share. The Entitlement Offer forms part of the Company's ongoing capital management program. It is intended that the proceeds of the Entitlement Offer will be used to reduce the amount of Company consolidated entity debt.

With the exception of the above, there have been no circumstances arising since balance date which have significantly affected or may significantly affect:

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

ENVIRONMENTAL AND SOCIAL SUSTAINABILITY

The consolidated entity acknowledges that integrating sustainable growth into its strategy, business practices and decision making is essential for long-term value creation. The consolidated entity believes that the sustainability of its operations is, in part, linked to the successful monitoring and management of its economic, social and environmental risks and opportunities and therefore the consolidated entity aims to adopt sustainable practices that will generate better long-term returns and benefits for investors and stakeholders, both internal and external.

The Board of Directors, as the Company's highest governance body, alongside management is charged with establishing a business strategy that supports responsible decision making and sustainable value creation.

The Company's Code of Conduct reinforces the consolidated entity's commitment to honest, fair and transparent business practices and outlines the standards of behaviour that the consolidated entity expects of its employees.

In addition, the consolidated entity has adopted other policies such as the Conflicts of Interest Policy, the Gifts and Benefits Policy, the Intellectual Property Policy and a Confidentiality and Privacy Policy, all of which aim to reinforce corporate governance best practices.

The consolidated entity is a member of the following organisations and associations:

- Consumer Electronics Association
- Australasia Furniture Research and Development Institute (AFRDI)
- New Zealand Leather and Shoe Research Association (LASRA)
- National Retailers Association, including representation on the Technical Standards Committee (NRATSC)
- Energy Users Association of Australia
- Soft Landings Product Stewardship Scheme (Founding Member)
- Diversity Council of Australia

Environmental Regulation Performance

The consolidated entity submits a National Greenhouse Gas and Emissions Report (NGER) to the Clean Energy Regulator annually.

In New Zealand, from 1 July 2019 all plastic bags supplied to customers comply with the new legislated requirement of a minimum of 70 microns thickness.

The consolidated entity's environmental obligations are regulated under both State and Federal Law. There were no environmental breaches notified to the consolidated entity by any Government agency during the year ended 30 June 2019 and up to the date of this report.

Harvey Norman®, Domayne® and Joyce Mayne® Complexes

The consolidated entity acts as a landlord in a number of retail complexes utilised by Harvey Norman®, Domayne® and Joyce Mayne® franchisees. At those premises, the landlord provides lighting and air conditioning for the utilisation of franchisees at the site and also provides electricity to the site.

The consolidated entity has undertaken the following recent actions with respect to solar energy, LED lighting and stormwater harvesting systems:

Solar Energy

Solar installations have been completed at 15 franchised complexes, with a further 18 installations approved and awaiting commencement. The next round of installations will see a number of franchised complexes in Queensland and South Australia have solar systems installed, building on the New South Wales-centric installations to date.

Using FY2016 electricity consumption as a baseline, the electricity consumption for the first 15 franchised complexes has dropped 28% as a result of the solar and other energy efficiency initiatives commenced at these complexes.

Total Energy Consumption

Over the past 3 Environmental and Social Sustainability reports, the consolidated entity has reported a number of initiatives that have been undertaken. These have included:

- Air-conditioning upgrades;
- Lighting upgrades;
- LED lighting trials; and
- Solar energy installations.

Using FY2016 as the baseline year of measurement, the consolidated entity and the franchised complexes have reduced energy consumption in Australia by 7%. The value of this reduction is equivalent to:

- More than 8,000 tonnes of $C0_2e$ avoided;
- More than 1,300 cars taken off the road annually.

Environmental Regulation Performance (continued)

Waste Reduction

The Australian Packaging Covenant ("APC") is a sustainable packaging initiative which aims to change the culture of business to design more sustainable packaging, increase recycling rates and reduce packaging litter.

Each Harvey Norman®, Domayne® and Joyce Mayne® franchisee has improved waste management performance and offering to customers during the 2019 financial year as follows:

Waste Stream	Percentage Improvement During 2019 Financial Year	Description
e-Waste	11.7% aggregate overall increase on FY2018 volumes	E-waste recycling is available through most Harvey Norman®, Domayne® and Joyce Mayne® franchised complexes.
Mattresses	12,743 mattresses in aggregate recycled via the Soft Landings Product Stewardship and Social Enterprise Scheme, an aggregated 7.5% increase on the previous financial year. Some franchisees may have used alternate service providers, particularly in Melbourne.	Harvey Norman® and Domayne® franchisees are founding members of the Soft Landings Mattress Product Stewardship Scheme.
Polystyrene	An aggregate 1.7% decrease in polystyrene recycling (measured in tonnes) in FY2019.	Approximately 80% of franchised complexes in Australia recycle this separate waste stream.
Cardboard and Plastic Recycling as a percentage of franchised complex waste (excluding the above initiatives)	Harvey Norman®, Domayne® and Joyce Mayne® franchised complexes recycled 7,450 tonnes, in aggregate, of cardboard and paper (9.17% aggregate increase on FY2018) and 33.11 tonnes of plastic (LDPE), in aggregate, in FY2019 (30% aggregate reduction on FY2018). Average landfill diversion: - 40% (measured by weight) - 48% (measured by volume)	Each franchisee in each franchised complex in Australia carries out cardboard and plastic recycling.
Plastic Bag Usage by Customers	Net distribution of plastic bags increased by 23% in aggregate in FY2019. Use of reusable smart bags increased by 14.7% in aggregate.	From February 2018, all plastic bags supplied to Harvey Norman®, Domayne® and Joyce Mayne® franchisees were a minimum of 40 microns.

Social Sustainability

Maintaining a well-trained, engaged and committed workforce is a key priority for the consolidated entity. The consolidated entity has adopted a well-developed training strategy to ensure that all employees are given opportunities to develop and improve their skills and expertise throughout their careers.

The consolidated entity also conducts an Engagement & Diversity Survey on an annual basis. The survey aims to measure the satisfaction levels of employees and collects feedback and comments on topics such as diversity initiatives and flexible working arrangements.

In 2019, Harvey Norman maintained sponsorship of a number of initiatives supporting Aboriginal and Torres Strait Island people, most notably the consolidated entity's ongoing support of the Australian Indigenous Mentoring Experience (AIME) program and the NRL All Stars matches, which in 2019, featured the Australian Indigenous All-Stars taking on the New Zealand Maori Kiwis for the first time, won 34-14 by the Australian Indigenous team.

Employee Learning and Development

The consolidated entity has provided its employees with an increasing range of training opportunities over the years from mandatory sessions and programs (inductions, compliance, customer service, culture awareness etc.) to optional courses providing vocational recognition and certification. The consolidated entity actively encourages employees to participate in these courses.

The consolidated entity has appointed a Learning and Development team to support its Learning and Development framework. This team has been engaged to scope, develop, design and implement training programs and strategies.

The training conducted throughout the organisation includes, but is not limited to:
1) Online e-learning for all employees through an externally hosted Learning Management System.
There is a combination of compulsory training and role-based training allocated and assigned to employees and undertaken in the workplace. Online training modules may include:
- Orientation for new employees;
- Occupational Health and Safety;
- Discrimination, harassment and workplace bullying; and
- Cultural Awareness.

Employee Learning and Development (continued)

2) Professional development for individuals in specialised roles to maintain and update requisite skills and knowledge. This training is conducted by external bodies including:

- Accounting (Chartered Accountants of Australia and New Zealand and CPA Australia);
- Compliance (Australian Compliance Institute);
- Digital Innovation (Data Science and Analytics and User Experience (UX));
- Human Resources (National Retailers Association seminars);
- Information Technology;
- Legal (College of Law, Law Society of NSW, LegalWise, Australian Corporate Lawyers Association seminars);
- Management;
- Procurement (Supply Chain School and Chartered Institute of Purchasing and Supply);
- Microsoft Office Applications (Excel, Word, Access and PowerPoint);
- Annual conferences to educate and reinforce knowledge of employees; and
- Diversity awareness in order to reinforce the Company's commitment to an inclusive culture and diversity in the workplace and to add value to diversity-related initiatives.

The Learning Management framework is a comprehensive platform that supports the consolidated entity's growth and development initiatives. This enables structured learning paths that promote further training and development for employees.

The consolidated entity may provide financial reimbursement to employees that obtain a degree relevant to their role and responsibilities, including equipment and travel.

Corporate employees are reviewed annually as part of the 'Salary Review' process where performance is benchmarked to market rates and career development is discussed as part of employee succession planning.

Diversity

The Company and its executive leaders recognise the value of diversity in their employees and the benefits that diversity brings to their shareholders in building capabilities for the Company to become more innovative, responsive and competitive. The Company is committed to promoting and supporting an environment where their employees are representative of the diverse range of backgrounds, experiences and perspectives present in the communities in which we operate across the globe.

The Company's Employee Diversity Policy and Board Diversity Policy, along with relevant organisational strategies, programs and initiatives are conducive to the selection of well qualified employees, senior management and Board candidates from diverse backgrounds. The full Employee Diversity Policy and Board Diversity Policy may be accessed via the Company's website www.harveynormanholdings.com.au.

Workforce Gender Profile

The Company is committed to increasing the participation and development of women in the consolidated entity globally, so as to broaden the talent pool from which future leaders of the consolidated entity can be drawn.

There has been continued growth in the representation of females within the workforce of the consolidated entity, particularly at a senior executive level. The Company continues to measure and monitor progress in this area to develop and cultivate a diverse and inclusive workforce.

The table below shows the female composition of employees, senior executives* and board members over the last three financial years. Data was taken as at 30 June each year.

FEMALE COMPOSITION AT 30 JUNE	2017	2018	2019
Female Employees	44.82%	44.93%	45.60%
Female Senior Executives*	29.81%	32.69%	34.03%
Female Board Members	11.11%	11.11%	10.00%

* The holder of a Senior Executive position in the consolidated entity has primary responsibility for a business unit within the consolidated entity.

The consolidated entity is a participant in the annual Workplace Gender Equality Report (WGEA Report).

Diversity Initiatives for the 2019 Financial Year

During the 2019 financial year, the following initiatives were undertaken to support the diversity objectives of the consolidated entity:

(a) Approved implementation of Paid Parental Leave Policy from 1 July 2019 for eligible employees. This scheme, accompanied with the continual refinement of organisational policies and practices, ensures the Company is well-placed to recognise and improve support for the changing domestic and carer responsibilities employees may assume throughout their career.

(b) Refinement of resources for expectant parents and "keeping-in-touch" and "flexible work" practices to ensure employees feel supported while on parental leave and when returning to work.

Diversity Initiatives for the 2019 Financial Year (continued)

c) Redesign and re-launch of "Life @ Work" employee engagement survey, incorporating survey on diversity, in order to monitor underlying changes including to the composition of the workforce, cultural heritage, and caring responsibilities and assess the consolidated entity's progress in improving workplace diversity and engagement. The results of this survey were shared with employees and a number of improvement initiatives were identified and schedules for completion in the 2020 financial year.

d) As part of the annual WGEA Report the business created a workplace profile, as at 30 March 2019, and analysed this data to monitor and evaluate any gender pay gaps for equivalent roles within the consolidated entity.

e) Renewed membership of the Diversity Council Australia to reinforce the consolidated entity's commitment to an inclusive culture and diversity in the workplace and to add value to diversity related initiatives.

f) Sponsorship, commitment and support of female athletes in Australia to assist Australian sportswomen to achieve their professional and personal goals, including the following specific sponsorships during 2019:
   - 2019 Women's State of Origin – major sponsor of both the NSW Blues team and QLD Maroons team;
   - Women in League;
   - Greater Western Sydney (GWS) Giants AFL Women's team;
   - The Jillaroos – Australian Women's NRL team;
   - NRL Women's Premiership; and
   - NRL Women's National Championships.

g) Participated in the "NRL All Stars Youth Summit" in February 2019 to further develop and grow relationships with younger members of the indigenous community and assist in their journey of attaining education and employment.

h) Sponsorship of the Shine Awards which endeavours to shine a light on the women making a difference in rural and regional communities.

i) Continued to develop the partnership with Australia Indigenous Mentoring Experience ("AIME") to support in promoting employment opportunities to Indigenous Australians.

j) Participated in R U OK Day to encourage inclusive relationships to be built amongst employees and to develop sense of a supportive workplace community.

k) Conducted the annual "Taste of Harmony" event in March 2019 to raise awareness and embrace the cultural diversity of the workplace. Money raised as part of this annual diversity event was once again donated to "Fitted for Work", a local charity with a mission statement to "help women experiencing disadvantage get work and keep it".

l) A significant number of franchisees have provided support to the following initiatives during the 2019 financial year:
   - Paralympics Australia;
   - Sir Roden and Lady Cutler Foundation – driving the seriously ill, needy and disabled to and from medical appointments; and
   - Country Women's Association (CWA) – to support farmers, their families and local businesses impacted by the severity of the drought and other crisis' including domestic violence and extended illnesses.

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.

Rounding of Amounts

The amount contained in the financial statements and the Directors' Report have been rounded to the nearest thousand dollars (unless specifically stated to be otherwise) under the option available to the Company under Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The company is an entity to which this legislative instrument applies.

Principal Activities

The principal activities of the consolidated entity are that of an integrated retail, franchise, property and digital system including:
- Franchisor;
- Sale of furniture, bedding, computers, communications and consumer electrical products in New Zealand, Singapore, Malaysia, Slovenia, Ireland, Northern Ireland and Croatia;
- Property investment;
- Lessor of premises to Harvey Norman®, Domayne® and Joyce Mayne® franchisees and other third parties;
- Media placement; and
- Provision of consumer finance and other commercial loans and advances.

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 year ended 30 June 2019.

Auditor Independence and Non-Audit Services

During the year, the auditors of Harvey Norman Holdings Limited, Ernst & Young, provided non-audit services to the consolidated entity. 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 2001. 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 2019 are as follows:

- Tax compliance services $476,744 (2018: $234,984);
- Other services $25,971 (2018: $42,769)

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

Building a better working world

Ernst & Young
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Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of Harvey Norman Holdings Limited

As lead auditor for the audit of the financial report of Harvey Norman Holdings Limited for the financial year ended 30 June 2019, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Harvey Norman Holdings Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

RRobinson

Renay Robinson
Partner
Sydney
27 September 2019

Signed in accordance with a resolution of directors.

G. HARVEY
Chairman
Sydney
27 September 2019

K.L. Page

K.L. PAGE
Chief Executive Officer
Sydney
27 September 2019

STATEMENT of FINANCIAL POSITION
as at 30 JUNE 2019

	Note	CONSOLIDATED June 2019 $000	June 2018 $000
Current Assets			
Cash and cash equivalents	28(a)	215,048	170,544
Trade and other receivables	7	741,862	724,690
Other financial assets	8	28,888	31,463
Inventories	9	395,965	345,287
Other assets	10	37,541	45,144
Intangible assets	11	370	490
Subtotal		1,419,674	1,317,618
Assets held for sale	39	36,666	-
Total current assets		1,456,340	1,317,618
Non-Current Assets			
Trade and other receivables	12	49,391	78,443
Investments accounted for using equity method	37	3,854	4,497
Other financial assets	13	19,370	18,283
Property, plant and equipment	14	696,207	660,337
Investment properties	15	2,508,951	2,429,397
Intangible assets	16	64,631	69,067
Total non-current assets		3,342,404	3,260,024
Total Assets		4,798,744	4,577,642
Current Liabilities			
Trade and other payables	17	283,682	289,986
Interest-bearing loans and borrowings	18	494,579	422,191
Income tax payable		12,000	15,608
Other liabilities	19	75,819	66,825
Provisions	20	33,028	35,354
Total current liabilities		899,108	829,964
Non-Current Liabilities			
Interest-bearing loans and borrowings	21	346,942	503,203
Provisions	20	13,025	11,645
Deferred income tax liabilities	5(d)	330,546	280,735
Other liabilities	23	11,330	14,163
Total non-current liabilities		701,843	809,746
Total Liabilities		1,600,951	1,639,710
NET ASSETS		3,197,793	2,937,932
Equity			
Contributed equity	24	552,250	388,381
Reserves	25	217,724	185,384
Retained profits	26	2,397,436	2,337,241
Parent entity interests		3,167,410	2,911,006
Non-controlling interests	27	30,383	26,926
TOTAL EQUITY		3,197,793	2,937,932

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

INCOME STATEMENT
for the year ended 30 JUNE 2019

	Note	CONSOLIDATED June 2019 $000	June 2018 $000
Sales of products to customers	3	2,234,118	1,993,760
Cost of sales		(1,510,733)	(1,326,339)
Gross profit		723,385	667,421
Revenue received from franchisees	3	943,648	965,472
Revenues and other income items	3	242,419	200,253
Distribution expenses		(41,102)	(41,602)
Marketing expenses		(391,044)	(374,322)
Occupancy expenses	4	(258,106)	(241,220)
Administrative expenses	4	(567,970)	(585,683)
Other expenses	4	(57,676)	(39,595)
Finance costs	4	(28,782)	(26,344)
Share of net profit of joint ventures entities	37	9,787	5,792
Profit before income tax		574,559	530,172
Income tax expense	5	(165,557)	(150,122)
Profit after tax		409,002	380,050
Attributable to:			
Owners of the parent		402,317	375,378
Non-controlling interests		6,685	4,672
		409,002	380,050
Earnings Per Share:			
Basic earnings per share (cents per share)	6	34.70 cents	33.21 cents
Diluted earnings per share (cents per share)	6	34.67 cents	33.18 cents
Dividends per share (cents per share) *	26	33.0 cents	30.0 cents

* This represents total dividends per share in respect of the year ended 30 June 2019 and the year ended 30 June 2018.

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

STATEMENT of COMPREHENSIVE INCOME
for the year ended 30 JUNE 2019

	CONSOLIDATED	
	June 2019 $000	June 2018 $000
Profit for the year	409,002	380,050
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation	26,373	(221)
Net movement on cash flow hedges	9	16
Income tax effect on net movement on cash flow hedges	(3)	(4)
Items that will not be reclassified subsequently to profit or loss:		
Fair value revaluation of land and buildings	12,234	15,553
Income tax effect on fair value revaluation of land and buildings	(3,910)	(2,693)
Net fair value losses on equity investments	(953)	(1,830)
Other comprehensive income for the year (net of tax)	33,750	10,821
Total comprehensive income for the year (net of tax)	442,752	390,871
Total comprehensive income attributable to:		
Owners of the parent	434,888	385,067
Non-controlling interests	7,864	5,804
	442,752	390,871

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 2019

	Attributable to Equity Holders of the Parent										
	Contributed Equity	Retained Profits	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	FVOCI Reserve (a)	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve	Acquisition Reserve	Non-controlling Interests	TOTAL EQUITY
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
At 1 July 2018	388,381	2,337,241	144,526	40,659	11,902	-	(8)	10,356	(22,051)	26,926	**2,937,932**
Other comprehensive income:											
Revaluation of land and buildings	-	-	8,324	-	-	-	-	-	-	-	**8,324**
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	-	8	-	-	-	**8**
Currency translation differences	-	-	-	25,194	-	-	-	-	-	1,179	**26,373**
Fair value of forward foreign exchange contracts	-	-	-	-	-	-	(2)	-	-	-	**(2)**
Transfer to financial assets at fair value through other comprehensive income	-	-	-	-	(11,902)	11,902	-	-	-	-	**-**
Fair value of financial assets at fair value through other comprehensive income	-	-	-	-	-	(953)	-	-	-	-	**(953)**
Other comprehensive income	-	-	8,324	25,194	(11,902)	10,949	6	-	-	1,179	**33,750**
Profit for the year	-	402,317	-	-	-	-	-	-	-	6,685	**409,002**
Total comprehensive income for the year	**-**	**402,317**	**8,324**	**25,194**	**(11,902)**	**10,949**	**6**	**-**	**-**	**7,864**	**442,752**
Cost of share based payments	-	-	-	-	-	-	-	519	-	-	**519**
Shares issued	163,869	-	-	-	-	-	-	-	-	-	**163,869**
Utilisation of employee equity benefits reserve	-	-	-	-	-	-	-	(750)	-	-	**(750)**
Dividends paid	-	(342,122)	-	-	-	-	-	-	-	(2,852)	**(344,974)**
Distribution to members	-	-	-	-	-	-	-	-	-	(1,555)	**(1,555)**
At 30 June 2019	**552,250**	**2,397,436**	**152,850**	**65,853**	**-**	**10,949**	**(2)**	**10,125**	**(22,051)**	**30,383**	**3,197,793**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

(a) Upon the application of AASB 9, the consolidated entity has elected to classify equity investments, which were previously classified as available for sale under AASB 139, as financial assets at fair value through other comprehensive income (**FVOCI**).

STATEMENT of CHANGES in EQUITY
for the year ended 30 JUNE 2019

	Attributable to Equity Holders of the Parent									
	Contributed Equity	Retained Profits	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve	Acquisition Reserve	Non-controlling Interests	TOTAL EQUITY
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
At 1 July 2017	386,309	2,229,200	131,304	42,374	13,732	(20)	9,611	(22,051)	22,448	2,812,907
Other comprehensive income:										
Revaluation of land and buildings	-	-	13,222	-	-	-	-	-	(362)	12,860
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	20	-	-	-	20
Currency translation differences	-	-	-	(1,715)	-	-	-	-	1,494	(221)
Fair value of forward foreign exchange contracts	-	-	-	-	-	(8)	-	-	-	(8)
Fair value of available for sale financial assets	-	-	-	-	(1,830)	-	-	-	-	(1,830)
Other comprehensive income	-	-	13,222	(1,715)	(1,830)	12	-	-	1,132	10,821
Profit for the year	-	375,378	-	-	-	-	-	-	4,672	380,050
Total comprehensive income for the year	-	375,378	13,222	(1,715)	(1,830)	12	-	-	5,804	390,871
Cost of share based payments	-	-	-	-	-	-	745	-	-	745
Shares issued	2,072	-	-	-	-	-	-	-	-	2,072
Dividends paid	-	(267,337)	-	-	-	-	-	-	(976)	(268,313)
Distribution to members	-	-	-	-	-	-	-	-	(350)	(350)
At 30 June 2018	388,381	2,337,241	144,526	40,659	11,902	(8)	10,356	(22,051)	26,926	2,937,932

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

STATEMENT of CASH FLOWS
for the year ended 30 JUNE 2019

	Note	CONSOLIDATED June 2019 $000	June 2018 $000
Cash Flows from Operating Activities			
Net receipts from franchisees		858,372	947,058
Receipts from customers		2,397,871	2,134,595
Payments to suppliers and employees		(2,681,840)	(2,388,310)
Distributions received from joint ventures		10,027	10,125
GST paid		(56,815)	(66,102)
Interest received		6,625	5,871
Interest and other costs of finance paid		(29,223)	(25,619)
Income taxes paid		(135,139)	(166,161)
Dividends received		2,967	2,713
Net Cash Flows From Operating Activities	28(b)	372,845	454,170
Cash Flows from Investing Activities			
Payments for purchases of property, plant and equipment and intangible assets		(94,222)	(93,895)
Payments for purchase of investment properties		(27,878)	(125,661)
Proceeds from sale of property, plant and equipment and properties held for resale		2,911	2,422
Payments for purchase of units in unit trusts and other investments		(1,320)	(107)
Payments for purchase of equity accounted investments		(434)	(4,256)
Proceeds from sale of equity investments		18,470	10,436
Proceeds from insurance claims		903	2,458
Cash obtained on consolidation of KEH Partnership		50	-
Proceeds from the completion of the Administrator Sale of the Coomboona JV assets		40,500	-
Loans granted to joint venture entities, joint venture partners and related and unrelated entities		(5,183)	(94,882)
Net Cash Flows Used In Investing Activities		(66,203)	(303,485)
Cash Flows from Financing Activities			
Proceeds from shares issued – executive share option plan		-	2,072
Proceeds from shares issued – renounceable pro-rata Entitlement Offer		163,869	-
(Repayments)/Proceeds from Syndicated Facility		(25,000)	210,000
Dividends paid		(342,122)	(267,337)
Loans repaid to related parties		(39,559)	(6,573)
Repayments of other borrowings		(3,477)	(6,266)
Net Cash Flows Used In Financing Activities		(246,289)	(68,104)
Net Increase in Cash and Cash Equivalents		60,353	82,581
Cash and Cash Equivalents at Beginning of the Year		125,463	42,882
Cash and Cash Equivalents at End of the Year	28(a)	185,816	125,463

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Corporate Information

Harvey Norman Holdings Limited (the "Company") is a for profit company limited by shares incorporated in Australia and operating in Australia, New Zealand, Ireland, Northern Ireland, Singapore, Malaysia, Slovenia and Croatia whose shares are publicly traded on the Australian Securities Exchange ("ASX") trading under the ASX code HVN.

(b) Basis of Preparation

The financial report has been prepared on a historical cost basis, except for investment properties, land and buildings, derivative financial instruments, debt and equity financial assets, which have been measured at fair value. The carrying values of recognised assets and liabilities that are designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to recognise changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

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 Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

The consolidated financial statements of the Company and its subsidiaries (the "consolidated entity") for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 27 September 2019.

(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 2019. For details on the impact of future accounting standards, refer to page 77.

(d) Basis of consolidation

The consolidated financial statements comprise the financial statements of Harvey Norman Holdings Limited and its controlled entities. Control is achieved when the consolidated entity is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the consolidated entity controls an investee if and only if the consolidated entity has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the consolidated entity has less than a majority of the voting or similar rights of an investee, the consolidated entity considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The consolidated entity's voting rights and potential voting rights

The consolidated entity re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the consolidated entity obtains control over the subsidiary and ceases when the consolidated entity loses control of the subsidiary.

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

Non-controlling interests are allocated their share of net profit after tax in the income statement 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 an equity transaction.

(e) Summary of Significant Accounting Policies

(i) Changes in accounting policy, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards mandatory for annual periods beginning on or after 1 July 2018 which require retrospective restatement. New mandatory standards, where material, are disclosed in Note 1 (f) Summary of new standards adopted in the current period on page 76 of this report.

The consolidated entity has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Statement of Significant Accounting Policies (continued)

(ii) Significant accounting judgements, estimates and assumptions

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

Significant accounting judgements:

(a) Assessment of AASB 10 Consolidated Financial Statements in respect of Harvey Norman®, Domayne® and Joyce Mayne® Franchisees in Australia

In determining whether the consolidated entity has control over an entity (investee) and should or should not consolidate the results of the investee, the consolidated entity assesses its exposure to / rights to variable returns from its involvement with the investee and whether it has the ability to affect those returns through its power over the investee.

The assessment of whether Harvey Norman Holdings Limited (HNHL), or any subsidiary of HNHL, as franchisor, should consolidate or not consolidate the results of a franchisee or business operations of that franchisee, is determined by whether the franchisor has control over the franchisee. The assessment of whether a franchisor controls a franchisee or the business operations of that franchisee, involves significant judgment in assessing whether the franchisor has sufficient power through its rights under arrangements with franchisees and through the practical application of those arrangements, to direct the relevant activities of the franchisee that most significantly affect the returns (profits or losses) of the franchisee.

At least on an annual basis, the directors of HNHL will reassess the requirements of control in accordance with AASB 10 Consolidated Financial Statements. During the 2019 financial year, after considering both the legal arrangements in place between the consolidated entity and Harvey Norman®, Domayne® and Joyce Mayne® franchisees and the practical application of those arrangements, the directors have continued to conclude that HNHL, or any subsidiary of HNHL, does not control the business operations of franchisees. In particular, HNHL, or any subsidiary of HNHL, does not have any existing rights that give the consolidated entity the current ability to direct the relevant activities that most significantly affect the returns of the franchisee. The ability to direct the relevant activities that most significantly affect the returns of the franchisee, rest with the franchisee.

HNHL, or any subsidiary of HNHL, does not have any voting rights or legal ownership of any equity interest in any franchisee business. Each franchise business is operated by a separate legal entity which is independent of HNHL, or any subsidiary of HNHL. The franchisee has the authority and decision-making responsibility over the day-to-day operation and administration of the franchisee business. The franchisee has the substantive right to control the decisions regarding sales and pricing, inventory purchasing and inventory management, staff management (hiring, termination, staff numbers, remuneration, appointment of management) and employment of personnel including key management.

The above assessment has resulted in the conclusion that the assets, liabilities and the results of franchisees in Australia are not consolidated by the consolidated entity because the consolidated entity does not control the business operations of Harvey Norman®, Domayne® and Joyce Mayne® franchisees.

(b) Operating lease commitments – consolidated entity as lessor

The consolidated entity has entered into commercial property leases in respect of its investment property portfolio. The entity has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties and has classified the leases as operating leases.

(c) 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. Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

Significant accounting estimates and assumptions:

The key estimates and assumptions at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next annual reporting period, are described below. The consolidated entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the consolidated entity. Such changes are reflected in the assumptions when they occur.

(a) Revaluation of investment properties

The consolidated entity values investment properties at fair value. The fair values in the financial statements are informed by valuations performed by independent external valuers and reviewed internally by the Property Review Committee and the directors of the Company. The independent valuations are performed by external, professionally qualified valuers who hold a recognised, relevant professional qualification and have specialised expertise in the properties valued. The market value of an investment property that is subject to an independent external valuation has been adopted as the fair value of that investment property in the financial statements of the consolidated entity. The key assumptions used to determine the fair value of the investment properties, and the relevant sensitivity analysis, are disclosed in Note 15.

Statement of Significant Accounting Policies (continued)

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

(b) Revaluation of property, plant and equipment

The consolidated entity values land and buildings at fair value. The fair values in the financial statements are informed by valuations performed by independent external valuers and reviewed internally by the Property Review Committee and the directors of the Company. The independent valuations are performed by external, professionally qualified valuers who hold a recognised, relevant professional qualification and have specialised expertise in the properties valued. The market value of an owner-occupied property that is subject to an independent external valuation has been adopted as the fair value of that owner-occupied property in the financial statements of the consolidated entity. The key assumptions used to determine the fair value of owner-occupied properties, and the relevant sensitivity analysis, are disclosed in Note 14.

(c) Revaluation of investment properties for development

An investment property for development is valued at fair value if it can be reliably determined. If a fair value cannot be reliably determined, then the investment property for development is measured at cost. The key assumptions used to determine the fair value of the investment properties for development and the relevant sensitivity analysis, are disclosed in Note 15.

(d) Impairment of financial assets and trade receivables

The consolidated entity recognises an allowance for expected credit losses (ECLs) for debt instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the consolidated entity expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For receivables from franchisees, consumer finance loans and non-trade debts receivable from related entities and unrelated entities, the consolidated entity applies a general approach in calculating ECLs. For trade receivables and finance leases, the consolidated entity applies a simplified approach in calculating ECLs. Therefore, the consolidated entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The consolidated entity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Further details on the significant judgements considered by management relating to impairment of financial assets are disclosed in Note 7. The impairment loss is disclosed in Notes 4 and 7.

(e) Impairment of non-financial assets

The consolidated entity assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the consolidated entity estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGUs) fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset 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 CGU to which the asset belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples for publicly traded subsidiaries or other available fair value indicators.

The consolidated entity bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the consolidated entity's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five (5) years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the income statement in expense categories consistent with the function of the impaired assets, except for a property previously revalued and the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date to determine whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the consolidated entity estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the income statement unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(f) Impairment of equity-accounted investments

The consolidated entity determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the consolidated entity calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value.

Statement of Significant Accounting Policies (continued)

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

(g) 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.

(h) Make good provisions

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

(iii) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. The consolidated entity elects to measure the non-controlling interests in the acquiree 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 circumstances and pertinent conditions as at the acquisition date. Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date.

(iv) Non-current assets held for sale

The consolidated entity classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

(v) Investment properties

Investment properties

Investment property, which is property held to earn rentals and / or for capital appreciation are measured initially 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 property is derecognised when the property has either been disposed of or when the property is permanently withdrawn from use and no future benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is 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.

Properties located in the Australian Capital Territory ("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 located in the ACT have been accounted for as investment properties as they are primarily held to earn rental income.

Each investment property is valued at fair value. Each investment property is the subject of a lease or licence in favour of independent third parties, including Harvey Norman®, Domayne® and Joyce Mayne® franchisees ("Franchisees"). Franchisees occupy properties pursuant to a licence, terminable upon reasonable notice. The fair value in respect of each investment property has been calculated primarily using the income capitalisation valuation method, against current market 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
- current market rental value, being the amount that could be exchanged between knowledgeable, willing parties in an arm's length transaction
- tenure of franchisees and external tenants
- adaptive reuse of buildings
- non-reliance on turnover rent
- the specific circumstances of the property not included in any of the above points

The income capitalisation valuation method is the primary method used for valuations. A discounted cash flow valuation or a direct sale comparison valuation is undertaken as a secondary method, excluding investment property for development.

Statement of Significant Accounting Policies (continued)
(v) Investment properties (continued)

Investment property for development
Investment property for development are valued at fair value if fair value can be reliably determined. The direct sale comparison method is used for the valuation of investment property for development.

(vi) Property, plant and equipment

Plant and equipment assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Land, leasehold land and buildings are measured at fair value less accumulated depreciation and any impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of an asset does not differ materially from its fair value.

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 5 years

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

Revaluation of owner-occupied properties
Following initial recognition at cost, owner-occupied land and buildings (including leasehold land) are carried at fair value less any subsequent accumulated depreciation 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. The valuations are determined by independent external valuers or reviewed internally by the Property Review Committee and the directors of the Company. The key assumptions used to determine the fair value of owner-occupied land and buildings, and the relevant sensitivity analysis, are disclosed in Note 14.

Any revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation decrease of the same asset previously recognised in the income statement, the increase is recognised in the income statement. Any revaluation deficit is recognised in the income statement, except to the extent that it offsets a previous surplus of the same asset in the asset revaluation reserve.

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 fair value 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 from its use or disposal. 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 when the asset is derecognised.

(vii) Financial assets

Up to 30 June 2018, the recognition and measurement of financial assets was in accordance with the previous accounting standard AASB 139 Financial Instruments: Recognition and Measurement. Please refer to the June 2018 Annual Report for the accounting treatment of financial assets in accordance with AASB 139. From 1 July 2018, the recognition and measurement of financial assets is in accordance with the AASB 9 Financial Instruments.

Initial recognition and measurement
Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the consolidated entity's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The consolidated entity's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the consolidated entity commits to purchase or sell the asset.

Statement of Significant Accounting Policies (continued)

(vii) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The consolidated entity measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The consolidated entity's financial assets at amortised cost includes receivables from franchisees, trade receivables, consumer finance loans, non-trade debts receivable from related entities and unrelated entities and finance leases.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the consolidated entity can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the consolidated entity benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The consolidated entity elected to classify irrevocably its non-current equity investments under this category.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include listed shares held for trading, derivative receivables and financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

(viii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The consolidated entity's financial liabilities include trade and other payables, derivative payable and loans and borrowings including bank overdrafts, commercial bills payable, Syndicated Facility Agreement, short-term borrowings, non-trade amounts owing to directors, related parties and unrelated parties.

Subsequent measurement

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. For more information, refer to Notes 18 and 21.

(ix) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The consolidated entity uses forward currency contracts. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment.
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

Statement of Significant Accounting Policies (continued)

(ix) Derivative financial instruments and hedge accounting (continued)

At the inception of a hedge relationship, the consolidated entity formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. From 1 July 2018, the documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the consolidated entity will assess whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

- There is 'an economic relationship' between the hedged item and the hedging instrument.
- The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the consolidated entity actually hedges and the quantity of the hedging instrument that the consolidated entity actually uses to hedge that quantity of hedged item.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Fair value hedges
The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense. For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

Cash flow hedges
The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The consolidated entity uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments. The ineffective portion relating to foreign currency contracts is recognised as other expense. From 1 July 2018, the consolidated entity designates only the spot element of forward contracts as a hedging instrument. The forward element is recognised in OCI and accumulated in a separate component of equity under cash flow hedge reserve. The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non-financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

(x) Investment in associates and joint ventures

An associate is an entity over which the consolidated entity has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but does not control or have joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The consolidated entity's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the consolidated entity's share of net assets of the associate or joint venture since the acquisition date.

After application of the equity method, the consolidated entity determines whether it is necessary to recognise any impairment loss with respect to the consolidated entity's net investment in the associates and joint ventures. At each reporting date, the consolidated entity determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the consolidated entity calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value.

(xi) 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 prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at balance date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the consolidated entity's net investment in a foreign operation. These are recognised in other comprehensive income until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in other comprehensive income.

Statement of Significant Accounting Policies (continued)

(xi) Foreign currency translation (continued)

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 the consolidated entity at the rate of exchange prevailing at the balance date and the income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on retranslation for consolidation are recognised in other comprehensive income. On disposal of a foreign entity, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

(xii) Intangible assets

Intangible assets, consisting of capitalised computer software assets, capitalised development expenditures and licence property, are carried at cost less any accumulated amortisation and accumulated impairment losses. Intangible assets are amortised on a straight line basis over their estimated useful lives but not greater than a period of eight and a half (8.5) 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.

Development expenditures on an individual project are recognised as an intangible asset when the consolidated entity can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- its intention to complete and its ability and intention to use or sell the asset
- how the asset will generate future economic benefits
- the availability of resources to complete the asset
- the ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised over the period of expected future benefit. During the period of development, the asset is tested for impairment annually.

(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 include 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) 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 discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost, in the income statement.

The consolidated entity recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the consolidated entity. As per the corporate laws of Australia, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in other comprehensive income.

Provisions are made for benefits accruing to employees in respect of 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.

Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Statement of Significant Accounting Policies (continued)

(xv) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and on 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) 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 equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in other comprehensive income (employee equity benefits reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the consolidated entity's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the consolidated entity's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

(xvii) 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.

Leases in which the consolidated entity does not transfer substantially all the risks and benefits of ownership of an 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 rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Consolidated entity as lessee
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the consolidated entity is classified as a finance lease.

Finance leases 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 recognised in finance costs in the income statement. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term. An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Financial incentive contributions received from lessors 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.

Statement of Significant Accounting Policies (continued)

(xviii) Borrowing costs

Borrowing costs are recognised as an expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(xix) Taxes

Current income tax
Current income tax assets and liabilities 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 at the reporting date in the countries where the consolidated entity operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax
Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits 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 credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary 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 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.

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

- when the deferred 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
- the carrying amount of deferred tax assets is reviewed at each reporting 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 tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at each reporting 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 tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. 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. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Goods and services tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the GST incurred on a sale or purchase of assets and services is not payable or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or expense item or as part of the cost of acquisition of the asset as applicable.
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

Tax consolidation
Harvey Norman Holdings Limited (HNHL) and its 100% owned Australian resident subsidiaries are members of a tax consolidated group. HNHL 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 principles as outlined in UIG Interpretation 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 entity head entity HNHL.

Statement of Significant Accounting Policies (continued)

(xx) 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 makers 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 Operating Segments 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 as “other segments”.

(xxi) 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 reduction, net of tax, from the proceeds.

(xxii) 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 year 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.

(f) Summary of New Standards Adopted in the Current Period

The consolidated entity applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2018.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to customers. Entities are required to exercise more judgement in developing revenue recognition policies, taking into consideration all the relevant facts and circumstances when applying each step of the model.

The consolidated entity has adopted this standard from 1 July 2018 and has applied the standard retrospectively. The adoption of this standard did not have a material impact on the consolidated entity’s financial statements. With the exception of the set-off of tactical support payments against franchise fees received, the adoption of AASB 15 with respect to franchise agreements did not have any implication on the quantum and timing of the recognition of revenue from franchisees.

Revenue from Franchisees

The application of AASB 15 to franchise agreements with franchisees requires the consolidated entity to recognise revenue from franchisees based on the amount it expects to receive in exchange for the provision of franchising operations’ activities to franchisees, pursuant to a franchise agreement. Upon application of AASB 15, tactical support payments have been netted off against franchise fees received. AASB 15 had nil impact on the franchising operations segment result with the effect being a reclassification from expenses to a reduction in franchising operations segment revenue. Tactical support payments to franchisees protect, enhance and promote the Harvey Norman®, Domayne® and Joyce Mayne® brands, and are an expense of the franchisor to assist a franchisee, as required from time-to-time at a franchisor’s discretion, to effectively compete in their local markets. For the year ended 30 June 2019, the reduction in revenues from franchisees attributable to tactical support payments was $74.88 million compared to $74.98 million for the year ended 30 June 2018.

With the exception of the set-off of tactical support payments, the adoption of AASB 15 with respect to franchise agreements did not have any implication on the quantum and timing of the recognition of revenue from franchisees.

The following are the revenue accounting policies that apply to the consolidated entity in accordance with AASB 15.

Statement of Significant Accounting Policies (continued)
(f) Summary of New Standards Adopted in the Current Period (continued)

Sale of goods

The customer obtains control over the product upon delivery and revenue is therefore recognised at the point in time the product is delivered or handed over to the customer. Revenue is measured based on the consideration expected to be received, net of trade rebates and discounts paid.

Revenue from services

The consolidated entity provides repair services, installation services and delivery services to customers. These services are sold either in their own contracts with the customers or bundled together with the sale of products. The consolidated entity recognises revenue when the service is rendered. For bundled packages, the consolidated entity accounts for individual products and services separately if they are distinct.

AASB 9 Financial Instruments

AASB 9 sets a new model for classifying and measuring financial assets based on the financial asset's contractual cash flow characteristics and the entity's business model for managing the financial assets. The standard also introduces a new expected credit loss model for impairment of financial assets and new rules for hedge accounting. The consolidated entity has adopted this standard from 1 July 2018 without restating comparative information. The key changes to the consolidated entity's financial statements arising from this standard are in relation to the classification and measurement of financial assets and the impairment of financial assets. The adoption of AASB 9 has no impact on the classification and measurement of financial liabilities and financial instruments qualifying for hedge accounting.

Upon first-time implementation of AASB 9 Financial Instruments, receivables from franchisees have been measured at amortised cost. The consolidated entity has performed an assessment of the franchisee receivables and has calculated the expected credit loss by applying the general approach for provisioning for expected credit losses prescribed by AASB 9. The expected credit loss assessment was conducted on the carrying value of franchisee receivables upon the initial application of the standard as at 30 June 2018 totalling $544.00 million, and on the carrying value of franchisee receivables as at 30 June 2019 totalling $607.73 million.

Based on the assessment conducted in both periods, the expected credit losses on receivables from franchisees are not material to the result of the consolidated entity and, as such, no adjustment has been recognised to opening retained profits as at 1 July 2018 and the income statement for the year ended 30 June 2019. The calculation of the expected credit losses pursuant to AASB 9 produces a materially similar result to the previous recoverability assessment under AASB 139 Financial Instruments: Recognition and Measurement. Previously under AASB 139, Derni, as a secured creditor of the franchisee, conducted an assessment of recoverability in respect of each individual franchisee financial accommodation facility. This involved an objective appraisal of the franchisee's capacity to repay amounts owing to Derni, after taking into account all the assets of the franchisee held as security pursuant to the GSD.

Apart from the impact on receivables from franchisees described above, the adoption of AASB 9 did not have a material impact on other financial instruments of the consolidated entity.

(g) Future Accounting Standards

AASB 16 Leases

AASB 16 *Leases* is applicable to the consolidated entity effective from 1 July 2019 (transition date). AASB 16 replaces the current AASB 117 Leases standard.

AASB 16 provides a single lease accounting model for identifying and measuring lease arrangements and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The consolidated entity, as a lessee, will be required to recognise a right-of-use asset, representing its right to use the underlying asset, and a lease liability, representing the present value of future lease payments.

Transition method

(a) Leases of Owner-Occupied Properties

The consolidated entity has elected to apply the "modified retrospective" approach as permitted by AASB 16 at the date of transition. Under this approach the cumulative effect of adopting AASB 16 will be recognised as an adjustment to the opening balance of retained earnings at 1 July 2019, with no requirement to restate any comparative information.

Leasehold properties occupied by the consolidated entity primarily include company-operated stores, warehouses and offices that are leased from external landlords. For these properties, the balance sheet will be adjusted to recognise a depreciating right-of-use asset and associated lease liability. On transition, the right-of-use asset will be measured at its carrying amount as if AASB 16 had been applied since the lease commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. The lease liability will be measured at the net present value of future payables under the lease, including option renewal periods, where the consolidated entity assesses that the probability of exercising the renewal is reasonably certain.

Statement of Significant Accounting Policies (continued)

(g) Future Accounting Standards (continued)

The estimated impact on the consolidated balance sheet, before tax, as at 1 July 2019 is expected to be as follows:

- Recognition of right-of-use asset between $500 million and $550 million;
- Recognition of lease liability between $505 million and $555 million;
- Derecognition and reclassification of amounts currently recorded on the balance sheet including deferred lease liabilities.

In the income statement, lease expense will be replaced by depreciation of the right-of-use asset and interest expense on the lease liability. The impact on profit before tax for the year of adoption in respect of leases of owner-occupied properties is not estimated to be material. However, the actual impact on initial application on 1 July 2019 may differ materially due to changes in the application of practical expedients, recognition exemptions and changes to material judgemental areas.

(b) Leases of Properties Sub-Leased to External Parties

In addition, the consolidated entity has a portfolio of property leases which secure competitive retail sites to be subleased to Harvey Norman®, Domayne® and Joyce Mayne® franchisees. For these properties, the consolidated entity enters into property leasing arrangements with external landlords and then subsequently subleases these sites to franchisees pursuant to a licence, terminable upon reasonable notice and, as such, is classified as an operating lease.

The adoption of AASB 16 will therefore result in the recognition of a right-of-use asset which meets the definition of an investment property. The consolidated entity has elected to apply the fair value model in AASB 140 Investment Property and accordingly the right-of-use asset will be measured in accordance with the fair value model in AASB 140.

The lease liability will be measured at the net present value of future payables under the lease, including option renewal periods, where the consolidated entity assesses that the probability of exercising the renewal is reasonably certain.

The impact on the consolidated balance sheet as at 1 July 2019, before tax, is expected to be as follows:

- Recognition of right-of-use asset between $585 million and $635 million;
- Recognition of lease liability between $585 million and $635 million;
- Derecognition and reclassification of amounts currently recorded on the balance sheet including deferred lease liabilities.

In the income statement, lease expense will be replaced by depreciation of the right-of-use asset, interest expense on the lease liability and fair value movements of the right-of-use asset.

The estimated impact on profit before tax for the year ending 30 June 2020, excluding the impact of any fair value movements on the right-of-use asset, would be a decrease of between $9 million and $12 million.

The above estimates may be materially different to the actual impact on initial application on 1 July 2019 due to changes in the application of practical expedients, recognition exemptions and changes to material judgemental areas.

2. OPERATING SEGMENTS

Operating Segment Revenue: 30 June 2019	June 2019 $000		
	Sales of Products to Customers	Revenues received from franchisees and other income items	Total Revenue by Segment
FRANCHISING OPERATIONS	-	838,665	838,665
Retail – New Zealand	935,096	21,877	956,973
Retail – Singapore & Malaysia	555,467	12,937	568,404
Retail – Slovenia & Croatia	148,922	2,256	151,178
Retail – Ireland & Northern Ireland	370,154	8,098	378,252
Other Non-Franchised Retail	221,899	5,362	227,261
TOTAL RETAIL	2,231,538	50,530	2,282,068
Retail Property	33	332,126	332,159
TOTAL PROPERTY	33	332,126	332,159
EQUITY INVESTMENTS	-	18,666	18,666
OTHER	2,871	11,269	14,140
INTER-COMPANY ELIMINATIONS	(324)	(65,189)	(65,513)
TOTAL SEGMENT REVENUE	2,234,118	1,186,067	3,420,185

Operating Segment Revenue: 30 June 2018	June 2018 $000		
	Sales of Products to Customers	Revenues received from franchisees and other income items	Total Revenue by Segment
FRANCHISING OPERATIONS	-	857,691	857,691
Retail – New Zealand	909,524	20,376	929,900
Retail – Singapore & Malaysia	478,401	10,687	489,088
Retail – Slovenia & Croatia	133,752	2,048	135,800
Retail – Ireland & Northern Ireland	313,325	5,636	318,961
Other Non-Franchised Retail	155,340	4,480	159,820
TOTAL RETAIL	1,990,342	43,227	2,033,569
Retail Property	99	304,516	304,615
TOTAL PROPERTY	99	304,516	304,615
EQUITY INVESTMENTS	-	6,154	6,154
OTHER	3,319	14,766	18,085
INTER-COMPANY ELIMINATIONS	-	(60,629)	(60,629)
TOTAL SEGMENT REVENUE	1,993,760	1,165,725	3,159,485

2. OPERATING SEGMENTS (continued)

Operating Segment Result: 30 June 2019	June 2019 $000				
	Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense	Impairment & Amortisation Expense	Segment Result Before Tax
FRANCHISING OPERATIONS	295,771	(3,221)	(25,648)	(18,502)	248,400
Retail – New Zealand	84,598	-	(6,851)	(355)	77,392
Retail – Singapore & Malaysia	44,674	(87)	(6,483)	(1,049)	37,055
Retail – Slovenia & Croatia	10,487	(416)	(2,447)	(167)	7,457
Retail – Ireland & Northern Ireland	15,255	(2,424)	(4,867)	(167)	7,797
Other Non-Franchised Retail	(12,200)	(1,531)	(2,443)	(497)	(16,671)
TOTAL RETAIL	142,814	(4,458)	(23,091)	(2,235)	113,030
Retail Property	235,083	(19,463)	(10,634)	(305)	204,681
TOTAL PROPERTY	235,083	(19,463)	(10,634)	(305)	204,681
EQUITY INVESTMENTS	18,595	(197)	-	-	18,398
OTHER	4,999	(1,711)	(4,990)	(8,248)	(9,950)
INTER-COMPANY ELIMINATIONS	(268)	268	-	-	-
TOTAL SEGMENT RESULT BEFORE TAX	696,994	(28,782)	(64,363)	(29,290)	574,559

Operating Segment Result: 30 June 2018	June 2018 $000				
	Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense	Impairment & Amortisation Expense	Segment Result Before Tax
FRANCHISING OPERATIONS	329,617	(2,471)	(27,300)	(17,306)	282,540
Retail – New Zealand	89,926	-	(7,312)	(309)	82,305
Retail – Singapore & Malaysia	32,043	(116)	(5,975)	(940)	25,012
Retail – Slovenia & Croatia	9,841	(392)	(1,862)	(187)	7,400
Retail – Ireland & Northern Ireland	8,499	(2,419)	(4,585)	(83)	1,412
Other Non-Franchised Retail	9,287	(1,643)	(1,590)	(17,223)	(11,169)
TOTAL RETAIL	149,596	(4,570)	(21,324)	(18,742)	104,960
Retail Property	218,261	(17,545)	(11,758)	(305)	188,653
Property Developments for Resale	(73)	(12)	-	-	(85)
TOTAL PROPERTY	218,188	(17,557)	(11,758)	(305)	188,568
EQUITY INVESTMENTS	6,084	(200)	-	-	5,884
OTHER	4,464	(1,823)	(4,977)	(49,444)	(51,780)
INTER-COMPANY ELIMINATIONS	(277)	277	-	-	-
TOTAL SEGMENT RESULT BEFORE TAX	707,672	(26,344)	(65,359)	(85,797)	530,172

2. OPERATING SEGMENTS (continued)

Operating Segment Assets and Liabilities: 30 June 2019	June 2019 $000					
	Segment Assets			Segment Liabilities		
	Segment Assets	Inter-company Eliminations	Segment Assets After Eliminations	Segment Liabilities	Inter-company Eliminations	Segment Liabilities After Eliminations
FRANCHISING OPERATIONS	3,006,917	(2,078,590)	**928,327**	234,661	(10,340)	**224,321**
Retail – New Zealand	267,981	-	**267,981**	103,973	(4,031)	**99,942**
Retail – Singapore & Malaysia	199,964	(1,772)	**198,192**	119,811	(40,141)	**79,670**
Retail – Slovenia & Croatia	56,675	(3,115)	**53,560**	46,526	(753)	**45,773**
Retail – Ireland & Northern Ireland	86,553	(119)	**86,434**	129,126	(416)	**128,710**
Other Non-Franchised Retail	175,065	(46,765)	**128,300**	220,853	(141,443)	**79,410**
TOTAL RETAIL	786,238	(51,771)	**734,467**	620,289	(186,784)	**433,505**
Retail Property	2,976,650	(25,319)	**2,951,331**	2,331,761	(1,820,345)	**511,416**
Property Developments for Resale	36,666	-	**36,666**	-	-	**-**
TOTAL PROPERTY	3,013,316	(25,319)	**2,987,997**	2,331,761	(1,820,345)	**511,416**
EQUITY INVESTMENTS	44,344	-	**44,344**	5,470	-	**5,470**
OTHER	161,871	(58,262)	**103,609**	280,166	(196,473)	**83,693**
TOTAL SEGMENT ASSETS / LIABILITIES BEFORE TAX	7,012,686	(2,213,942)	4,798,744	3,472,347	(2,213,942)	1,258,405*

Operating Segment Assets and Liabilities: 30 June 2018	June 2018 $000					
	Segment Assets			Segment Liabilities		
	Segment Assets	Inter-company Eliminations	Segment Assets After Eliminations	Segment Liabilities	Inter-company Eliminations	Segment Liabilities After Eliminations
FRANCHISING OPERATIONS	3,353,891	(2,460,089)	**893,802**	545,493	(216,841)	**328,652**
Retail – New Zealand	242,137	-	**242,137**	97,514	(3,683)	**93,831**
Retail – Singapore & Malaysia	173,902	(1,287)	**172,615**	111,897	(39,177)	**72,720**
Retail – Slovenia & Croatia	51,776	(2,288)	**49,488**	44,931	(526)	**44,405**
Retail – Ireland & Northern Ireland	191,452	(103,605)	**87,847**	406,360	(262,017)	**144,343**
Other Non-Franchised Retail	123,969	(30,495)	**93,474**	167,439	(76,104)	**91,335**
TOTAL RETAIL	783,236	(137,675)	**645,561**	828,141	(381,507)	**446,634**
Retail Property	2,887,036	(24,493)	**2,862,543**	2,332,929	(1,830,386)	**502,543**
Property Developments for Resale	1,850	-	**1,850**	3,023	(2,628)	**395**
TOTAL PROPERTY	2,888,886	(24,493)	**2,864,393**	2,335,952	(1,833,014)	**502,938**
EQUITY INVESTMENTS	46,848	-	**46,848**	6,361	-	**6,361**
OTHER	203,028	(75,990)	**127,038**	325,667	(266,885)	**58,782**
TOTAL SEGMENT ASSETS / LIABILITIES BEFORE TAX	7,275,889	(2,698,247)	4,577,642	4,041,614	(2,698,247)	1,343,367*

* Segment liabilities are exclusive of income tax payable and deferred income tax liabilities.

2. OPERATING SEGMENTS (continued)

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

Operating Segment	Description of Segment
Franchising Operations	Consists of the franchisor operations of the consolidated entity, but does not include the results, assets, liabilities or operations of any Harvey Norman®, Domayne® and Joyce Mayne® franchisees.
Retail – New Zealand	Consists of the wholly-owned operations of the consolidated entity in the retail trading operations in New Zealand under the Harvey Norman® brand name.
Retail – Singapore & Malaysia	Consists of the controlling interest of the consolidated entity in the retail trading operations in Singapore and Malaysia under the Harvey Norman® and Space Furniture® brand names.
Retail – Slovenia & Croatia	Consists of the wholly-owned operations of the consolidated entity in the retail trading operations in Slovenia and Croatia under the Harvey Norman® brand name.
Retail – Ireland & Northern Ireland	Consists of the wholly-owned operations of the consolidated entity in the retail trading operations in Ireland and Northern Ireland under the Harvey Norman® brand name.
Other Non-Franchised Retail	Consists of the retail trading operations in Australia which are controlled by the consolidated entity and does not include the operations of any Harvey Norman®, Domayne® and Joyce Mayne® franchisees.
Retail Property	Consists of land and buildings that are owned by the consolidated entity for each site that are fully operational or are ready for operations. 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. This segment includes the mining camp accommodation joint ventures.
Retail Property Under Construction	Consists of sites that are currently undergoing construction at balance date intended for retail leasing. It also includes vacant land that has been purchased for the purposes of generating future investment income.
Property Developments for Resale	Consists of land and buildings acquired by the consolidated entity, to be developed, or currently under development, for the sole purpose of resale at a profit. This segment includes land and buildings held for sale, which were previously reported in the Retail Property segment.
Equity Investments	This segment refers to the investment in, and trading of, equity investments.
Other	This segment primarily relates to credit facilities provided to related and unrelated parties, other unallocated income and expense items and the joint venture investment in Coomboona Holdings Pty Limited.

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000

3. REVENUES

Revenue from contracts with customers and franchisees:		
Sale of products to customers (a)	2,234,118	1,993,760
Services to customers (c) (included in revenues and other income items line in the Income Statement)	27,536	24,474
Franchise fees in accordance with franchise agreements (b) (included in Revenue received from franchisees in the Income Statement)	668,926	693,475
Total revenue from contracts with customers and franchisees	2,930,580	2,711,709

Refer to Table 1 on page 84 for a breakdown of revenues under AASB 15 and the relationship to the reported operating segments of the consolidated entity - by Types of Contracts.

Refer to Table 2 on page 85 for a breakdown of revenues under AASB 15 and the relationship to the reported operating segments of the consolidated entity - by Primary Geographical Markets.

Other revenue from franchisees:		
- Rent and outgoings received from franchisees	243,940	241,687
- Interest to implement and administer the financial accommodation facilities	30,782	30,310
Total other revenue received from franchisees (b)	274,722	271,997

Gross revenue from other unrelated parties:		
- Rent and outgoings received from external tenants	95,982	85,314
- Interest received from financial institutions and other parties	5,262	7,167
- Dividends received	2,711	2,747
Total revenue from other unrelated parties (c)	103,955	95,228

Other income items:		
- Net property revaluation increment on Australian investment properties	69,289	51,646
- Property revaluation increment for overseas controlled entity	1,012	-
- Net revaluation increment of equity investments to fair value	15,955	3,407
- Net foreign exchange gains	-	496
- Other income	24,672	25,002
Total other income items (c)	110,928	80,551

Disclosed in the Income Statement as follows:

(a) Sale of products to customers	2,234,118	1,993,760
(b) Revenue received from franchisees	943,648	965,472
(c) Revenues and other income items	242,419	200,253

3. REVENUES (continued)

Table 1. Breakdown of Revenues under AASB 15 and the relationship to the reported operating segments of the consolidated entity - by Types of Contracts:

	Year Ended 30 June 2019											
	Franchising Operations	Retail – New Zealand	Retail – Singapore & Malaysia	Retail – Slovenia & Croatia	Retail – Ireland & Northern Ireland	Other Non-Franchised Retail	Retail Property	Property Developments for Resale	Equity Investments	Other	Inter-Company Eliminations	Total Segment Revenue
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
June 2019												
Types of Contracts:												
Sale of products to customers	-	935,096	555,467	148,922	370,154	221,899	33	-	-	2,871	(324)	**2,234,118**
Services to customers	-	13,952	5,206	1,728	5,531	1,119	-	-	-	-	-	**27,536**
Franchise fees from franchisees	668,926	-	-	-	-	-	-	-	-	-	-	**668,926**
Total revenue from contracts with customers and franchisees	668,926	949,048	560,673	150,650	375,685	223,018	33	-	-	2,871	(324)	**2,930,580**

	Year Ended 30 June 2018											
	Franchising Operations	Retail – New Zealand	Retail – Singapore & Malaysia	Retail – Slovenia & Croatia	Retail – Ireland & Northern Ireland	Other Non-Franchised Retail	Retail Property	Property Developments for Resale	Equity Investments	Other	Inter-Company Eliminations	Total Segment Revenue
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
June 2018												
Types of Contracts:												
Sale of products to customers	-	909,524	478,401	133,752	313,325	155,340	99	-	-	3,319	-	**1,993,760**
Services to customers	-	13,206	4,065	1,794	3,764	1,645	-	-	-	-	-	**24,474**
Franchise fees from franchisees	693,475	-	-	-	-	-	-	-	-	-	-	**693,475**
Total revenue from contracts with customers and franchisees	693,475	922,730	482,466	135,546	317,089	156,985	99	-	-	3,319	-	**2,711,709**

3. REVENUES (continued)

Table 2. Breakdown of Revenues under AASB 15 and the relationship to the reported operating segments of the consolidated entity - by Primary Geographical Markets:

	Year Ended 30 June 2019											
	Franchising Operations	Retail – New Zealand	Retail – Singapore & Malaysia	Retail – Slovenia & Croatia	Retail – Ireland & Northern Ireland	Other Non-Franchised Retail	Retail Property	Property Developments for Resale	Equity Investments	Other	Inter-Company Eliminations	Total Segment Revenue
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
June 2019												
Primary geographical markets:												
Australia	668,926	-	-	-	-	214,359	33	-	-	2,871	(324)	**885,865**
New Zealand	-	949,048	-	-	-	8,659	-	-	-	-	-	**957,707**
Asia	-	-	560,673	-	-	-	-	-	-	-	-	**560,673**
Europe	-	-	-	150,650	375,685	-	-	-	-	-	-	**526,335**
Total revenue from contracts with customers and franchisees	668,926	949,048	560,673	150,650	375,685	223,018	33	-	-	2,871	(324)	**2,930,580**

	Year Ended 30 June 2018											
	Franchising Operations	Retail – New Zealand	Retail – Singapore & Malaysia	Retail – Slovenia & Croatia	Retail – Ireland & Northern Ireland	Other Non-Franchised Retail	Retail Property	Property Developments for Resale	Equity Investments	Other	Inter-Company Eliminations	Total Segment Revenue
	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000	$000
June 2018												
Primary geographical markets:												
Australia	693,475	-	-	-	-	148,689	99	-	-	3,319	-	**845,582**
New Zealand	-	922,730	-	-	-	8,296	-	-	-	-	-	**931,026**
Asia	-	-	482,466	-	-	-	-	-	-	-	-	**482,466**
Europe	-	-	-	135,546	317,089	-	-	-	-	-	-	**452,635**
Total revenue from contracts with customers and franchisees	693,475	922,730	482,466	135,546	317,089	156,985	99	-	-	3,319	-	**2,711,709**

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
4. EXPENSES AND LOSSES		
Employee benefits expense:		
- Wages and salaries	313,124	278,043
- Workers' compensation	3,174	1,282
- Superannuation contributions	16,278	13,904
- Payroll tax	12,107	10,999
- Share-based payments	717	761
- Other employee benefits	8,523	10,874
Total employee benefits expense	353,923	315,863
Minimum lease payments	184,780	171,025
Finance costs:		
- Bank interest paid to financial institutions	26,838	23,827
- Other	1,944	2,517
Total finance costs	28,782	26,344
Depreciation, amortisation and impairment:		
Depreciation of:		
- Buildings	11,857	11,157
- Plant and equipment	52,506	54,202
Amortisation of:		
- Computer software	19,721	18,339
- Net licence property and other intangible assets	1,175	1,093
Impairment of non-trade debts receivable from KEH (a) (included in administrative expenses line in the Income Statement)	146	16,921
Impairment of non-trade debts receivable from Coomboona JV (c) (included in administrative expenses line in the Income Statement)	8,248	28,779
Impairment of equity-accounted investment (d) (included in administrative expenses line in the Income Statement)	-	20,665
Total depreciation, amortisation and impairment	93,653	151,156
Loss on restructure and consolidation of KEH (b)	9,665	-

KEH Partnership Pty Limited (KEH)

(a) As at 30 June 2018, the consolidated entity had a commercial loan receivable from the KEH Partnership retail joint venture (**KEH**) totalling $60.96 million in respect of the amounts advanced to The School Locker business to assist with working capital requirements. The Big Buys by Harvey Norman® business was closed during the second half of the 2018 financial year. The amounts previously advanced to the Big Buys by Harvey Norman® business were either repaid or written off in full upon closure of that business and was nil as at 30 June 2018. As at 30 June 2018, the total provision for doubtful debts relating to The School Locker business of KEH was $20.82 million. The provision for doubtful debts previously raised for The Big Buys business was fully utilised upon closure. During the 2018 financial year, an impairment assessment was conducted resulting in the recognition of an expense of $16.92 million, with $6.06 million relating to the Big Buys by Harvey Norman® business and $10.86 million relating to The School Locker business.

(b) Up to 30 June 2018, the consolidated entity, through a wholly-owned subsidiary, had a 50% interest in the KEH business (**Partnership**) and had accounted for its interest as an equity-accounted joint venture entity. Effective 1 July 2018, the consolidated entity's interest in the Partnership was 99.02% and, from that date, the consolidated entity ceased equity accounting and consolidated the financial statements of KEH.

The loss on the restructure and consolidation of KEH was $9.67 million, being the difference in the carrying amount of the loan receivable from KEH in the consolidated entity's financial statements of $40.14 million and the fair value of the loan payable in KEH's financial statements of $30.47 million. Refer to Note 38. Business Combinations on page 124.

4. EXPENSES AND LOSSES (continued)

Coomboona JV

(c) In the previous financial year, the recoverable amount of the loans advanced to the Coomboona JV were assessed as at 30 June 2018 based on the information provided by the Administrator as to the expected terms and conditions of the Administrator Sale. During the year ended 30 June 2019, upon exchange of contracts for the Administrator Sale and the subsequent settlement of the Administrator Sale on 16 January 2019, the secured creditors were advised that the expected net proceeds on settlement would be $8.25 million less than the expected recoverable amount to discharge those receivables. The reduced proceeds were due to matters regarding the finalisation of the Administrator Sale that arose during the current year.

(d) The impairment loss recognised for the year ended 30 June 2018 included a write-down of the carrying amount of the equity-accounted investment in the Coomboona JV to its estimated recoverable amount totalling $20.67 million.

5. INCOME TAX

(a)

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
Income tax recognised in the Income Statement:		
The major components of income tax expense are:		
Current income tax:		
Current income tax charge	128,456	138,147
Adjustments in respect of current income tax of previous years	(135)	(360)
Deferred income tax:		
Relating to the origination and reversal of temporary differences	37,236	12,335
Total income tax expense reported in the Income Statement	165,557	150,122

(b)

	June 2019 $000	June 2018 $000
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 gain on revaluation of cash flow hedges	3	4
Net gain on revaluation of land and buildings	3,910	2,693
Total income tax expense reported in equity	3,913	2,697

5. INCOME TAX (continued)

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

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
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	574,560	530,172
At the statutory income tax rate of 30% (2018: 30%)	172,368	159,052
Adjustments to arrive at total income tax expense recognised for the year:		
Transitions undertaken by Harvey Norman Holdings Limited and Harvey Norman Holdings (Ireland) Limited as agreed under the terms of an Advance Pricing Arrangement with the Australian Taxation Office dated 6 February 2012	1,630	1,583
Adjustments in respect of current income tax of previous years	(135)	360
Share-based payment expenses	158	229
Expenditure not allowable for income tax purposes	171	1,090
Income not assessable for income tax purposes	(66)	(4,395)
Unrecognised tax losses	7	302
Utilisation of previously unrecognised tax losses	(2,768)	(1,300)
Tax concession for research and development expenses	(221)	(359)
Difference between tax capital gain and accounting profit on revaluation of pre-CGT properties	(154)	(371)
Non-allowable building and motor vehicle depreciation	1,348	(90)
Receipt of fully franked dividends	(792)	(830)
Sundry items	(636)	(1,049)
Effect of different rates of tax on overseas income and exchange rate differences	(5,353)	(4,100)
Total adjustments	(6,811)	(8,930)
Total income tax expense reported in the Income Statement	165,557	150,122
Effective income tax rate (%)	28.81%	28.32%

5. INCOME TAX (continued)

(d)

Deferred income tax assets and liabilities:	Statement of Financial Position June 2019 $000	Statement of Financial Position June 2018 $000	Income Statement June 2019 $000	Income Statement June 2018 $000
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities:				
Revaluations of investment properties to fair value	(185,556)	(164,227)	21,102	16,549
Revaluations of owner-occupied land and buildings to fair value	(40,189)	(36,501)	-	-
Non-allowable building depreciation in respect of properties in New Zealand	(13,831)	(13,683)	(515)	(2,040)
Reversal of building depreciation expense for investment properties	(105,152)	(92,370)	12,782	12,234
Research and development	(16,531)	(16,807)	(276)	178
Other items	(4,108)	(3,419)	460	3,027
Total deferred tax liabilities	(365,367)	(327,007)		
Deferred tax assets:				
Employee provisions	9,817	9,196	(396)	(935)
Unused tax losses and tax credits	260	219	(41)	154
Losses in respect of the Coomboona joint venture	11,665	18,798	7,134	(6,199)
Other provisions	7,959	11,993	(4,093)	(11,396)
Provision for lease makegood	442	266	(44)	(241)
Provision for deferred lease expenses	1,273	1,201	(72)	199
Lease incentives	1,206	1,341	136	69
Provision for executive remuneration	811	1,870	1,059	736
Revaluations of owner-occupied land and buildings to fair value	1,388	1,388	-	-
Total deferred tax assets	34,821	46,272		
Total deferred tax	(330,546)	(280,735)	37,236	12,335

The consolidated entity has not recognised deferred tax assets relating to tax losses of $195.32 million (2018: $205.56 million) which are available for offset against taxable profits of the companies in which the losses arose.

At 30 June 2019, no deferred tax liability has been recognised (2018: nil) in respect of the unremitted earnings of certain subsidiaries, associates or joint ventures.

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
6. EARNINGS PER SHARE		
Basic earnings per share (cents per share)	34.70c	33.21c
Diluted earnings per share (cents per share)	34.67c	33.18c
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Profit after tax	409,002	380,050
Less: Profit after tax attributable to non-controlling interests	(6,685)	(4,672)
Profit after tax attributable to owners to the parent	402,317	375,378

	NUMBER OF SHARES June 2019 Number	NUMBER OF SHARES June 2018 Number
Weighted average number of ordinary shares used in calculating basic earnings per share (a)	1,159,443,029	1,130,182,344
Effect of dilutive securities (b)	1,114,644	1,032,320
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	1,160,557,673	1,131,214,664

(a) Weighted Average number of Ordinary Shares

The weighted average number of ordinary shares used in calculating basic earnings per share is inclusive of the new shares totalling 65,547,679 ordinary shares in the Company issued on 22 October 2018 pursuant to the pro-rata Entitlement Offer, weighted on a pro-rata basis from issue date to 30 June 2019.

(b) Effect of Dilutive Securities

On 30 November 2015, the consolidated entity issued a total of 400,000 performance rights under Tranche 1 of the 2016 LTI Plan to the executive directors. A performance right is the right to acquire one ordinary share in the Company at nil exercise price. If exercised, each performance right will be converted into one ordinary share in the Company. These performance rights are capable of exercise from 1 January 2019 to 31 December 2021. The performance rights were valued at grant date at $3.52 per entitlement share using a discounted cash flow technique. Subject to the satisfaction of the financial performance condition (calculated exclusively based on RONA) and service conditions of the 2016 LTI Plan, the total fair value of the Tranche 1 performance rights amounted to $1,408,000 in aggregate. On 1 January 2019, 160,000 performance rights representing 40% of Tranche 1 of the 2016 LTI Plan had lapsed and will never be exercisable by the participants. On 1 March 2019, 112,500 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 8 March 2019, 45,000 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 11 March 2019, 45,000 performance rights under Tranche 1 of the 2016 LTI Plan were exercised. On 21 March 2019, 37,500 performance rights under Tranche 1 of the 2016 LTI Plan were exercised reducing the unissued ordinary shares under Tranche 1 of the 2016 LTI Plan to nil.

On 28 November 2016, the consolidated entity issued a total of 400,000 performance rights under Tranche 2 of the 2016 LTI Plan to the executive directors. These performance rights are capable of exercise from 1 January 2020 to 31 December 2022. The performance rights were valued at grant date at $3.87 per entitlement share using a discounted cash flow technique. Subject to the satisfaction of the financial performance condition (calculated exclusively based on RONA) and service conditions of the 2016 LTI Plan, the total fair value of Tranche 2 performance rights amounted to $1,548,000 in aggregate.

On 1 December 2017, the consolidated entity issued a total of 400,000 performance rights under Tranche 3 of the 2016 LTI Plan to the executive directors. These performance rights are capable of exercise from 1 January 2021 to 31 December 2023. The performance rights were valued at grant date at $3.34 per entitlement share using a discounted cash flow technique. Subject to the satisfaction of the financial performance condition (calculated exclusively based on RONA) and service conditions of the 2016 LTI Plan, the total fair value of Tranche 3 performance rights amounted to $1,336,000 in aggregate.

On 4 December 2018, the consolidated entity issued a total of 549,500 performance rights under Tranche FY19 of the 2016 LTI Plan to the executive directors. These performance rights are capable of exercise from 1 January 2022 to 30 June 2024. The performance rights were valued at grant date at $2.59 per entitlement share using a discounted cash flow technique. Subject to the satisfaction of the financial performance condition (calculated exclusively based on RONA) and service conditions of the 2016 LTI Plan, the total fair value of Tranche FY19 performance rights amounted to $1,423,205 in aggregate.

Performance rights issued under Tranche 2 (FY17), Tranche 3 (FY18) and Tranche FY19 of the 2016 LTI Plan have been included in the calculation of diluted earnings per share. They are considered to be dilutive as their conversion to ordinary shares would decrease the net profit per share. There have been no conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date.

7. TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
Receivables from franchisees (a)	607,731	544,003
Trade receivables (b)	104,359	102,782
Consumer finance loans (c)	3,199	2,900
Provision for doubtful debts (b) (c)	(444)	(777)
Receivables from franchisees and trade receivables, net	714,845	648,908
Amount receivable in respect of finance leases, net (d)	3,306	3,400
Non-trade debts receivable from: (e)		
- Related entities (including joint ventures and joint venture partners)	21,334	94,721
- Unrelated entities	3,096	6,627
Provision for doubtful debts (e)	(719)	(28,966)
Non-trade debts receivable, net	23,711	72,382
Total trade and other receivables (current)	741,862	724,690

(a) Receivables from franchisees

Derni Pty Limited (Derni), a wholly-owned subsidiary of Harvey Norman Holdings Limited (HNHL), may, at the request of a franchisee, provide financial accommodation in the form of a revolving line of credit, to that franchisee. The repayment of the indebtedness of that franchisee to Derni is secured by a security interest over all present and after-acquired property of that franchisee, pursuant to a General Security Deed (GSD).

The receivables from franchisees balance of $607.73 million as at 30 June 2019 comprises the aggregate of the balances due from each franchisee to Derni, and is net of uncollectible amounts. The indebtedness of each franchisee to Derni is reduced on a daily basis by an electronic funds transfer process. Each franchisee directs the financial institution of that franchisee to transfer the net cash receipts in the bank account of the franchisee to Derni, in reduction of outstanding indebtedness.

Receivables from franchisees are current and neither past due nor impaired as at 30 June 2019.

Upon first-time implementation of AASB 9 Financial Instruments, receivables from franchisees have been measured at amortised cost. The consolidated entity has performed an assessment of the franchisee receivables and has calculated the expected credit loss by applying the general approach for provisioning for expected credit losses prescribed by AASB 9. The expected credit loss assessment was conducted on the carrying value of franchisee receivables upon the initial application of the standard as at 30 June 2018 totalling $544.00 million, and on the carrying value of franchisee receivables as at 30 June 2019 totalling $607.73 million. Based on the assessment conducted in both periods, the expected credit losses on receivables from franchisees are not material to the result of the consolidated entity and, as such, no adjustment has been recognised to opening retained profits as at 1 July 2018 and the income statement for the year ended 30 June 2019. The calculation of the expected credit losses pursuant to AASB 9 produces a materially similar result to the previous recoverability assessment under AASB 139 Financial Instruments: Recognition and Measurement. Previously under AASB 139, Derni, as a secured creditor of the franchisee, conducted an assessment of recoverability in respect of each individual franchisee financial accommodation facility. This involved an objective appraisal of the franchisee's capacity to repay amounts owing to Derni, after taking into account all the assets of the franchisee held as security pursuant to the GSD.

(b) Trade receivables and provisions for doubtful debts

Trade receivables are non-interest bearing and are generally on 30-day terms. A provision has been made for estimated unrecoverable 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 $0.26 million (2018: $0.17 million) has been recognised by the consolidated entity in the current year for trade receivables. This amount has been included in the other expenses line item in the Income Statement.

The ageing analysis of current and non-current trade receivables is as follows:

- $88.76 million of the trade receivables balance as at 30 June 2019 (2018: $89.38 million) are neither past due nor impaired. It is expected that these balances will be collected by the consolidated entity on, or prior to, the due date.
- $15.73 million of the trade receivables balance as at 30 June 2019 (2018: $13.19 million) are past due but not impaired 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 as at 30 June 2019 (2018: nil).
- $0.41 million of the trade receivables balance as at 30 June 2019 (2018: $0.75 million) are past due and impaired which have been fully provided.

	Neither past due nor impaired	Past due but not impaired 31-60 Days	61-90 Days	+90 Days	Past due and impaired 31-60 Days	61-90 Days	+90 Days	Total
2019 ($000)	88,764	4,193	3,486	8,048	99	111	204	104,905
2018 ($000)	89,376	5,250	2,776	5,162	52	26	673	103,315

7. TRADE AND OTHER RECEIVABLES (CURRENT) (continued)

(b) Trade receivables and provisions for doubtful debts (continued)

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
Reconciled to:		
Trade receivables (Current)	104,359	102,782
Trade receivables (Non-current – Note 12)	546	533
Total trade receivables	104,905	103,315

Movements in the provision for doubtful debts for trade receivables were as follows:

At 1 July	751	1,173
Charge for the year	262	174
Foreign exchange translation	24	24
Amounts written off	(623)	(620)
At 30 June	414	751

(c) Consumer finance loans and provision for doubtful debts

The consumer finance loans are non-interest bearing and are generally on 6 to 48 months interest-free terms. The ageing analysis of current and non-current consumer finance loans is as follows:

- $3.64 million of the consumer finance loans at 30 June 2019 (2018: $3.16 million) are neither past due nor impaired. It is expected that these balances will be collected by the consolidated entity on, or prior to, the due date.
- 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. $0.20 million of the consumer finance loans balance as at 30 June 2019 (2018: $0.33 million) are past due but not impaired. The consolidated entity does not hold any collateral over these balances and believes that these amounts will be recovered.
- $0.04 million of the consumer finance loans at 30 June 2019 (2018: $0.03 million) are past due and impaired which have been fully provided.

	Neither past due nor impaired	Past due but not impaired 31-60 Days	Past due but not impaired 61-90 Days	Past due but not impaired +90 Days	Past due and impaired 31-60 Days	Past due and impaired 61-90 Days	Past due and impaired +90 Days	Total
2019 ($000)	3,642	132	22	44	-	-	36	3,876
2018 ($000)	3,156	113	48	165	-	-	32	3,514

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
Reconciled to:		
Consumer finance loans (current)	3,199	2,900
Consumer finance loans (non-current – Note 12)	677	614
Total consumer finance loans	3,876	3,514

Movements in the provision for doubtful debts for consumer finance loans were as follows:

At 1 July	32	27
Charge for the year	17	5
Amounts written off	(13)	-
At 30 June	36	32

7. TRADE AND OTHER RECEIVABLES (CURRENT) (continued)

(d) Finance lease receivables and provision for doubtful debts

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
Finance lease receivables are reconciled to amounts receivable in respect of finance leases as follows:		
Aggregate of minimum lease payments and guaranteed residual values:		
Not later than one year	3,418	3,515
Later than one year but not later than five years	896	816
	4,314	4,331
Future finance revenue:		
Not later than one year	(112)	(115)
Later than one year but not later than five years	(76)	(84)
Net finance lease receivables	4,126	4,132
Reconciled to:		
Amounts receivable in respect of finance leases (current)	3,306	3,400
Amounts receivable in respect of finance leases (non-current – Note 12)	820	732
Total finance lease receivables	4,126	4,132
Movements in the provision for doubtful debts for finance lease receivables were as follows:		
At 1 July	-	2,458
Amounts written off	-	(2,458)
At 30 June	-	-

The consolidated entity offers finance lease arrangements as part of the consumer finance business. Finance leases are offered in respect of motor vehicles and livestock with lease terms not exceeding 4 years. All finance leases are at fixed rates for the term of the lease. A provision is made for estimated unrecoverable finance lease receivable amounts when there is objective evidence that a finance lease receivable is impaired. No impairment loss has been recognised in the current year (2018: nil).

The ageing analysis of current and non-current finance lease receivables is as follows:

- $1.40 million of the finance lease receivable balance as at 30 June 2019 (2018: $1.41 million) are neither past due nor impaired.
- $2.73 million of the finance lease receivable balance as at 30 June 2019 (2018: $2.73 million) are past due but not impaired. These receivables are subject to regular monitoring to ensure that they are recoverable. As at balance date, there were no events that required the consolidated entity to sell or re-pledge the secured leased assets.
- No finance lease receivable balance as at 30 June 2019 is past due and impaired (2018: nil).

(e) Non-trade debts receivable and provision for doubtful debts

Non-trade debts receivable are generally interest-bearing and are normally payable at call. The aggregate balance of current and non-current non-trade debts receivable as at 30 June 2019 was $101.34 million (2018: $211.96 million) as follows:

- $51.85 million of the non-trade debts receivable balance as at 30 June 2019 (2018: $43.16 million) are neither past due nor impaired. It is expected that these balances will be collected by the consolidated entity on, or prior to, the due date.
- $19.22 million of the non-trade debts receivable balance as at 30 June 2019 (2018: $105.79 million) are past due but not impaired. These receivables are subject to regular monitoring and periodic impairment testing to ensure that they are recoverable.
- $30.27 million of the non-trade debts receivable balance as at 30 June 2019 (2018: $63.01 million) are past due and impaired and a provision for doubtful debts has been raised in full.

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

	Neither past due nor impaired	Past due but not impaired 31-60 Days	Past due but not impaired 61-90 Days	Past due but not impaired +90 Days	Past due and impaired 31-60 Days	Past due and impaired 61-90 Days	Past due and impaired +90 Days	Total
2019 ($000)	51,847	-	-	19,218	-	-	30,272	101,337
2018 ($000)	43,158	-	-	105,794	-	-	63,008	211,960

7. TRADE AND OTHER RECEIVABLES (CURRENT) (continued)

(e) Non-trade debts receivable and provision for doubtful debts (continued)

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
Reconciled to:		
Non-trade debts receivable (current)	24,430	101,348
Non-trade debts receivable (non-current – Note 12)	76,907	110,612
Total non-trade debts receivables	101,337	211,960

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

	June 2019 $000	June 2018 $000
At 1 July	63,008	48,305
Charge for the year (i) (iii)	3,786	45,885
Reversal due to restructure of KEH business (i)	(4,494)	-
Utilisation of doubtful debts provision (i) (iii)	(32,028)	(31,182)
At 30 June	30,272	63,008

(i) Non-trade receivables from the KEH Partnership retail joint venture:

As at 30 June 2018, the consolidated entity, through a wholly-owned subsidiary, had a 50% interest in KEH Partnership Pty Limited (**KEH**), a retail joint venture in Australia. The primary business of KEH is the retail sale of school apparel and educational goods through the brand name of The School Locker. The 'Big Buys by Harvey Norman®' (**Big Buys**) division of KEH was closed during the second half of the 2018 financial year. At 30 June 2018, the aggregate non-trade receivable from KEH was $60.96 million in respect of the amounts advanced to The School Locker business to assist with working capital requirements. The amounts previously advanced to Big Buys were either repaid or written off in full upon closure, utilising the provision for doubtful debts previously raised in respect of that business. During the 2018 financial year, an impairment assessment was conducted resulting in the recognition of an expense of $16.92 million, with $6.06 million relating to Big Buys and $10.86 million relating to The School Locker. As at 30 June 2018, the total provision for doubtful debts relating to The School Locker was $20.82 million with a nil provision balance relating to Big Buys.

Effective 1 July 2018, a wholly-owned subsidiary of Harvey Norman Holdings Limited acquired all of the inventory assets of KEH. Subsequently, there was a restructure of the KEH business where, by unanimous agreement in writing, each partner in the Partnership agreed to vary the interest of the respective partners in the Partnership, with the consolidated entity increasing its partnership interest in the Partnership to 99.02%. The effect of this restructure was the consolidation and elimination of the commercial loans advanced to The School Locker. This resulted in a net reversal of $4.49 million in respect of the provision for doubtful debts previously raised for The School Locker non-trade receivables.

(ii) Non-trade receivables from mining camp joint ventures:

The consolidated entity has made commercial advances to the mining camp joint ventures totalling $34.95 million (2018: $37.63 million) in aggregate as at 30 June 2019. The recoverable amount of non-trade receivables advanced to the mining camp joint ventures was assessed during the year. No impairment loss was recognised in the current year (2018: nil) to reduce the carrying amount of the non-trade receivable to recoverable amount. The total balance of the provision for doubtful debts as at 30 June 2019 relating to non-trade receivables from the mining camp joint ventures was $13.23 million (2018: $13.23 million).

The recoverable amount for these non-trade receivables have been determined based on the present value of estimated cash flow projections as at 30 June 2019 for a five-year period, based on financial budgets and the assets held as security. The effective interest rate applied to the cash flow projections was 7.5%. Cash flow projections were limited to five years due to the inherent risks associated with the mining industry.

Each of the key assumptions in the impairment assessment were subject to significant accounting estimates and assumptions about future economic conditions and its impact on the ongoing trading performance of the mining camp joint ventures and the possible commencement of future projects which are currently out to tender. Judgement has been made, based on available information and these accounting estimates and assumptions, to each of these variables to assess the recoverable amount of the non-trade receivables as at balance date.

(iii) Non-trade receivables from the Coomboona joint venture:

As at 30 June 2018, the total indebtedness of the Coomboona joint venture to the consolidated entity amounted to $74.99 million. An impairment assessment was conducted resulting in the recognition of an impairment expense of $28.78 million to reduce the carrying amount of the Coomboona joint venture non-trade receivable to its recoverable amount. The estimated recoverable amount of the Coomboona JV non-trade receivables, net of any impairment provisions, was $46.21 million as at 30 June 2018.

On 16 January 2019, the Administrator Sale of the Coomboona JV assets was completed and the Contract for Sale settled. Refer to further information provided on Page 14 regarding the Other Segment regarding the Administrator Sale. The secured creditors received net proceeds on sale of $40.50 million for the full discharge of the NCF receivables and the partial discharge of the HN JV Entity receivables. After taking into account the net sales proceeds, a further impairment expense of $8.25 million was recognised in December 2018, of which $3.25 million was recognised as a provision for doubtful debts to reduce the value of the HN JV Entity receivables to its estimated recoverable amount. Upon completion of the Administrator Sale and receipt of the net proceeds on sale, the total balance of the Coomboona doubtful debt provision of $32.03 million was utilised and reversed in full.

	CONSOLIDATED June 2019 $000	June 2018 $000
8. OTHER FINANCIAL ASSETS (CURRENT)		
Equity investments at fair value	27,483	29,754
Derivatives receivable	5	5
Other current financial assets	1,400	1,704
Total other financial assets (current)	28,888	31,463
9. INVENTORIES (CURRENT)		
Finished goods at cost	403,154	350,880
Provision for obsolescence	(7,189)	(5,593)
Total inventories (current)	395,965	345,287
10. OTHER ASSETS (CURRENT)		
Prepayments	29,901	39,220
Other current assets	7,640	5,924
Total other assets (current)	37,541	45,144
11. INTANGIBLE ASSETS (CURRENT)		
Net licence property (current)	370	490
12. TRADE AND OTHER RECEIVABLES (NON-CURRENT)		
Trade receivables (a)	546	533
Consumer finance loans (b)	677	614
Provision for doubtful debts (b)	(6)	(6)
Trade receivables, net	1,217	1,141
Amounts receivable in respect of finance leases (c)	820	732
Non-trade debts receivable from: (d)		
- Related entities (including joint ventures and joint venture partners)	50,939	98,588
- Unrelated entities	25,968	12,024
Provision for doubtful debts (d)	(29,553)	(34,042)
Non-trade debts receivable, net	47,354	76,570
Total trade and other receivables (non-current)	49,391	78,443

(a) Trade receivables

For terms and conditions and provision for doubtful debts for trade receivables refer to Note 7 (b).

(b) Consumer finance loans

For terms and conditions and provision for doubtful debts for consumer finance loans refer to Note 7 (c).

(c) Finance lease receivables

For terms and conditions and provision for doubtful debts for finance lease receivables refer to Note 7 (d).

(d) Non-trade debts receivable

For terms and conditions and provision for doubtful debts for non-trade debts receivable refer to Note 7 (e).

	CONSOLIDATED June 2019 $000	June 2018 $000
13. OTHER FINANCIAL ASSETS (NON-CURRENT)		
Equity investments at fair value	16,861	17,094
Units in unit trusts	414	204
Other non-current financial assets	2,095	985
Total other financial assets (non-current)	19,370	18,283
14. PROPERTY, PLANT AND EQUIPMENT		
Land at fair value	199,078	195,490
Buildings at fair value	242,135	236,971
Net land and buildings at fair value	441,213	432,461
Plant and equipment:		
At cost	828,962	802,107
Accumulated depreciation	(577,100)	(576,963)
Net plant and equipment	251,862	225,144
Lease make good asset:		
At cost	7,042	6,257
Accumulated depreciation	(3,910)	(3,525)
Net lease make good asset	3,132	2,732
Total plant and equipment	254,994	227,876
Total property, plant and equipment:		
Land and buildings at fair value	441,213	432,461
Plant and equipment at cost	836,004	808,364
Total property, plant and equipment	1,277,217	1,240,825
Accumulated depreciation and amortisation	(581,010)	(580,488)
Total written down amount	696,207	660,337

(a) The net book value of land and buildings (other than land and buildings classified as investment properties) was $225.49 million (2018: $237.42 million) as measured on a historical cost basis.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

	CONSOLIDATED	
	June 2019 $000	June 2018 $000
Reconciliation of the carrying amounts of property, plant and equipment were as follows:		
Land at fair value:		
Opening balance	195,490	182,529
Additions	-	95
Increase resulting from revaluation	2,962	11,959
Depreciation of leasehold land (b)	(1,128)	(1,074)
Reclassification to assets held for sale	(7,162)	-
Net foreign currency differences arising from foreign operations	8,916	1,981
Closing balance	199,078	195,490

(b) The depreciation charge relates to leasehold land located in Singapore

	June 2019 $000	June 2018 $000
Buildings at fair value:		
Opening balance	236,971	231,320
Additions	7,204	10,301
Disposals	(341)	(23)
Increase resulting from revaluation	9,272	3,592
Depreciation for the year	(10,647)	(10,013)
Reclassification from plant and equipment	-	2,777
Reclassification to assets held for sale	(9,505)	-
Net foreign currency differences arising from foreign operations	9,181	(983)
Closing balance	242,135	236,971
Plant and equipment at cost:		
Opening balance	795,632	773,676
Additions	76,863	76,682
Disposals	(66,005)	(48,749)
Acquisition of a subsidiary	5,656	-
Reclassification to buildings at fair value	-	(11,032)
Reclassification to investment property	-	(55)
Net foreign currency differences arising from foreign operations	9,997	5,110
Closing balance	822,143	795,632
Plant and equipment accumulated depreciation:		
Opening balance	574,843	570,055
Depreciation for the year	50,548	52,278
Disposals	(59,945)	(43,624)
Acquisition of a subsidiary	1,582	-
Reclassification to buildings at fair value	-	(8,255)
Reclassification to investment property	-	(20)
Net foreign currency differences arising from foreign operations	6,701	4,409
Closing balance	573,729	574,843
Net book value	248,414	220,789

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of the carrying amounts of property, plant and equipment (continued)

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
Leased plant and equipment at cost:		
Opening balance	6,475	6,313
Additions	443	195
Acquisition of a subsidiary	69	-
Disposals	(168)	(33)
Closing balance	6,819	6,475
Leased plant and equipment accumulated depreciation:		
Opening balance	2,120	847
Depreciation for the year	1,364	1,280
Acquisition of a subsidiary	14	-
Disposals	(127)	(7)
Closing balance	3,371	2,120
Net book value	3,448	4,355
Lease make good asset at cost:		
Opening balance	6,257	5,083
Additions	908	1,094
Disposals	(429)	(289)
Net foreign currency differences arising from foreign operations	306	369
Closing balance	7,042	6,257
Lease make good asset accumulated depreciation:		
Opening balance	3,525	2,907
Depreciation for the year	594	644
Disposals	(377)	(289)
Net foreign currency differences arising from foreign operations	168	263
Closing balance	3,910	3,525
Net book value	3,132	2,732
Total plant and equipment	254,994	227,876
Total property, plant and equipment	696,207	660,337

14. PROPERTY, PLANT AND EQUIPMENT (continued)

(a) Reconciliation of owner occupied properties – land and buildings at fair value

	New Zealand	Slovenia		Singapore			Australia	Ireland	Total	
	Retail $000	Retail $000	Warehouse $000	Retail $000	Warehouse $000	Office $000	Retail $000	Retail $000	2019 $000	2018 $000
Opening balance	240,551	75,007	3,320	65,490	16,570	7,968	7,634	15,921	432,461	413,849
Additions	7,017	-	-	-	-	-	73	114	7,204	10,396
Disposals	(341)	-	-	-	-	-	-	-	(341)	(23)
Fair value adjustments	12,234	-	-	-	-	-	-	-	12,234	15,551
Depreciation for the year	(7,598)	(1,740)	(59)	(1,081)	(901)	(21)	(69)	(306)	(11,775)	(11,087)
Transfer to assets held for sale	-	-	-	-	(16,667)	-	-	-	(16,667)	-
Transfer from plant and equipment	-	-	-	-	-	-	-	-	-	2,777
Net foreign currency differences	9,988	2,075	94	4,011	998	491	-	440	18,097	998
Closing balance	261,851	75,342	3,355	68,420	-	8,438	7,638	16,169	441,213	432,461

(b) Fair value measurement, valuation techniques and inputs

Class of property	Fair value hierarchy *	Fair value 30 June 2019 $000	Valuation technique	Key unobservable inputs	Range of unobservable inputs
Retail	Level 3	429,420	Discounted cash flow	Terminal yield Discount rate	4.20% - 8.50% 4.50% - 8.75%
			Income capitalisation	Net market rent per sqm p.a. Capitalisation rate	$118 - $748 per sqm p.a. 4.20% - 8.63%
			Direct sale comparison	Price per sqm of lettable area	$5,800 - $17,938 per sqm
Warehouse	Level 3	3,355	Income capitalisation	Net market rent per sqm p.a. Capitalisation rate	$89 per sqm p.a. 7.67%
Office	Level 3	8,438	Discounted cash flow	Terminal yield Discount rate	3.75% 4.00%
			Income capitalisation	Net market rent per sqm p.a. Capitalisation rate	$263 - $317 per sqm p.a. 3.20% - 3.50%
			Direct sale comparison	Price per sqm of lettable area	$7,956 - $10,005 per sqm
Total		441,213			

* Please refer to Note 35 (e) on page 120 for the definition of level 3 fair value hierarchy.

14. PROPERTY, PLANT AND EQUIPMENT (continued)
(b) Fair value measurement, valuation techniques and inputs (continued)

The income capitalisation method of valuation was used for the valuation of retail properties in New Zealand. A discounted cash flow method was undertaken in respect of the same properties as a secondary method. There were no material differences between the income capitalisation method result and the discounted cash flow method result.

The income capitalisation method of valuation was used for the valuation of one (1) retail owner-occupied property in Australia. A direct sale comparison method was used for the same property as a secondary method. There were no material differences between the income capitalisation method result and the direct sale comparison method result.

The income capitalisation method of valuation was used for the valuation of retail and warehouse properties in Slovenia. The income capitalisation method of valuation was used for the valuation of retail property in Ireland. The income capitalisation method, the direct sale comparison method and the discounted cash flow method were used for all properties in Singapore.

The table on the previous page includes the following descriptions and definitions relating to valuation techniques and key unobservable inputs used in determining the fair value:

Income capitalisation method
Under the income capitalisation method, a property's fair value is estimated based on either net market rent or the normalised net operating income generated by the property, which is divided by the appropriate market capitalisation rate.

Discounted cash flow ("DCF") method
Under the DCF method, a property's fair value is estimated using explicit assumptions about the benefits and liabilities of ownership over the asset's life, including terminal value. This involves the projection of a series of cash flows and the application of an appropriate market-derived discount rate to establish the present value of the income stream.

Direct sale comparison method
Under the direct sale comparison method, a property's fair value is estimated based on comparable transactions. The unit of comparison applied by the consolidated entity is the price per square metre.

Net market rent
Net market rent is the estimated amount for which a property or space within a property could lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In addition, an allowance for recoveries of lease outgoings from tenants is made on a pro-rata basis (where applicable).

Capitalisation rate
The rate at which net market income is capitalised to determine the value of a property. The rate is determined by reference to market evidence and independent external valuations received.

Terminal yield
The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of a given period when carrying out a discounted cash flow calculation. The rate is determined by reference to market evidence and independent external valuations received.

Discount rate
Rate used to discount the net cash flows generated from rental activities during the period of analysis. The rate is determined by reference to market evidence and independent external valuations received.

Price per square metre
Price per square metre is obtained based on recent transactions of similar properties around the vicinity. Appropriate adjustments are made between the comparables and the property to reflect the differences in size, tenure, location, condition and prevailing market conditions and all other relevant factors affecting its value.

(c) Valuation process

The local management team in each geographic location makes recommendations to the Property Review Committee and the directors of the Company for the results of the semi-annual property valuation review. All owner-occupied properties are subject to independent valuation at least every three (3) years unless there is an indication that the carrying amount of the property differs materially from the fair value at balance date. The aim of the valuation process is to ensure that properties held by the consolidated entity are compliant with applicable regulations and the consolidated entity's valuation policy for owner occupied properties.

Independent valuations are performed by external, professionally qualified valuers who hold a recognised, relevant professional qualification and have specialised expertise in the properties valued. The balance of the properties are reviewed internally by the Property Review Committee and the directors of the Company, resulting in internal valuations where necessary.

14. PROPERTY, PLANT AND EQUIPMENT (continued)

(d) Sensitivity Information

Key unobservable inputs	Impact on fair value for significant increase in input	Impact on fair value for significant decrease in input
Net market rent	Increase	Decrease
Capitalisation rate	Decrease	Increase
Terminal yield	Decrease	Increase
Discount rate	Decrease	Increase
Price per square metre	Increase	Decrease

The net market rent of a property and the capitalisation rate are key inputs of the income capitalisation valuation method. The income capitalisation valuation method incorporates a direct interrelationship between the net market rent of a property and its capitalisation rate. This methodology involves assessing the total net market income generated by the property and capitalising this in perpetuity to derive a capital value. Significant increases (or decreases) in rental returns and rent growth per annum in isolation would result in a significantly higher (or lower) fair value of the properties. There is an inverse relationship between the capitalisation rate and the fair value of properties. Significant increases (or decreases) in the capitalisation rate in isolation would result in a significantly lower (or higher) fair value of the properties.

The discount rate and terminal yield are key inputs of the discounted cash flow method. The discounted cash flow method incorporates a direct interrelationship between the discount rate and the terminal yield as the discount rate applied will determine the rate in which the terminal value is discounted to present value. Significant increases (or decreases) in the discount rate in isolation would result in a significantly lower (or higher) fair value. Similarly, significant increases (or decreases) in the terminal yield in isolation would result in a significantly lower (or higher) fair value. In general, an increase in the discount rate and a decrease in the terminal yield could potentially offset the impact on the fair value of the properties.

(e) Highest and best use

For all owner occupied property that is measured at fair value, the current use of the property is considered the highest and best use.

15. INVESTMENT PROPERTIES

(a) Reconciliation

	New Zealand		Australia				TOTAL	
	Retail $000	Warehouse $000	Retail $000	Warehouse $000	Office $000	Property for development $000	June 2019 $000	June 2018 $000
Opening balance	6,176	2,524	2,189,718	193,629	35,500	1,850	**2,429,397**	2,241,754
Additions	-	-	27,086	3,103	-	-	**30,189**	137,961
Transfers from property, plant and equipment	-	-	-	-	-	-	**-**	35
Transfer to assets held for sale	-	-	(18,627)	-	-	-	**(18,627)**	-
Change in class of property	-	-	(5,827)	1,250	4,577	-	**-**	-
Fair value adjustments*	568	443	48,174	22,616	(1,500)	-	**70,301**	51,646
Disposals	-	-	(763)	-	-	(1,850)	**(2,613)**	(1,792)
Depreciation for the year	(74)	(8)	-	-	-	-	**(82)**	(70)
Net foreign currency differences	270	116	-	-	-	-	**386**	(137)
Closing balance	6,940	3,075	2,239,761	220,598	38,577	-	**2,508,951**	2,429,397

* Fair value adjustments totalling $70.30 million in aggregate for the year ended 30 June 2019 are included in other income (2018: $51.65 million).

15. INVESTMENT PROPERTIES (continued)

(b) Fair value measurement, valuation techniques and inputs

Class of property	Fair value hierarchy*	Fair value June 2019 $000	Valuation technique	Key unobservable inputs	Range of unobservable inputs
Retail	Level 3	Metropolitan - 1,335,898 Regional – 910,803 Total – 2,246,701	Income capitalisation	Net market rent/sqm p.a. Capitalisation rate: - Metropolitan - Regional	$70 - $256 / sqm p.a. 6.0% - 8.8% 7.0% - 9.8%
			Discounted cash flow	Terminal yield Discount rate	6.8% - 10.0% 7.0% - 10.5%
			Direct sale comparison	Price per sqm of lettable area	$607 - $3,533 per sqm
Warehouse	Level 3	223,673	Income capitalisation	Net market rent/sqm p.a. Capitalisation rate	$26 - $189 / sqm p.a. 6.3% - 10.0%
			Discounted cash flow	Terminal yield Discount rate	6.8% - 9.3% 7.0% -10.3%
			Direct sale comparison	Price per sqm of lettable area	$322 - $2,208 per sqm
Office	Level 3	38,577	Income capitalisation	Net market rent/sqm p.a. Capitalisation rate	$128 - $385 / sqm p.a. 7.0% - 9.3%
			Discounted cash flow	Terminal yield Discount rate	7.3% - 8.5% 7.0%
			Direct sale comparison	Price per sqm of lettable area	$1,492 - $4,793 per sqm
Total		2,508,951			

* Please refer to Note 35 (e) on page 120 for the definition of level 3 fair value hierarchy.

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 a Harvey Norman®, Domayne® and Joyce Mayne® franchisee. A franchisee occupies properties pursuant to a licence, terminable upon reasonable notice. The fair value in respect of each investment property has been calculated primarily using the income capitalisation method of valuation, using the current market 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
- current market rental value, being the amount that could be exchanged between knowledgeable, willing parties in an arm's length transaction
- tenure of the franchisee and other tenants
- adaptive reuse of buildings
- non-reliance on turnover rent
- the specific circumstances of the property not included in any of the above points

The income capitalisation method of valuation was primarily used for the valuation of all Retail, Warehouse and Office properties in Australia and the investment properties in New Zealand. A discounted cash flow valuation or a direct sale comparison valuation was undertaken, excluding property for development in Australia, as a secondary method. There were no material differences between the income capitalisation method result, the discounted cash flow method result and the direct sale comparison method result. The direct sale comparison method was used for all properties classified as property for development. The descriptions and definitions relating to valuation techniques and key unobservable inputs used in determining the fair value of investment properties are the same as those for owner-occupied properties detailed in Note 14(b).

(c) Valuation process

All investment properties are subject to a semi-annual review to fair market value at each reporting period by the Property Review Committee, subject to review and final determination by the directors of the Company. The aim of the valuation process is to ensure that investment properties are held at fair value and the consolidated entity is compliant with applicable regulations and the consolidated entity's investment property valuation policy.

At each reporting period, approximately one-sixth of the portfolio is independently valued by external valuers with the remaining five-sixths of the portfolio reviewed for fair value by Directors. The whole portfolio is independently valued every three years. The independent valuations are performed by external, professionally qualified valuers who hold a recognised relevant professional qualification and have specialised expertise in the properties valued. The balance of the property portfolio is reviewed internally by the Property Review Committee and the directors of the Company, which may result in internal valuations where necessary.

15. INVESTMENT PROPERTIES (continued)

(c) Valuation process (continued)

The selection of sites to be independently valued is based on a pre-determined, fixed schedule that is generally geographically representative of the entire portfolio, where possible. If the results of any of the independently valued sites during the period give rise to indicators of potential fair value issues or inconsistencies with the broader property portfolio, then the revaluation review is extended to include those other potentially affected sites. For those similarly affected sites, a director's valuation is prepared for review by the Property Review Committee. In addition, the consolidated entity gives consideration to issues that may cause other sites to have varied significantly from the previously recorded fair value. For sites where variations exist, a director's valuation is performed and adjustment made to the value accordingly.

The consolidated entity obtained independent valuations in respect of thirty nine (39) sites within the investment property portfolio during the year ended 30 June 2019. Based on the results of the independent valuations and a consideration of other internal and external factors that may impact the fair value of the overall investment property portfolio, a further eighteen (18) sites within the investment property portfolio were identified for further review by management. The eighteen (18) sites had generally been similarly affected by the same factors or characteristics of the properties which had been independently valued, particularly in relation to yields and market rentals.

Additionally, the Property Review Committee undertakes a revaluation review of investment properties under construction that are greater than 75% complete. The methodology to value a completed investment property also applies to the investment property under construction. The fair value of the investment property under construction is determined under the income capitalisation valuation method by estimating the fair value of the property at completion date less the remaining costs to complete and allowances for associated risk. As a secondary method, a discounted cash flow valuation is undertaken. The Property Review Committee also performs a valuation for any property less than 75% complete where there is an indication of a substantial change in the risks or benefits to warrant an earlier assessment. In general, direct sale comparison method of valuation is used for properties for future development.

(d) Sensitivity information

The sensitivity information for investment properties is the same as those for owner-occupied properties detailed in Note 14(d).

(e) Rent and outgoings received and operating expenses of investment properties

Included in rent and outgoings received from franchisees and rent and outgoings received from other tenants other than franchisees as disclosed in Note 3 is rent and outgoings received from investment properties of $217.09 million for the year ended 30 June 2019 (2018: $211.48 million). Operating expenses, including rates and taxes and repairs and maintenance, recognised in the income statement in relation to investment properties amounted $50.74 million for the year ended 30 June 2019 (2018: $47.97 million).

16. INTANGIBLE ASSETS (NON-CURRENT)

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
Computer software (summary)		
- At cost	204,327	193,529
- Accumulated amortisation and impairment	(142,417)	(127,922)
Net computer software	61,910	65,607
Computer Software (net of accumulated amortisation and impairment) (a):		
Opening balance	65,607	71,354
Additions	16,606	12,685
Disposals	(732)	(143)
Amortisation	(19,721)	(18,339)
Net foreign currency differences arising from foreign operations	150	50
Net book value	61,910	65,607
Net licence property	2,469	3,096
Other intangible assets	252	364
Net intangible assets (non-current)	64,631	69,067

(a) Computer Software

Computer software assets are carried at cost less accumulated amortisation and accumulated impairment losses. The intangible assets have been assessed as having a finite life and is amortised using the straight-line method over a period of no greater than eight and a half (8.5) 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.

	CONSOLIDATED	
	June 2019 $000	June 2018 $000

17. TRADE AND OTHER PAYABLES (CURRENT)

	June 2019 $000	June 2018 $000
Trade and other creditors	221,323	229,267
Accruals	62,359	60,719
Total trade and other payables (current)	283,682	289,986

18. INTEREST-BEARING LOANS AND BORROWINGS (CURRENT)

	June 2019 $000	June 2018 $000
Secured:		
Non-trade amounts owing to:		
- Bank overdraft (a)	29,232	45,081
- Commercial bills payable (b)	9,750	9,750
- Syndicated Facility Agreement (c)	370,000	240,000
- Other short-term borrowings (d)	79,417	82,190
Lease liabilities	1,622	1,062
Unsecured:		
Derivatives payable	49	52
Non-trade amounts owing to:		
- Directors (e)	-	33,160
- Other related parties (e)	4,245	10,644
- Unrelated parties	264	252
Total interest-bearing loans and borrowings (current)	494,579	422,191

(a) Bank Overdraft

Of the total bank overdraft of $29.23 million as at 30 June 2019:

- a total of $29.14 million relates to a bank overdraft due by Harvey Norman Trading (Ireland) Limited to Bank of Ireland ("BOI") (the "BOI Overdraft Facility"). Australia and New Zealand Banking Group Limited ("ANZ") has provided an indemnity/Guarantee/ Stand-by Letter of Credit Facility in favour of BOI in support of the BOI Overdraft Facility, at the request of the Company ("ANZ-BOI Facility"). The ANZ-BOI Facility is further secured by the Syndicated Facility Agreement described in Note 18(c).
- a total of $0.09 million relates to a bank overdraft facility with AmBank (M) Berhad in Malaysia which is subject to periodic review. The Company has granted a guarantee to AmBank (M) Berhad in Malaysia in respect of the obligations of Space Furniture Collection Sdn Bhd.

(b) Commercial Bills Payable

The commercial bills payable form part of facilities granted by ANZ. The payment of each commercial bill is secured by the securities given pursuant to the Syndicated Facility Agreement (as defined in Note 18(c)), and subject to annual review by ANZ. Each commercial bill has a tenure not exceeding 180 days but is repayable on demand by ANZ, upon the occurrence of any event of default or Relevant Event (as defined in Note 18(c)) under the Syndicated Facility Agreement, or after any annual review date.

(c) Syndicated Facility Agreement

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"). On 26 November 2018, the Amending Deed (No. 6) to the Syndicated Facility Agreement was executed with the effect of extending the repayment date of Tranche B of the Facility totalling $240 million to 4 December 2021.

The aggregate available facility of the Syndicated Facility Agreement remained at $810 million. The utilised amount of the Syndicated Facility Agreement as at 30 June 2019 was $715 million, repayable as set out below, $370 million of which was classified as current interest-bearing loans and borrowings and $345 million was classified as non-current interest-bearing loans and borrowings. This Facility is secured by:

- fixed and floating charge granted by the Company and each of the Guarantors in favour of a security trustee for the Financiers;
- real estate mortgages granted by certain Guarantors in favour of the security trustee for the Financiers over various real properties owned by those Guarantors.

Under the terms of the Syndicated Facility Agreement, the Facility is repayable:

- in respect of Tranche A1 totalling $170 million, on 4 December 2019 ($170 million utilised at 30 June 2019);
- in respect of Tranche A2 totalling $200 million, on 4 December 2019 ($200 million utilised at 30 June 2019);
- in respect of Tranche A3 totalling $200 million, on 4 December 2020 ($200 million utilised at 30 June 2019);
- in respect of Tranche B totalling $240 million, on 4 December 2021 ($145 million utilised at 30 June 2019); and
- otherwise 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:

18. INTEREST-BEARING LOANS AND BORROWINGS (CURRENT) (continued)
(c) Syndicated Facility Agreement (continued)

(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 the Increased 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.

(d) Other Short-Term Borrowings
Of the total other short-term borrowings of $79.42 million:
- a total of $46.02 million is secured by the securities given pursuant to the Syndicated Facility Agreement. The facilities are utilised in Slovenia and Croatia and have a maturity date of 4 December 2019.
- a total of $25.18 million is secured by the securities given pursuant to the Syndicated Facility Agreement. The facility is utilised in Singapore and has a maturity date of 4 December 2019.
- a total of $3.69 million relates to a revolving credit facility with ANZ in Singapore. This facility is subject to periodic review and otherwise repayable on demand. The revolving credit facility is secured by the securities given pursuant to the Syndicated Facility Agreement.
- a total of $1.03 million relates to a revolving credit facility with AmBank (M) Berhad in Malaysia which is subject to periodic review and otherwise repayable on demand. The Company has granted a guarantee to AmBank (M) Berhad in Malaysia in respect of the obligations of Space Furniture Collection Sdn Bhd.
- a total of $3.50 million relates to a revolving credit facility with ANZ in Australia which is subject to periodic review and otherwise repayable on demand. The Company has granted a guarantee to ANZ in respect of the obligations of the Lighting Partners Australia partnership.

The Company has not received notice of the occurrence of any Relevant Event from any Financier. During the 2019 and 2018 financial years, there were no defaults or breaches on any of the interest-bearing loans and borrowings referred to in this note and in Note 21. Interest-Bearing Loans and Borrowings (Non-Current).

(e) Directors and Other Related Parties

Interest is payable at a rate equivalent to the 30 day bank bill swap reference rate (BBSY) plus a margin. The total interest rate paid is at all times lower than the consolidated entity's weighted average cost of debt. The loans are unsecured and repayable at call.

(f) Defaults and Breaches

The Company has not received notice of the occurrence of any Relevant Event from any Financier. During the 2019 and 2018 financial years, there were no defaults or breaches on any of the interest-bearing loans and borrowings referred to in this note and in Note 21. Interest-Bearing Loans and Borrowings (Non-Current).

	CONSOLIDATED	
	June 2019 $000	June 2018 $000
19. OTHER LIABILITIES (CURRENT)		
Lease incentives	4,101	4,037
Unearned revenue	71,718	62,788
Total other liabilities (current)	75,819	66,825
20. PROVISIONS		
Current		
Employee entitlements (Note 29)	31,902	34,096
Lease make good	437	473
Deferred lease expenses	689	785
Total provisions (current)	33,028	35,354
Non-Current:		
Employee entitlements (Note 29)	2,171	1,994
Lease make good	6,604	5,785
Deferred lease expenses	4,250	3,866
Total provisions (non-current)	13,025	11,645

20. PROVISIONS (continued)

CONSOLIDATED	Make Good Provision $000	Deferred Lease Expenses $000	Total $000
At 1 July 2018	6,258	4,651	10,909
Arising during the year	893	1,144	2,037
Utilised	(417)	(874)	(1,291)
Exchange rate variance	307	18	325
At 30 June 2019	7,041	4,939	11,980
Current 2019	437	689	1,126
Non-current 2019	6,604	4,250	10,854
Total provisions 2019	7,041	4,939	11,980
Current 2018	473	785	1,258
Non-current 2018	5,785	3,866	9,651
Total provisions 2018	6,258	4,651	10,909

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 make good provision represents the expected costs to be incurred in restoring the leased premises to the condition specified in the lease.

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.

21. INTEREST-BEARING LOANS AND BORROWINGS (NON-CURRENT)

	CONSOLIDATED	
	June 2019 $000	June 2018 $000
Secured:		
Syndicated Facility Agreement (Refer to Note 18(c))	345,000	500,000
Lease liabilities	1,942	3,203
Total interest-bearing loans and borrowings (non-current)	346,942	503,203

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000

22. FINANCING FACILITIES AVAILABLE

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

	June 2019 $000	June 2018 $000
Total facilities:		
- Bank overdraft	50,260	48,887
- Other borrowings	110,896	112,819
- Commercial bank bills	9,750	9,750
- Syndicated Facility Agreement	810,000	810,000
Total Available Facilities	980,906	981,456
Facilities used at reporting date:		
- Bank overdraft	29,232	45,081
- Other borrowings (current)	79,417	82,190
- Commercial bank bills (current)	9,750	9,750
- Syndicated Facility Agreement (current)	370,000	240,000
- Syndicated Facility Agreement (non-current)	345,000	500,000
Total Used Facilities	833,399	877,021
Facilities unused at reporting date:		
- Bank overdraft	21,028	3,806
- Other borrowings	31,479	30,629
- Syndicated Facility Agreement	95,000	70,000
Total Unused Facilities	147,507	104,435

Refer to Note 18 Interest-Bearing Loans and Borrowings (Current) and Note 21 Interest-Bearing Loans and Borrowings (Non-Current) for details regarding the security provided by the consolidated entity over each of the financing facilities disclosed above.

23. OTHER LIABILITIES (NON-CURRENT)

	June 2019 $000	June 2018 $000
Lease incentives	11,223	13,625
Unearned revenue	107	538
Total other liabilities (non-current)	11,330	14,163

24. CONTRIBUTED EQUITY

	June 2019 $000	June 2018 $000
Ordinary shares	552,250	388,381
Total contributed equity	552,250	388,381

	Number of Shares	Number of Shares
Ordinary shares issued and fully paid	1,179,736,590	1,114,188,911

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

	June 2019 Number of Shares	June 2019 $000
Movements in ordinary shares on issue		
At 1 July 2018	1,114,188,911	388,381
Issue of shares under renounceable pro-rata Entitlement Offer	65,547,679	163,869
At 30 June 2019	1,179,736,590	552,250

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.

25. RESERVES

CONSOLIDATED $000	Asset revaluation reserve	Foreign currency translation reserve	Available for sale reserve	FVOCI reserve	Cash flow hedge reserve	Employee equity benefits reserve	Acquisition reserve	Total
At 1 July 2017	131,304	42,374	13,732	-	(20)	9,611	(22,051)	174,950
Revaluation of land and buildings	15,915	-	-	-	-	-	-	15,915
Tax effect of revaluation of land and buildings	(2,693)	-	-	-	-	-	-	(2,693)
Unrealised loss on available-for-sale investments	-	-	(1,830)	-	-	-	-	(1,830)
Reverse expired or realised cash flow hedge reserves	-	-	-	-	20	-	-	20
Net loss on forward foreign exchange contracts	-	-	-	-	(12)	-	-	(12)
Tax effect of net loss on forward foreign exchange contracts	-	-	-	-	4	-	-	4
Currency translation differences	-	(1,715)	-	-	-	-	-	(1,715)
Share based payment	-	-	-	-	-	741	-	741
Tax effect of share based payment	-	-	-	-	-	4	-	4
At 30 June 2018	144,526	40,659	11,902	-	(8)	10,356	(22,051)	185,384
At 1 July 2018	144,526	40,659	11,902	-	(8)	10,356	(22,051)	185,384
Revaluation of land and buildings	12,234	-	-	-	-	-	-	12,234
Tax effect of revaluation of land and buildings	(3,910)	-	-	-	-	-	-	(3,910)
Transfer to financial assets at fair value through other comprehensive income (a)	-	-	(11,902)	11,902	-	-	-	-
Unrealised loss on financial assets at fair value through other comprehensive income	-	-	-	(953)	-	-	-	(953)
Reverse expired or realised cash flow hedge reserves	-	-	-	-	8	-	-	8
Net loss on forward foreign exchange contracts	-	-	-	-	(3)	-	-	(3)
Tax effect of net loss on forward foreign exchange contracts	-	-	-	-	1	-	-	1
Currency translation differences	-	25,194	-	-	-	-	-	25,194
Share based payment	-	-	-	-	-	519	-	519
Utilisation of employee equity benefits reserve	-	-	-	-	-	(750)	-	(750)
At 30 June 2019	152,850	65,853	-	10,949	(2)	10,125	(22,051)	217,724

(a) The listed shares held as available for sale at fair value as at 30 June 2018 were classified as listed shares held at fair value through other comprehensive income (FVOCI) upon first-time application of the new standard, AASB 9 Financial Instruments from 1 July 2018. As such, the amounts previously recognised in the available for sale reserve within equity have been transferred to the financial assets at FVOCI reserve.

NATURE AND PURPOSE OF RESERVES:

Asset Revaluation Reserve
This 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 of the same asset previously recognised in equity.

Foreign Currency Translation Reserve
This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Fair Value through Other Comprehensive Income (FVOCI) Reserve
This reserve is used to record fair value changes on equity investments classified as financial assets at fair value through other comprehensive income.

Available for Sale Reserve
This reserve was previously used to record fair value changes on available-for-sale investments.

Cash Flow Hedge Reserve
This reserve is used to record the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Employee Equity Benefits Reserve
This reserve is used to record the value of equity benefits provided to executive directors as part of their remuneration.

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

26. RETAINED PROFITS AND DIVIDENDS

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
Movements in retained profits were as follows:		
Balance at beginning of the year	2,337,241	2,229,200
Profit for the year	402,317	375,378
Dividends paid	(342,122)	(267,337)
Balance at end of the year	2,397,436	2,337,241
Dividends declared and paid:		
Dividends on ordinary shares:		
Final fully-franked dividend for 2018: 18.0 cents (2017: 12.0 cents)	200,554	133,635
Interim fully-franked dividend for 2019: 12.0 cents (2018: 12.0 cents)	141,568	133,702
Total dividends paid	342,122	267,337

The final dividend of $200.55 million, fully-franked, for the year ended 30 June 2018 was paid on 2 November 2018.

The interim dividend of 12.0 cents per share, totalling $141.57 million fully-franked, for the year ended 30 June 2019 was paid on 1 May 2019.

The final dividend of 21.0 cents per share totalling $247.74 million fully-franked, for the year ended 30 June 2019 will be paid on 1 November 2019. No provision has been made in the Statement of Financial Position for the payment of this final dividend.

Franking Account Balance:	June 2019 $000	June 2018 $000
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%	539,191	590,529
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	1,222	4,900
- franking credits that will be utilised in the payment of proposed final dividend	(106,176)	(85,952)
The amount of franking credits available for future reporting years	434,237	509,477

27. NON-CONTROLLING INTERESTS

	June 2019 $000	June 2018 $000
Interest in:		
- Ordinary shares	2,691	2,691
- Reserves	15,027	13,848
- Retained earnings	12,665	10,387
Total non-controlling interests	30,383	26,926

	CONSOLIDATED	
	June 2019 $000	June 2018 $000

28. CASH AND CASH EQUIVALENTS
(a) RECONCILIATION TO CASH FLOW STATEMENT

	June 2019 $000	June 2018 $000
Cash and cash equivalents comprise the following:		
Cash at bank and on hand	200,877	124,458
Short term money market deposits	14,171	46,086
	215,048	170,544
Bank overdraft (Note 18)	(29,232)	(45,081)
Cash and cash equivalents	185,816	125,463

(b) RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET OPERATING CASH FLOWS

	June 2019 $000	June 2018 $000
Profit after tax	409,002	380,050
Adjustments for:		
Net foreign exchange losses / (gains)	461	(496)
Bad and doubtful debts	671	364
Share of net profit from joint venture entities	(9,787)	(5,792)
Depreciation of property, plant and equipment	64,363	65,359
Amortisation	20,896	19,432
Impairment of non-trade debts receivable	8,394	45,700
Impairment of equity-accounted investments	-	20,665
Revaluation of Australian investment properties and investment properties of overseas controlled entity	(70,301)	(51,646)
Loss on restructure and consolidation of KEH Partnership	9,665	-
Deferred lease expenses	239	(663)
Executive remuneration expenses	3,175	4,173
Profit on disposal and sale of property, plant and equipment, and the revaluation of listed securities	(14,125)	(2,329)
Movements in provisions	(1,158)	(766)
Changes in assets and liabilities:		
(Increase)/decrease in assets:		
Receivables	(75,548)	(29,595)
Inventory	(25,080)	(29,738)
Other current assets	7,531	10,303
Increase/(decrease) in liabilities:		
Payables and other current liabilities	48,056	56,082
Income tax payable	(3,609)	(26,933)
Net cash flows from operating activities	372,845	454,170

	CONSOLIDATED June 2019 Number	CONSOLIDATED June 2018 Number

29. EMPLOYEE BENEFITS

	June 2019 Number	June 2018 Number
The number of full-time equivalent employees employed as at 30 June were:	5,510	5,420

	June 2019 $000	June 2018 $000
The aggregate employee benefit liability was comprised of:		
Accrued wages, salaries and on-costs	20,152	16,822
Provisions (Current – Note 20)	31,902	34,096
Provisions (Non-current – Note 20)	2,171	1,994
Total employee benefit provisions	54,225	52,912

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

At balance date, there were no options over unissued ordinary shares outstanding and vested (or able to be exercised) by, or for the benefit of, directors of Harvey Norman Holdings Limited.

Performance Rights

At balance date, the following performance rights 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	Number of Performance Rights Outstanding 2019	Number of Performance Rights Outstanding 2018	Number of Performance Rights Vested 2019	Number of Performance Rights Vested 2018
30/11/2015	30/06/2021	-	400,000	240,000	-
28/11/2016	30/06/2022	400,000	400,000	-	-
01/12/2017	30/06/2023	400,000	400,000	-	-
04/12/2018	30/06/2024	549,500	-	-	-
		1,349,500	1,200,000	240,000	-

30. REMUNERATION OF AUDITORS

	CONSOLIDATED June 2019 $	CONSOLIDATED June 2018 $
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	2,060,936	1,926,351
- tax services in relation to the entity and any other entity in the consolidated entity	476,744	234,984
- other services in relation to the entity and any other entity in the consolidated entity	25,971	42,769
Total received or due and receivable by Ernst & Young	2,563,651	2,204,104

31. KEY MANAGEMENT PERSONNEL

(a) Details of Key Management Personnel

Directors	Title	Senior Executives	Title
Gerald Harvey	Executive Chairman	Martin Anderson	General Manager – Advertising
Kay Lesley Page	Executive Director and Chief Executive Officer	Thomas James Scott	General Manager – Property
John Evyn Slack-Smith	Executive Director and Chief Operating Officer	Gordon Ian Dingwall	Chief Information Officer
David Matthew Ackery	Executive Director	Robert Nelson [resigned 31 July 2017]	General Manager – Audio Visual
Chris Mentis	Executive Director, Chief Financial Officer and Company Secretary	Haydon Ian Myers [resigned 31 July 2017]	General Manager – Home Appliances
Christopher Herbert Brown OAM	Non-Executive Director	Ajay Calpakam [commenced 1 August 2017]	General Manager – Audio Visual
Michael John Harvey	Non-Executive Director	Lachlan Roach [commenced 1 October 2017]	General Manager – Home Appliances
Kenneth William Gunderson-Briggs	Non-Executive Director (Independent)	Frank Robinson [commenced 1 August 2017]	General Manager – Technology & Entertainment
Graham Charles Paton AM	Non-Executive Director (Independent)		
Maurice John Craven (commenced 27 March 2019)	Non-Executive Director (Independent)		

(b) Compensation of Key Management Personnel

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

	CONSOLIDATED	
	June 2019 $	June 2018 $
Short-term	12,088,384	11,506,845
Post employment	284,274	266,098
Long-term (performance cash incentives)	-	863,359
Long-term (share-based payments)	717,044	615,206
Other – long service leave accrual	100,054	96,558
Other – termination benefits	-	144,065
	13,189,756	13,492,131

Refer to Tables 1 and 2 of this report on pages 47 and 48 for further information.

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) Transactions with Other Related Parties

(i)	Several controlled entities of Harvey Norman Holdings Limited operate loan accounts with other related parties, mainly consisting of joint ventures and the other joint venture partner of the joint ventures. Refer to Notes 7 and 12. The amount of receivables from related parties at balance date was:	72,273,155	193,309,626
(ii)	The consolidated entity has a payable to other related parties (excluding transactions with KMPs and their related parties) at arm's length terms and conditions. The amount owing to other related parties at balance date was:	4,244,921	4,237,364

Refer to information provided in Section 15. Other Transactions and Balances with Key Management Personnel and their Related Parties in this report on pages 53 and 54 for further information.

33. COMMITMENTS

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
(a) Lease expenditure commitments [the consolidated entity as lessee]:		
(i) Operating lease expenditure contracted for is payable as follows:		
Not later than one year	**166,582**	155,280
Later than one year but not later than five years	**388,691**	386,573
Later than five years	**138,281**	147,366
Total operating lease liabilities	**693,554**	689,219

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

(ii) Geographic representation of operating lease expenditure:

30 June 2019	Australia $000	New Zealand $000	Singapore and Malaysia $000	Ireland and Northern Ireland $000	Slovenia and Croatia $000	Total $000
Not later than one year	103,762	11,371	30,930	18,325	2,194	**166,582**
Later than one year but not later than five years	249,072	23,715	46,128	63,011	6,765	**388,691**
Later than five years	73,944	4,093	240	51,698	8,306	**138,281**
Total operating lease liabilities	426,778	39,179	77,298	133,034	17,265	693,554

30 June 2018	Australia $000	New Zealand $000	Singapore and Malaysia $000	Ireland and Northern Ireland $000	Slovenia and Croatia $000	Total $000
Not later than one year	95,332	12,336	26,954	18,538	2,120	**155,280**
Later than one year but not later than five years	247,129	26,072	49,812	59,410	4,150	**386,573**
Later than five years	89,751	5,660	-	51,816	139	**147,366**
Total operating lease liabilities	432,212	44,068	76,766	129,764	6,409	689,219

Several lease agreements contain provisions that permit the tenant to exit, or break, the lease prior to the lease expiry date, subject to the adherence of the strict terms and conditions stipulated in the lease agreement that gives a tenant the right to terminate the agreement at an earlier date. The operating lease expenditure commitments disclosed in the tables above have been calculated up to exit or break dates.

33. COMMITMENTS (continued)

		CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
(b)	Lease commitments [the consolidated entity as lessor]:		
	Future minimum amounts receivable under non-cancellable operating leases are as follows:		
	Not later than one year	102,750	102,626
	Later than one year but not later than five years	173,457	191,232
	Later than five years	30,784	43,483
	Minimum lease receivable	306,991	337,341

The consolidated entity has entered into commercial leases in respect of its property portfolio and motor vehicles. All leases in the consolidated entity's property portfolio include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

		June 2019 $000	June 2018 $000
(c)	Capital expenditure contracted but not provided is payable as follows:		
	Not later than one year	52,186	13,587
	Later than one year but not later than five years	-	16,509
	Total capital expenditure commitments	52,186	30,096

The consolidated entity had contractual obligations to purchase property, plant and equipment and investment properties of $52.19 million (2018: $30.10 million). The contractual obligations are mainly for acquisition of new properties in New Zealand and refurbishment of existing franchised complexes in Australia. The contractual obligations relating to joint venture entities for the year ended 30 June 2019 was $2.52 million (2018: nil).

		CONSOLIDATED 2019		CONSOLIDATED 2018	
		Minimum Payments $000	Present value of payments $000	Minimum Payments $000	Present value of payments $000
(d)	Finance lease commitments [the consolidated entity as lessee]:				
	Not later than one year	1,787	1,622	1,283	1,062
	Later than one year but not later than five years	2,031	1,942	3,490	3,203
	Total minimum lease payments	3,818	3,564	4,773	4,265
	Less: amounts representing finance charges	(254)	-	(508)	-
	Present value of minimum lease payments	3,564	3,564	4,265	4,265

34. CONTINGENT LIABILITIES

As at 30 June 2019, Harvey Norman Holdings Limited (the Company) and its wholly-owned subsidiaries have entered into the following guarantees, however the probability of having to make a payment under these guarantees is considered remote:

(a) Guarantees in the normal course of business relating to the payment of lease obligations under an operating lease contract for certain leased franchised complexes in Australia and certain leased company-operated stores in overseas regions;

(b) Guarantees in the normal course of business relating to lease makegood obligations under certain operating lease contracts (with the exclusion of those lease makegood payments that are considered to be probable and recognised as a provision in Note 20); and

(c) Indemnities to financial institutions to support bank guarantees in respect of the performance of contracts.

No provision has been made in the financial statements in respect of these contingencies as the possibility of a probable outflow under these guarantees is considered remote.

35. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Objectives and Policies

The consolidated entity's principal financial liabilities, other than derivatives, comprise of trade and other payables and interest-bearing loans and borrowings. The consolidated entity's principal financial assets, other than derivatives, include cash and cash equivalents, trade and other receivables, shares held for trading and listed shares available for sale. 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 forward currency contracts. The purpose is to manage the currency risks arising from the consolidated entity's operations and its sources of finance.

The main risks arising from the consolidated entity's financial assets and financial liabilities 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 and foreign exchange;
- ageing analyses and monitoring of specific credit allowances to manage credit risk; and
- monitoring liquidity risk through the 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 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;
- British pound;
- Singapore dollars;
- Malaysian ringgit; and
- Croatian kuna

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 currency contracts. The consolidated entity hedges a proportion of these transactions in each currency in accordance with the Treasury Policy.

	CONSOLIDATED	
	June 2019 $000	June 2018 $000
Financial assets		
Cash and cash equivalents	37,962	29,682
Trade and other receivables	7,282	5,378
Derivatives receivable	5	5
	45,249	35,065
Financial liabilities		
Trade and other payables	28,807	28,012
Interest-bearing loans and borrowings	12,016	11,481
Derivatives payable	49	52
	40,872	39,545
Net exposure	4,377	(4,480)

35. FINANCIAL RISK MANAGEMENT (continued)
(b) Market Risk (continued)

(ii) Interest Rate Risk Management
Interest rate risk is the risk that the fair value on future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The consolidated entity's exposure to market interest rates relates primarily to:
- Cash and cash equivalents;
- Non-trade debts receivable from related entities and unrelated entities;
- Bank overdraft;
- Non-trade amounts owing to directors and other related parties;
- Syndicated Facility;
- Commercial bills; and
- Other short-term borrowings

The consolidated entity manages the interest rate exposure by adjusting the ratio of fixed interest debt to variable interest debt to a 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 interest rate swap contracts to adjust towards the target net debt profile. Under the interest rate swap contracts, the consolidated entity agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts.

		Fixed interest rate maturing in						
30 June 2019	Principal subject to floating interest rate	1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing	Total	Average interest rate	
	$000	$000	$000	$000	$000	$000	Floating	Fixed
Cash	169,617	2,675	-	-	42,756	215,048	0.01% - 3.15%	0.00% - 2.24%
Consumer finance loans	-	-	-	-	3,876	3,876	-	-
Finance lease receivables	-	579	820	-	2,727	4,126	-	11.00%
Receivables from franchisees	-	-	-	-	607,731	607,731	-	-
Trade receivables	-	-	-	-	104,905	104,905	-	-
Other financial assets	-	-	-	-	48,258	48,258	-	-
Non-trade debts receivables & loans	62,191	2,469	21,573	5,388	9,716	101,337	3.52% - 6.10%	5.00% - 9.50%
	231,808	5,723	22,393	5,388	819,969	1,085,281		
Syndicated Facility and other short-term borrowings	794,417	-	-	-	-	794,417	1.27% - 6.12%	-
Trade creditors	-	-	-	-	283,682	283,682	-	-
Other loans	4,245	-	-	-	264	4,509	2.37% - 3.20%	-
Bank overdraft	29,232	-	-	-	-	29,232	1.20% - 6.95%	-
Bills payable	9,750	-	-	-	-	9,750	1.47% - 2.10%	-
Finance lease liabilities	-	1,622	1,942	-	-	3,564	-	3.30% - 10.21%
Other financial liabilities	-	-	-	-	49	49	-	-
	837,644	1,622	1,942	-	283,995	1,125,203		

35. FINANCIAL RISK MANAGEMENT (continued)
(b) Market Risk (continued)
(ii) Interest Rate Risk Management (continued)

30 June 2018	Principal subject to floating interest rate $000	Fixed interest rate maturing in: 1 year or less $000	Over 1 to 5 years $000	More than 5 years $000	Non-interest bearing $000	Total $000	Average interest rate: Floating	Fixed
Cash	154,350	6,232	-	-	9,962	170,544	0.01% - 4.10%	0.01% - 2.19%
Consumer finance loans	-	-	-	-	3,514	3,514	-	-
Finance lease receivables	-	673	732	-	2,727	4,132	-	10.5% - 12.5%
Receivables from franchisees	-	-	-	-	544,003	544,003	-	-
Trade receivables	-	-	-	-	103,315	103,315	-	-
Other financial assets	-	-	-	-	49,746	49,746	-	-
Non-trade debts receivables & loans	49,648	81,409	6,839	5,185	68,879	211,960	3.89% - 6.07%	5.00% - 9.50%
	203,998	88,314	7,571	5,185	782,146	1,087,214		
Syndicated Facility and other short-term borrowings	822,190	-	-	-	-	822,190	0.85% - 6.12%	-
Trade creditors	-	-	-	-	289,986	289,986	-	-
Other loans	43,804	-	-	-	252	44,056	2.44% - 3.17%	-
Bank overdraft	45,081	-	-	-	-	45,081	1.70% - 6.26%	-
Bills payable	9,750	-	-	-	-	9,750	1.64% - 1.91%	-
Finance lease liabilities	-	1,062	3,203	-	-	4,265	-	5.92%
Other financial liabilities	-	-	-	-	52	52	-	-
	920,825	1,062	3,203	-	290,290	1,215,380		

(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 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 $27.48 million as at 30 June 2019 (2018: $29.75 million). The fair value of the equity investments publicly traded on the NZX was $16.86 million as at 30 June 2019 (2018: $17.09 million).

(iv) Sensitivity analysis

At the reporting date, the consolidated entity's exposure to interest rate risk, foreign currency risk (after taking into consideration the hedge of foreign currency payables) and equity price risk are not considered material.

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 receivables from franchisees, trade and non-trade debts receivables, 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 financial assets.

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

- The Franchisor constantly monitors and evaluates the financial position of each franchisee;
- 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;
- Non-trade debts receivable are subject to regular monitoring and/or periodic impairment testing to ensure that they are recoverable; and
- Finance lease receivables are secured by assets with a value equal to, 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 table below represents the financial assets of the consolidated entity by geographic location displaying the concentration of credit risk for each location as at balance date:

	CONSOLIDATED	
	June 2019 $000	June 2018 $000
Location of credit risk		
Australia	727,060	749,121
New Zealand	33,700	28,189
Singapore and Malaysia	20,475	15,973
Slovenia and Croatia	7,033	6,147
Ireland and Northern Ireland	2,985	3,703
Total	791,253	803,133

(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.

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 finance personnel. 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.

35. FINANCIAL RISK MANAGEMENT (continued)
(d) Liquidity Risk (continued)

30 June 2019	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Over 5 years $000	Total $000
Non derivative financial assets					
Cash and cash equivalents	215,048	-	-	-	215,048
Receivables from franchisees	607,731	-	-	-	607,731
Trade and other receivables	138,350	6,976	51,085	6,200	202,611
Other financial assets	28,883	-	-	19,370	48,253
Derivative financial assets					
Forward currency contracts	5	-	-	-	5
Total financial assets	990,017	6,976	51,085	25,570	1,073,648
Non derivative financial liabilities					
Trade and other payables	283,682	-	-	-	283,682
Interest bearing loans and borrowings	509,145	205,555	149,252	-	863,952
Derivative financial liabilities					
Forward currency contracts	49	-	-	-	49
Total financial liabilities	792,876	205,555	149,252	-	1,147,683
Net maturity	197,141	(198,579)	(98,167)	25,570	(74,035)

30 June 2018	Less than 1 year $000	1 to 2 years $000	2 to 5 years $000	Over 5 years $000	Total $000
Non derivative financial assets					
Cash and cash equivalents	170,544	-	-	-	170,544
Receivables from franchisees	544,003	-	-	-	544,003
Trade and other receivables	184,915	5,354	79,990	6,014	276,273
Other financial assets	31,458	-	-	18,283	49,741
Derivative financial assets					
Forward currency contracts	5	-	-	-	5
Total financial assets	930,925	5,354	79,990	24,297	1,040,566
Non derivative financial liabilities					
Trade and other payables	289,986	-	-	-	289,986
Interest bearing loans and borrowings	444,808	380,675	134,138	-	959,621
Derivative financial liabilities					
Forward currency contracts	52	-	-	-	52
Total financial liabilities	734,846	380,675	134,138	-	1,249,659
Net maturity	196,079	(375,321)	(54,148)	24,297	(209,093)

For detailed information on financing facilities available as at 30 June 2019 refer to Note 22.

35. FINANCIAL RISK MANAGEMENT (continued)

(e) Fair Value of Financial Assets and Financial Liabilities

The fair value of financial assets and financial liabilities are determined as follows:
- The carrying amounts of cash and cash equivalents, receivables from franchisees, trade and other receivables, other financial assets, trade and other payables and interest-bearing loans and borrowings are reasonable approximations of fair value.
- 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 consolidated entity enters into derivative financial instruments with various counterparties, particularly financial institutions with investment grade credit ratings. Forward currency contracts are valued using valuation techniques which employs the use of market observable inputs.

The consolidated entity uses various methods in estimating the fair value of financial instruments. 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.

30 June 2019	Quoted market price (Level 1) $000	Valuation technique – market observable inputs (Level 2) $000	Total $000
Financial Assets			
Listed investments	44,344	-	44,344
Forward currency contracts	-	5	5
Total Financial Assets	44,344	5	44,349
Financial Liabilities			
Forward currency contracts	-	49	49
Total Financial Liabilities	-	49	49

30 June 2018	Quoted market price (Level 1) $000	Valuation technique – market observable inputs (Level 2) $000	Total $000
Financial Assets			
Listed investments	46,848	-	46,848
Forward currency contracts	-	5	5
Total Financial Assets	46,848	5	46,853
Financial Liabilities			
Forward currency contracts	-	52	52
Total Financial Liabilities	-	52	52

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. Forward currency contracts are measured using quoted forward exchange rates. These instruments are included in level 2.

35. FINANCIAL RISK MANAGEMENT (continued)

(f) Capital Risk Management Policy

When managing capital, the objective is to create long-term sustainable value for shareholders and avoid adverse short-term decision making, whilst maintaining optimal returns to shareholders and benefits to other stakeholders. The aim is to maintain a capital structure utilising the lowest cost of capital available to the entity. The consolidated entity is constantly adjusting the capital structure to take advantage of favourable costs of capital or high returns on assets. As the market is constantly changing, the consolidated entity 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 interest-bearing loans and borrowings disclosed in Note 18 and 21, cash and cash equivalents disclosed in Note 28(a) and equity attributable to equity holders of the parent, comprising ordinary shares, reserves and retained profits as disclosed in Notes 24, 25 and 26 respectively. None of the consolidated entity's entities are subject to externally imposed capital requirements.

Capital management is monitored through the net debt to equity ratio. The target for the consolidated entity's net debt to equity ratio is a tolerance level of up to 50%. The net debt to equity ratio as at 30 June 2019 and 30 June 2018 were as follows:

	CONSOLIDATED	
	June 2019 $000	June 2018 $000
Borrowings (a)	841,521	925,394
Less: Cash and cash equivalents	(215,048)	(170,544)
Net Debt (c)	626,473	754,850
Total equity (b)	3,219,841	2,959,980
Debt to equity ratio [(a)/(b)]	26.14%	31.26%
Net debt to equity ratio [(c)/(b)]	19.46%	25.50%

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

(b) For the purpose of calculating the net debt to equity ratio, total equity excludes the negative acquisition reserve of $22.05 million (2018: $22.05 million).

36. DERIVATIVE FINANCIAL INSTRUMENTS

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	
	June 2019 $000	June 2018 $000
Current Assets		
Forward currency contracts – cash flow hedges	5	5
Current liabilities		
Forward currency contracts – held for trading	42	35
Forward currency contracts – cash flow hedges	7	17

36. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

(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 2019	Average Exchange Rate 2018	CONSOLIDATED 2019 Buy $000	CONSOLIDATED 2019 Sell $000	CONSOLIDATED 2018 Buy $000	CONSOLIDATED 2018 Sell $000
Euro (0-12 months)	61.28	62.77	5,185	-	7,816	-
US Dollar (0-12 months)	69.41	75.85	848	-	1,814	-
Total			6,033	-	9,630	-

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 forward currency contracts during the year ended 30 June 2019 was $0.04 million for the consolidated entity (2018: $0.04 million).

(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 currency 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 currency contracts outstanding as at reporting date:

Currency	Average Exchange Rate 2019	Average Exchange Rate 2018	CONSOLIDATED 2019 Buy $000	CONSOLIDATED 2019 Sell $000	CONSOLIDATED 2018 Buy $000	CONSOLIDATED 2018 Sell $000
Euro (0-12 months)	61.86	62.99	2,058	-	2,416	-
US Dollar (0-12 months)	68.38	74.65	285	-	483	-
Total			2,343	-	2,899	-

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 ended 30 June 2019, the hedges were 100% effective (2018: 100% effective), therefore the gain or loss on the contracts attributable to the hedged risk is taken directly to other comprehensive income. When the inventory is delivered the amount recognised in equity is adjusted to the inventory account in the statement of financial position.

Movement in the forward currency contract cash flow hedge reserve:

	CONSOLIDATED June 2019 $000	CONSOLIDATED June 2018 $000
	Increase/(Decrease)	
Opening balance	(8)	(20)
Transferred to inventory	8	20
Charged to other comprehensive income	(2)	(8)
Closing balance	(2)	(8)

37. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	CONSOLIDATED Investment	
	June 2019 $000	June 2018 $000
Total joint venture entities accounted for using equity method	3,854	4,497

	Ownership Interest		Contribution to Profit / (Loss) Before Tax	
	June 2019 %	June 2018 %	June 2019 $000	June 2018 $000
Noarlunga (Shopping complex)	50%	50%	1,447	1,573
Perth City West (Shopping complex)	50%	50%	3,123	3,806
Warrawong King St (a) (Shopping complex)	62.5%	62.5%	1,087	1,100
Byron Bay (Residential/convention development)	50%	50%	(755)	(741)
Byron Bay – 2 (Resort operations)	50%	50%	536	246
Dubbo (Shopping complex)	50%	50%	699	631
Bundaberg (Land held for investment)	50%	50%	(202)	(234)
Gepps Cross (Shopping complex)	50%	50%	3,117	3,075
QCV (b) (Miners residential complex)	50%	50%	11	10
Other	50%	50%	724	891
Subtotal			9,787	10,357
KEH Partnership (c) (Retailer)	99.02%	50%	-	-
Coomboona Dairy (d) (Dairy farming)	49.9%	49.9%	-	(4,565)
			9,787	5,792

(a) This joint venture has 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) A number of wholly-owned subsidiaries of Harvey Norman Holdings Limited ("HNHL") have entered into joint ventures with an unrelated party to provide mining camp accommodation. The respective joint ventures have been granted finance facilities as follows:
- (i) a finance facility from ANZ for the amount of $5.15 million plus interest and costs, with a maturity date of 31 January 2020.
- (ii) finance facilities from Network Consumer Finance Pty Limited ("NCF"), a wholly-owned subsidiary of HNHL, for the amount of $32.69 million plus interest and costs, subject to bi-annual review.

(c) Prior to 1 July 2018, the consolidated entity, through a wholly-owned subsidiary, had a 50% interest in KEH Partnership Pty Limited (KEH), a retailer of school apparel, education goods and technology equipment through the brand name of The School Locker.

Effective 1 July 2018, the KEH business was restructured and the consolidated entity's interest in the Partnership was 99.02% and, from that date, the consolidated entity ceased equity accounting and consolidated the financial statements of KEH.

Refer to further information provided on page 14 regarding the Other Non-Franchised Retail Segment and Note 38. Business Combinations on page 124.

(d) In August 2018, the Administrators commenced an orderly sale process for the sale of the Coomboona JV assets (**Administrator Sale**). Expressions of interest were received and reviewed by the Administrator. On 31 October 2018, the Administrators advised the consolidated entity that the property, the subject of the NCF Securities and HN JV Entity Securities in respect of the NCF and HN JV Entity receivables, had been sold for $44.10 million to Australian Fresh Milk Holdings Pty Limited.

On 16 January 2019, the Administrator Sale was completed and the Contract for Sale settled. The only secured creditors were NCF and the HN JV Entity and both are wholly-owned subsidiaries of HNHL. The secured creditors received net proceeds on sale of $40.50 million for the full discharge of the NCF receivables and the partial discharge of the HN JV Entity receivables. Upon completion of the Administrator Sale, a further impairment expense of $8.25 million was recognised for the year ended 30 June 2019 to reduce the value of the HN JV Entity receivables to its estimated recoverable amount.
Refer to further information provided on Page 14 regarding the Other Segment.

38. BUSINESS COMBINATIONS

KEH Partnership Pty Limited (**KEH**) is a retailer of school apparel, education goods and technology equipment through the brand name of The School Locker.

Effective 1 July 2018, a wholly-owned subsidiary of Harvey Norman Holdings Limited acquired all of the inventory assets of KEH. Subsequently, there was a restructure of the KEH business (**Partnership**) where, by unanimous agreement in writing, each partner in the Partnership agreed to vary the interest of the respective partners in the Partnership, with the consolidated entity increasing its partnership interest in the Partnership to 99.02%.

Up to 30 June 2018, the consolidated entity, through a wholly-owned subsidiary, had a 50% interest in the Partnership and had accounted for its interest as an equity-accounted joint venture entity. Effective 1 July 2018, the consolidated entity's interest in the Partnership was 99.02% and, from that date, the consolidated entity ceased equity accounting and consolidated the financial statements of KEH.

Assets acquired and liabilities assumed	Fair value 1 July 2018 $000
Assets	
Cash and cash equivalents	50
Trade and other receivables	2,966
Inventories	25,199
Property, plant and equipment	2,831
Total assets	31,046
Liabilities	
Trade and other payables	571
Interest-bearing loans and borrowings	30,475
Total liabilities	31,046
Total identifiable net assets at fair value	-
Purchase consideration transferred	-
Loss on restructure and consolidation of KEH	9,665

The loss on the restructure and consolidation of KEH was $9.67 million, being the difference in the carrying amount of the loan receivable from KEH in the consolidated entity's financial statements of $40.14 million as at 30 June 2018 and the fair value of the loan payable in KEH's financial statements of $30.47 million.

The net cash flow on consolidation was a cash inflow of $0.05 million, which was included in cash flows from investing activities.

From 1 July 2018, The School Locker business of the consolidated entity contributed $67.00 million of revenue and incurred a trading loss before tax of $11.40 million, resulting in a reduction in profit before tax for the consolidated entity by that amount for the year ended 30 June 2019.

39. ASSETS HELD FOR SALE

The Sale of The Byron at Byron Bay Resort

Subsequent to balance date on 9 August 2019, the consolidated entity announced that Harvey Norman Holdings Limited (the Company) and certain of its controlled entities, with certain entities controlled by Gerald Harvey, as owners of the property and business known as The Byron at Byron Bay Resort (**Resort**), have entered into agreements for sale of the Resort (**Sale Contract**) for the sale price of $41,764,000 (ex GST), subject to terms and conditions for completion. The purchasers under the Sale Contract are GAG Byron on Byron Property Co Pty Ltd ACN 635 158 351 and GAG Byron on Byron Business Company Pty Ltd ACN 635 172 333.

Subject to the terms and conditions of the Sale Contract, completion of the Sale Contract will occur on the later of 16 September 2019 and the second Monday following the grant of the liquor licence approval by the relevant authority. If the terms and conditions for completion of the Sale Contract are not satisfied, in certain circumstances, the purchasers have the right to terminate or rescind the Sale Contract.

Assets Held for Sale as at 30 June 2019

As at 30 June 2019, the carrying amounts of two (2) retail property assets were classified as current assets held for sale:

- The carrying amount of the consolidated entity's 50% asset ownership of The Byron at Byron Resort comprising its 50% shareholding of the Byron Bay (residential / convention development) land and building assets and its 50% shareholding of the Byron Bay (resort operations) plant and equipment assets; and
- The carrying amount of a warehouse in Singapore that is currently held for sale.

40. 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 year of all controlled entities are the same as that of the Parent Company.

A.C.N. 098 004 570 Pty Limited
Aloku Pty Limited
Anwarah Pty Limited
Arisit Pty Limited[1,2]
Arlenu Pty Limited
Arpayo Pty Limited
Australian Business Skills Centre Pty Limited[22]
Balwondu Pty Limited
Barrayork Pty Limited
Becto Pty Limited
Bellevue Hill Pty Limited
Bencoolen Properties Pte Limited [11,16]
Bestest Pty Limited
Bradiz Pty Limited
Braxpine Pty Limited
Byron Bay Facilities Pty Limited[23]
Byron Bay Management Pty Limited[24]
Caesar Mosaics Pty Limited
Calardu Albany Pty Limited
Calardu Albury Pty Limited
Calardu Alexandria DM Pty Limited
Calardu Alexandria WH Pty Limited
Calardu Alice Springs Pty Limited
Calardu Armadale WA Pty Limited
Calardu Armidale Pty Limited
Calardu Auburn Pty Limited
Calardu Ballarat Pty Limited
Calardu Ballina No. 1 Pty Limited
Calardu Ballina Pty Limited
Calardu Bathurst Pty Limited
Calardu Belrose DM Pty Limited
Calardu Bendigo Pty Ltd
Calardu Berri (SA) Pty Limited
Calardu Berrimah Pty Limited
Calardu Berrimah WH Pty Limited[26]
Calardu Broadmeadow Pty Limited
Calardu Broadmeadows VIC Pty Limited
Calardu Browns Plains No. 1 Pty Limited
Calardu Browns Plains Pty Limited
Calardu Bunbury (WA) Pty Limited
Calardu Bundaberg Pty Limited
Calardu Bundaberg WH Pty Limited
Calardu Bundall Pty Limited
Calardu Burnie Pty Limited
Calardu Cairns Pty Limited
Calardu Cambridge Pty Limited
Calardu Campbelltown Pty Limited
Calardu Cannington Pty Limited
Calardu Caringbah (Taren Point) Pty Limited
Calardu Caringbah Pty Limited
Calardu Chatswood Pty Limited
Calardu Crows Nest Pty Limited
Calardu Cubitt Pty Limited
Calardu Darwin Pty Limited
Calardu Devonport Pty Limited
Calardu Dubbo Pty Limited
Calardu Emerald Pty Limited
Calardu Frankston Pty Limited
Calardu Frankston WH Pty Limited
Calardu Fyshwick DM Pty Limited
Calardu Gepps Cross Pty Limited
Calardu Gladstone Pty Limited
Calardu Gordon Pty Limited
Calardu Guildford Pty Limited
Calardu Gympie Pty Limited
Calardu Helensvale Pty Limited
Calardu Hervey Bay Pty Limited
Calardu Hobart Pty Limited
Calardu Hoppers Crossing Pty Limited
Calardu Horsham Pty Limited
Calardu Innisfail Pty Limited
Calardu Ipswich Pty Limited
Calardu Jandakot Pty Limited
Calardu Joondalup Pty Limited
Calardu Kalgoorlie Oswald St Pty Limited
Calardu Kalgoorlie Pty Limited
Calardu Karana Downs Pty Limited
Calardu Karratha Pty Limited
Calardu Kemblawarra Pty Limited
Calardu Kingaroy Pty Limited
Calardu Kotara Pty Limited
Calardu Launceston Pty Limited
Calardu Lismore Pty Limited
Calardu Loganholme Pty Limited
Calardu Macgregor Pty Ltd
Calardu Mackay No. 1 Pty Limited
Calardu Mackay No. 2 Pty Limited
Calardu Maitland Pty Limited
Calardu Malaga Pty Limited
Calardu Mandurah Pty Limited
Calardu Maribyrnong Pty Limited
Calardu Marion Pty Limited
Calardu Maroochydore Pty Limited
Calardu Maroochydore Warehouse Pty Limited
Calardu Marsden Park Pty Limited
Calardu Maryborough Pty Limited
Calardu Melville Pty Limited
Calardu Mentone Pty Limited
Calardu Midland Pty Limited
Calardu Milton Pty Limited
Calardu Morayfield Pty Limited
Calardu Morwell Pty Limited
Calardu Moss Vale Pty Limited
Calardu Mount Isa Pty Limited
Calardu Mt Gambier Pty Limited
Calardu Mudgee Pty Limited
Calardu Munno Para Pty Limited
Calardu Noarlunga Pty Limited
Calardu Noble Park WH Pty Limited
Calardu Noosa Pty Limited
Calardu North Ryde No. 1 Pty Limited
Calardu North Ryde Pty Limited
Calardu Northbridge Pty Limited
Calardu Nowra Pty Limited
Calardu Penrith Pty Limited
Calardu Perth City West Pty Limited
Calardu Port Macquarie Pty Limited
Calardu Preston Pty Limited
Calardu Pty Limited
Calardu Queensland Pty Limited
Calardu Raine Square Pty Limited
Calardu Richmond Pty Limited
Calardu Rockhampton Pty Limited
Calardu Rockingham Pty Limited
Calardu Roselands Pty Limited
Calardu Rothwell Pty Limited
Calardu Rutherford Pty Limited
Calardu Rutherford Warehouse Pty Limited
Calardu Sale Pty Limited
Calardu Silverwater Pty Limited
Calardu South Australia Pty Limited
Calardu Springvale Pty Limited
Calardu Surry Hills Pty Limited
Calardu Swan Hill Pty Limited
Calardu Taree Pty Limited
Calardu Taren Point Pty Limited
Calardu Taylors Beach Pty Limited[7]
Calardu Thebarton Pty Limited
Calardu Toorak Pty Limited
Calardu Toowoomba WH Pty Limited
Calardu Townsville Pty Limited
Calardu Tweed Heads Pty Limited
Calardu Tweed Heads Traders Way Pty Limited
Calardu Vicfurn Pty Limited
Calardu Victoria Pty Limited
Calardu Wangaratta Pty Ltd
Calardu Warrawong (Homestarters) Pty Limited
Calardu Warrawong Pty Limited
Calardu Warrnambool Pty Limited
Calardu Warwick Pty Limited
Calardu West Gosford Pty Limited
Calardu Whyalla Pty Limited
Calardu Wivenhoe Pty Limited
Calardu Wodonga Pty Limited
Cannonel Recovery Pty Limited
Carlando Pty Limited
Cascade Consolidated Sdn. Bhd. [13,27]
Charmela Pty Limited
Clambruno Pty Limited
Consolidated Design Group Pty Ltd
Contemporary Design Group Pty Limited [1,2]
CP Aspley Pty Limited
CP Belmont Pty Limited
CP Bendigo Pty Limited
CP Braybrook Pty Limited
CP Bundaberg Leasing Pty Limited
CP Bundaberg Pty Limited
CP Burleigh Waters Pty Limited
CP Coburg Pty Limited
CP Dandenong Pty Limited
CP Joondalup Pty Limited
CP Loganholme Pty Limited
CP Macgregor Pty Limited
CP Mackay Pty Limited
CP Malvern Pty Limited
CP Mandurah Pty Limited
CP Maroochydoore Pty Limited
CP Maryborough Leasing Pty Limited
CP Maryborough Pty Limited
CP Midland Pty Limited
CP Moonah Pty Limited
CP Moorabbin Pty Limited
CP Morayfield Pty Limited
CP Mornington Pty Limited
CP Mt Druitt Leasing Pty Limited
CP Mt Druitt Pty Limited
CP O'Connor Pty Limited
CP Osborne Park CL Pty Limited
CP Osborne Park Pty Limited
CP Richmond Pty Limited
CP Ringwood Pty Limited
CP Thomastown Pty Limited
CP Victoria Park Pty Limited
CP Welshpool DC Pty Limited
Cropp Pty Limited
D.M. Alexandria Franchisor Pty Limited
D.M. Alexandria Leasing Pty Limited
D.M. Alexandria Licencing Pty Limited
D.M. Auburn Franchisor Pty Limited
D.M. Auburn Leasing Pty Limited
D.M. Belrose Franchisor Pty Limited
D.M. Belrose Leasing Pty Limited
D.M. Bundall Franchisor Pty Limited
D.M. Bundall Leasing Pty Limited
D.M. Castle Hill Franchisor Pty Limited
D.M. Castle Hill Leasing Pty Limited
D.M. Fyshwick Franchisor Pty Limited
D.M. Fyshwick Leasing Pty Limited
D.M. Kotara Franchisor Pty Limited
D.M. Kotara Leasing Pty Limited
D.M. Liverpool Franchisor Pty Limited
D.M. Liverpool Leasing Pty Limited
D.M. Marion Franchisor Pty Ltd
D.M. Marion Leasing Pty Ltd
D.M. Maroochydore Franchisor Pty Limited
D.M. Maroochydore Leasing Pty Limited
D.M. North Ryde Franchisor Pty Limited
D.M. North Ryde Leasing Pty Limited
D.M. Obsorne Park Leasing Pty Ltd
D.M. Osborne Park Franchisor Pty Ltd
D.M. Penrith Franchisor Pty Limited
D.M. Penrith Leasing Pty Limited
D.M. QVH Franchisor Pty Limited
D.M. QVH Leasing Pty Limited
D.M. Springvale Franchisor Pty Limited
D.M. Springvale Leasing Pty Limited
D.M. Warrawong Franchisor Pty Limited
D.M. Warrawong Leasing Pty Limited
D.M. West Gosford Franchisor Pty Ltd
D.M. West Gosford Leasing Pty Ltd
Daldere Pty Limited

40. CONTROLLED ENTITIES AND UNIT TRUSTS (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Dandolena Pty Limited
Derni Pty Limited1,2
Divonda Pty Limited
DM Online Franchisor Pty Limited
DM Online Leasing Pty Limited
Domain Holdings Pty Limited
Domayne Furnishing Pty Limited
Domayne Holdings Limited9, 10
Domayne Online.com Pty Limited
Domayne Pty Limited
Dubbo JV Pty Limited
Durslee Pty Limited
Eastern Audio Pte Ltd 11,27
E-Creations (M) Sdn. Bhd. 13,27, 32
Edbrook Everton Park Pty Limited
Edbrook Pty Limited6
Elitetrax Marketing Sdn. Bhd.13, 28
Energy Incentive Team Pty Limited29
Farane Pty Limited
Flormonda Pty Limited
Furnishing Ventre Pty Limited7
Ganoru Pty Limited
Generic Publications Pty Limited1,2
Gestco Pty Limited
Glo Light Pty Limited21
H.N. Adelaide CK Franchisor Pty Limited
H.N. Adelaide CK Leasing Pty Limited
H.N. Albany Creek Franchisor Pty Limited
H.N. Albany Creek Leasing Pty Limited
H.N. Albany Franchisor Pty Limited
H.N. Albany Leasing Pty Limited
H.N. Albury Franchisor Pty Limited
H.N. Albury Leasing Pty Limited
H.N. Alexandria Franchisor Pty Limited
H.N. Alexandria Leasing Pty Limited
H.N. Alice Springs Franchisor Pty Limited
H.N. Alice Springs Leasing Pty Limited
H.N. Ararat Franchsor Pty Limited
H.N. Ararat Leasing Pty Limited
H.N. Armadale WA Franchisor Pty Limited
H.N. Armadale WA Leasing Pty Limited
H.N. Armidale Franchisor Pty Limited
H.N. Armidale Leasing Pty Limited
H.N. Aspley Franchisor Pty Limited
H.N. Aspley Leasing Pty Limited
H.N. Atherton Franchisor Pty Limited
H.N. Atherton Leasing Pty Limited
H.N. Auburn Franchisor Pty Limited
H.N. Auburn Leasing Pty Limited
H.N. Auburn Seconds World Leasing Pty Limited7
H.N. Ayr Franchisor Pty Limited
H.N. Ayr Leasing Pty Limited
H.N. Bairnsdale Franchisor Pty Limited
H.N. Bairnsdale Leasing Pty Limited
H.N. Balgowlah Franchisor Pty Limited
H.N. Balgowlah Leasing Pty Limited
H.N. Ballarat Franchisor Pty Limited
H.N. Ballarat Leasing Pty Limited
H.N. Ballina Franchisor Pty Limited
H.N. Ballina Leasing Pty Limited
H.N. Batemans Bay Franchisor Pty Limited
H.N. Batemans Bay Leasing Pty Limited
H.N. Bathurst Franchisor Pty Limited
H.N. Bathurst Leasing Pty Limited
H.N. Belmont Franchisor Pty Limited
H.N. Belmont Leasing Pty Limited
H.N. Belmont North Franchisor Pty Limited
H.N. Belmont North Leasing Pty Limited
H.N. Bendigo Franchisor Pty Limited
H.N. Bendigo Leasing Pty Limited
H.N. Bernoth Franchisor Pty Limited
H.N. Bernoth Leasing Pty Limited
H.N. Bernoth Plant & Equipment Pty Limited
H.N. Blacktown Franchisor Pty Limited
H.N. Blacktown Leasing Pty Limited
H.N. Bondi Junction Franchisor Pty Limited
H.N. Bondi Junction Leasing Pty Limited
H.N. Bowermans Leasing Parramatta Pty Limited7
H.N. Braybrook Franchisor Pty Limited
H.N. Braybrook Leasing Pty Limited
H.N. Broadmeadow (VIC) Franchisor Pty Limited
H.N. Broadmeadow (VIC) Leasing Pty Limited
H.N. Broadway (Sydney) Franchisor Pty Limited
H.N. Broadway (Sydney) Leasing Pty Limited
H.N. Broadway on the Mall Franchisor Pty Limited
H.N. Broadway on the Mall Leasing Pty Limited
H.N. Broken Hill Franchisor Pty Limited
H.N. Broken Hill Leasing Pty Limited
H.N. Brooklyn Franchisor Pty Limited
H.N. Brooklyn Leasing Pty Limited
H.N. Broome Franchisor Pty Ltd
H.N. Broome Leasing Pty Ltd
H.N. Browns Plains Franchisor Pty Limited
H.N. Browns Plains Leasing Pty Limited
H.N. Bunbury Franchisor Pty Limited
H.N. Bunbury Leasing Pty Limited
H.N. Bundaberg Franchisor Pty Limited
H.N. Bundaberg Leasing Pty Limited
H.N. Bundall Franchisor Pty Limited
H.N. Bundall Leasing Pty Limited
H.N. Burleigh Heads Franchisor Pty Limited
H.N. Burleigh Heads Leasing Pty Limited
H.N. Burleigh Waters Franchisor Pty Limited
H.N. Burleigh Waters Leasing Pty Limited
H.N. Busselton Franchisor Pty Limited
H.N. Busselton Leasing Pty Limited
H.N. Cairns Franchisor Pty Limited
H.N. Cairns Leasing Pty Limited
H.N. Cambridge Park Franchisor Pty Limited
H.N. Cambridge Park Leasing Pty Limited
H.N. Campbelltown Franchisor Pty Limited
H.N. Campbelltown Leasing Pty Limited
H.N. Cannington W.A. Franchisor Pty Limited
H.N. Cannington W.A. Leasing Pty Limited
H.N. Canonvale Franchisor Pty Limited
H.N. Canonvale Leasing Pty Limited
H.N. Capalaba Franchisor Pty Limited
H.N. Capalaba Leasing Pty Limited
H.N. Carindale Franchisor Pty Limited
H.N. Carindale Leasing Pty Limited
H.N. Caringbah Franchisor Pty Limited
H.N. Caringbah Leasing Pty Limited
H.N. Castle Hill Franchisor Pty Limited
H.N. Castle Hill Leasing Pty Limited
H.N. Castle Hill Seconds World Leasing Pty Limited
H.N. Chadstone Franchisor Pty Limited
H.N. Chadstone Leasing Pty Limited
H.N. Chatswood Franchisor Pty Limited
H.N. Chatswood Leasing Pty Limited
H.N. Chirnside Park Franchisor Pty Limited
H.N. Chirnside Park Leasing Pty Limited
H.N. City Cross Franchisor Pty Limited
H.N. City Cross Leasing Pty Limited
H.N. City West Franchisor Pty Limited
H.N. City West Leasing Pty Limited
H.N. Cleveland Franchisor Pty Limited
H.N. Cleveland Leasing Pty Limited
H.N. Cobar Franchisor Pty Limited
H.N. Cobar Leasing Pty Limited
H.N. Coburg Franchisor Pty Limited
H.N. Coburg Leasing Pty Limited
H.N. Coffs Harbour Franchisor Pty Limited
H.N. Coffs Harbour Leasing Pty Limited
H.N. Coorparoo Franchisor Pty Limited
H.N. Coorparoo Leasing Pty Limited
H.N. Cranbourne Franchisor Pty Limited
H.N. Dalby Franchisor Pty Limited
H.N. Dalby Leasing Pty Limited
H.N. Dandenong Franchisor Pty Limited
H.N. Dandenong Leasing Pty Limited
H.N. Darwin Franchisor Pty Limited
H.N. Darwin Leasing Pty Limited
H.N. Deniliquin Franchisor Pty Limited
H.N. Deniliquin Leasing Pty Limited
H.N. Dubbo Franchisor Pty Limited
H.N. Dubbo Leasing Pty Limited
H.N. Edgewater Franchisor Pty Limited
H.N. Edgewater Leasing Pty Limited
H.N. Education Franchisor Pty Limited
H.N. Education Leasing Pty Limited
H.N. Emerald Franchisor Pty Limited
H.N. Emerald Leasing Pty Limited
H.N. Energy IP Licensing Pty Limited
H.N. Enfield Franchisor Pty Limited
H.N. Enfield Leasing Pty Limited
H.N. Everton Park Franchisor Pty Limited
H.N. Everton Park Leasing Pty Limited
H.N. Forster Franchisor Pty Ltd
H.N. Forster Leasing Pty Ltd
H.N. Fortitude Valley Franchisor Pty Limited
H.N. Fortitude Valley Leasing Pty Limited
H.N. Frankston Franchisor Pty Limited
H.N. Frankston Leasing Pty Limited
H.N. Fremantle Franchisor Pty Limited
H.N. Fyshwick Franchisor Pty Limited
H.N. Fyshwick Leasing Pty Limited
H.N. Geelong Franchisor Pty Limited
H.N. Geelong Leasing Pty Limited
H.N. Gepps Cross Franchisor Pty Limited
H.N. Gepps Cross Leasing Pty Limited
H.N. Geraldton Leasing Pty Limited
H.N. Geraldton WA Franchisor Pty Limited
H.N. Gladstone Franchisor Pty Limited
H.N. Gladstone Leasing Pty Limited
H.N. Gordon Franchisor Pty Limited
H.N. Gordon Leasing Pty Limited
H.N. Gosford Leasing Pty Limited
H.N. Goulburn Franchisor Pty Limited
H.N. Goulburn Leasing Pty Limited
H.N. Grafton Franchisor Pty Limited
H.N. Grafton Leasing Pty Limited
H.N. Great Eastern Highway Franchisor Pty Limited
H.N. Great Eastern Highway Leasing Pty Limited
H.N. Greensborough Franchisor Pty Limited
H.N. Greensborough Leasing Pty Limited
H.N. Griffith Franchisor Pty Limited
H.N. Griffith Leasing Pty Limited
H.N. Gunnedah Franchisor Pty Limited
H.N. Gunnedah Leasing Pty Limited
H.N. Guthrie Street Franchisor Pty Limited
H.N. Guthrie Street Leasing Pty Limited
H.N. Gympie Franchisor Pty Limited
H.N. Gympie Leasing Pty Limited
H.N. Hamilton Franchisor Pty Limited
H.N. Hamilton Leasing Pty Limited
H.N. Hervey Bay Franchisor Pty Limited
H.N. Hervey Bay Leasing Pty Limited
H.N. Hoppers Crossing Franchisor Pty Limited
H.N. Hoppers Crossing Leasing Pty Limited
H.N. Horsham Franchisor Pty Limited
H.N. Horsham Leasing Pty Limited
H.N. Hyperdome Franchisor Pty Limited
H.N. Hyperdome Leasing Pty Limited
H.N. Indooroopilly Franchisor Pty Limited
H.N. Indooroopilly Leasing Pty Limited
H.N. Innisfail Franchisor Pty Limited
H.N. Innisfail Leasing Pty Limited
H.N. Inverell Franchisor Pty Limited
H.N. Inverell Leasing Pty Limited
H.N. Ipswich Franchisor Pty Limited
H.N. Ipswich Leasing Pty Limited
H.N. Joondalup Franchisor Pty Limited
H.N. Joondalup Leasing Pty Limited
H.N. Kalgoorlie Franchisor Pty Limited
H.N. Kalgoorlie Leasing Pty Limited
H.N. Karratha Franchisor Pty Limited
H.N. Karratha Leasing Pty Limited
H.N. Kawana Waters Franchisor Pty Limited
H.N. Kawana Waters Leasing Pty Limited
H.N. Kingaroy Franchisor Pty Limited
H.N. Kingaroy Leasing Pty Limited

40. CONTROLLED ENTITIES AND UNIT TRUSTS (continued)

Shares held by Harvey Norman Holdings Limited (continued)

H.N. Knox Towerpoint Franchisor Pty Limited
H.N. Knox Towerpoint Leasing Pty Limited
H.N. Lake Haven Franchisor Pty Limited
H.N. Lake Haven Leasing Pty Limited
H.N. Leichhardt Franchisor Pty Limited
H.N. Lismore Franchisor Pty Limited
H.N. Lismore Leasing Pty Limited
H.N. Lithgow Franchisor Pty Limited
H.N. Lithgow Leasing Pty Limited
H.N. Liverpool Franchisor Pty Limited
H.N. Liverpool Leasing Pty Limited
H.N. Loganholme Franchisor Pty Limited
H.N. Loganholme Leasing Pty Limited
H.N. Loughran Contracting Pty Limited
H.N. Mac 1 Leasing Pty Limited
H.N. Mac 1 Pty Limited
H.N. Macgregor Franchisor Pty Limited
H.N. Macgregor Leasing Pty Limited
H.N. Mackay Franchisor Pty Limited
H.N. Mackay Leasing Pty Limited
H.N. Maddington Franchisor Pty Limited
H.N. Maitland Franchisor Pty Limited
H.N. Maitland Leasing Pty Limited
H.N. Malaga Franchisor Pty Limited
H.N. Malaga Leasing Pty Limited
H.N. Mandurah Franchisor Pty Limited
H.N. Mandurah Leasing Pty Limited
H.N. Maribyrnong Franchisor Pty Limited
H.N. Maribyrnong Leasing Pty Limited
H.N. Marion Franchisor Pty Limited
H.N. Marion Leasing Pty Limited
H.N. Maroochydore Franchisor Pty Limited
H.N. Maroochydore Leasing Pty Limited
H.N. Martin Place Sydney Franchisor Pty Limited
H.N. Martin Place Sydney Leasing Pty Limited
H.N. Mentone Franchisor Pty Limited
H.N. Mentone Leasing Pty Limited
H.N. Midland Franchisor Pty Limited
H.N. Midland Leasing Pty Limited
H.N. Mildura Franchisor Pty Limited
H.N. Mildura Leasing Pty Limited
H.N. Mile End Franchisor Pty Limited
H.N. Mile End Leasing Pty Limited
H.N. Moe Franchisor Pty Limited
H.N. Moe Leasing Pty Limited
H.N. Moonah Franchisor Pty Limited
H.N. Moonah Leasing Pty Limited
H.N. Moorabbin Franchisor Pty Limited
H.N. Moorabbin Leasing Pty Limited
H.N. Moorabbin SC Franchisor Pty Limited
H.N. Moorabbin SC Leasing Pty Limited
H.N. Moore Park Franchisor Pty Limited
H.N. Moore Park Leasing Pty Limited
H.N. Morayfield Franchisor Pty Limited
H.N. Morayfield Leasing Pty Limited
H.N. Moree Franchisor Pty Limited
H.N. Moree Leasing Pty Limited
H.N. Morley Franchisor Pty Limited
H.N. Mornington Franchisor Pty Limited
H.N. Mornington Leasing Pty Limited
H.N. Morwell Franchisor Pty Limited
H.N. Morwell Leasing Pty Limited
H.N. Moss Vale Franchisor Pty Limited
H.N. Moss Vale Leasing Pty Limited
H.N. Mt Barker Franchisor Pty Limited
H.N. Mt Barker Leasing Pty Limited
H.N. Mt Gambier Franchisor Pty Limited
H.N. Mt Gambier Leasing Pty Limited
H.N. Mt Gravatt Franchisor Pty Limited
H.N. Mt Gravatt Leasing Pty Limited
H.N. Mt Isa Franchisor Pty Limited
H.N. Mt Isa Leasing Pty Limited
H.N. Mudgee Franchisor Lty Limited
H.N. Mudgee Leasing Pty Limited
H.N. Munno Para Franchisor Pty Limited
H.N. Munno Para Leasing Pty Limited
H.N. Muswellbrook Franchisor Pty Limited
H.N. Muswellbrook Leasing Pty Limited
H.N. Narre Warren Franchisor Pty Limited
H.N. Narre Warren Leasing Pty Limited
H.N. Newcastle Franchisor Pty Limited
H.N. Newcastle Leasing Pty Limited
H.N. Newcastle West Franchisor Pty Limited
H.N. Newcastle West Leasing Pty Limited
H.N. Noarlunga Franchisor Pty Limited
H.N. Noarlunga Leasing Pty Limited
H.N. Noosa Franchisor Pty Limited
H.N. Noosa Leasing Pty Limited
H.N. Norwest Franchisor Pty Limited
H.N. Nowra Franchisor Pty Limited
H.N. Nowra Leasing Pty Limited
H.N. Nunawading Franchisor Pty Limited
H.N. Nunawading Leasing Pty Limited
H.N. O'Connor Franchisor Pty Limited
H.N. O'Connor Leasing Pty Limited
H.N. Oakleigh CK Franchisor Pty Limited
H.N. Oakleigh CK Leasing Pty Limited
H.N. Orange Franchisor Pty Limited
H.N. Orange Leasing Pty Limited
H.N. Osborne Park Franchisor Pty Limited
H.N. Osborne Park Leasing Pty Limited
H.N. Oxley Franchisor Pty Limited
H.N. Oxley Leasing Pty Limited
H.N. Pacific Fair Franchisor Pty Limited
H.N. Pacific Fair Leasing Pty Limited
H.N. Parkes Franchisor Pty Limited
H.N. Parkes Leasing Pty Limited
H.N. Penrith Factory Outlet Leasing Pty Limited
H.N. Penrith Franchisor Pty Limited
H.N. Penrith Leasing Pty Limited
H.N. Peppermint Grove Franchisor Pty Limited
H.N. Peppermint Grove Leasing Pty Limited
H.N. Port Hedland Franchisor Pty Limited
H.N. Port Hedland Leasing Pty Limited
H.N. Port Kennedy Franchisor Pty Limited
H.N. Port Kennedy Leasing Pty Limited
H.N. Port Lincoln Franchisor Pty Limited
H.N. Port Lincoln Leasing Pty Limited
H.N. Port Macquarie Franchisor Pty Limited
H.N. Port Macquarie Leasing Pty Limited
H.N. Preston Franchisor Pty Limited
H.N. Preston Leasing Pty Limited
H.N. Richmond Franchisor Pty Limited
H.N. Richmond Leasing Pty Limited
H.N. Ringwood Franchisor Pty Limited
H.N. Ringwood Leasing Pty Limited
H.N. Riverwood Franchisor Pty Limited
H.N. Riverwood Leasing Pty Limited
H.N. Rockhampton Franchisor Pty Limited
H.N. Rockhampton Leasing Pty Limited
H.N. Rothwell Franchisor Pty Limited
H.N. Rothwell Leasing Pty Limited
H.N. Salamander Bay Franchisor Pty Limited
H.N. Salamander Bay Leasing Pty Limited
H.N. Sale Franchisor Pty Limited
H.N. Sale Leasing Pty Limited
H.N. Shepparton Franchisor Pty Limited
H.N. Shepparton Leasing Pty Limited
H.N. South Tweed Franchisor Pty Limited
H.N. South Tweed Leasing Pty Limited
H.N. Southland Franchisor Pty Limited
H.N. Southland Leasing Pty Limited
H.N. Springvale Franchisor Pty Limited
H.N. Springvale Leasing Pty Limited
H.N. Sunshine Franchisor Pty Limited
H.N. Sunshine Leasing Pty Limited
H.N. Swan Hill Franchisor Pty Limited
H.N. Swan Hill Leasing Pty Limited
H.N. Tamworth Franchisor Pty Limited
H.N. Tamworth Leasing Pty Limited
H.N. Taree Franchisor Pty Limited
H.N. Taree Leasing Pty Limited
H.N. Thomastown Franchisor Pty Limited
H.N. Thomastown Leasing Pty Limited
H.N. Toowoomba Franchisor Pty Limited
H.N. Toowoomba Leasing Pty Limited
H.N. Townsville Franchisor Pty Limited
H.N. Townsville Leasing Pty Limited
H.N. Traralgon Franchisor Pty Limited
H.N. Traralgon Leasing Pty Limited
H.N. Tura Beach Franchisor Pty Limited
H.N. Tura Beach Leasing Pty Limited
H.N. Vic/Tas Commercial Project Franchisor Pty Limited
H.N. Vic/Tas Commercial Project Leasing Pty Limited
H.N. Victoria Park Franchisor Pty Limited
H.N. Victoria Park Leasing Pty Limited
H.N. Wagga Franchisor Pty Limited
H.N. Wagga Leasing Pty Limited
H.N. Wangaratta Franchisor Pty Limited
H.N. Wangaratta Leasing Pty Limited
H.N. Warragul Franchisor Pty Limited
H.N. Warragul Leasing Pty Limited
H.N. Warrawong Franchisor Pty Limited
H.N. Warrawong Leasing Pty Limited
H.N. Warrnambool Franchisor Pty Limited
H.N. Warrnambool Leasing Pty Limited
H.N. Warwick (WA) Franchisor Pty Limited
H.N. Warwick (WA) Leasing Pty Limited
H.N. Warwick Franchisor Pty Limited
H.N. Warwick Leasing Pty Limited
H.N. Watergardens Franchisor Pty Limited
H.N. Watergardens Leasing Pty Limited
H.N. Waurn Ponds Franchisor Pty Limited
H.N. Waurn Ponds Leasing Pty Limited
H.N. West Gosford Franchisor Pty Limited
H.N. West Wyalong Franchisor Pty Limited
H.N. West Wyalong Leasing Pty Limited
H.N. Whyalla Franchisor Pty Limited
H.N. Whyalla Leasing Pty Limited
H.N. Wiley Park Franchisor Pty Limited
H.N. Wiley Park Leasing Pty Limited
H.N. Windsor Franchisor Pty Limited
H.N. Windsor Leasing Pty Limited
H.N. Woden Franchisor Pty Limited
H.N. Woden Leasing Pty Limited
H.N. Wonthaggi Franchisor Pty Limited
H.N. Wonthaggi Leasing Pty Limited
H.N. Woodville Franchisor Pty Limited
H.N. Woodville Leasing Pty Limited
H.N. Young Franchisor Pty Limited
H.N. Young Leasing Pty Limited
Hardly Normal Discounts Pty Limited
Hardly Normal Limited[9,10]
Hardly Normal Pty Limited
Harvey Cellars Pty Limited
Harvey Liquor Pty Limited
Harvey Norman (ACT) Pty Limited
Harvey Norman (QLD) Pty Limited[6]
Harvey Norman 2007 Management Pty Limited
Harvey Norman Big Buys Pty Limited
Harvey Norman Burnie Franchisor Pty Limited
Harvey Norman Burnie Leasing Pty Limited
Harvey Norman CEI d.o.o. [12]
Harvey Norman Commercial Your Solution Provider P/L
Harvey Norman Contracting Pty Limited
Harvey Norman Corporate Air Pty Limited
Harvey Norman CP Pty Limited
Harvey Norman Croatia d.o.o.[14, 33]
Harvey Norman Devonport Franchisor Pty Limited
Harvey Norman Devonport Leasing Pty Limited
Harvey Norman Education and Training Pty Limited
Harvey Norman Europe d.o.o[12]
Harvey Norman Export Pty Limited
Harvey Norman Furnishing Pty Limited
Harvey Norman Gamezone Pty Limited
Harvey Norman Glenorchy Franchisor Pty Limited
Harvey Norman Global Pty Limited
Harvey Norman Hobart Franchisor Pty Limited
Harvey Norman Hobart Leasing Pty Limited
Harvey Norman Holdings (Ireland) Limited[15]
Harvey Norman Home Cellars Pty Limited

40. CONTROLLED ENTITIES AND UNIT TRUSTS (continued)
Shares held by Harvey Norman Holdings Limited (continued)

Harvey Norman Home Loans Pty Limited
Harvey Norman Home Starters Pty Limited
Harvey Norman Homemaker Centre Pty Limited
Harvey Norman Launceston Franchisor Pty Limited
Harvey Norman Launceston Leasing Pty Limited
Harvey Norman Leasing (Blanchardstown) Limited[18,15]
Harvey Norman Leasing (Carrickmines) Limited [18,15]
Harvey Norman Leasing (Castlebar) Limited [18,15]
Harvey Norman Leasing (Cork) Limited[18,15]
Harvey Norman Leasing (Drogheda) Limited[18,15]
Harvey Norman Leasing (Dublin) Limited[18,15]
Harvey Norman Leasing (Dundalk) Limited[18,15]
Harvey Norman Leasing (Eastgate) Limited[18,15]
Harvey Norman Leasing (Galway) Ltd [15, 36]
Harvey Norman Leasing (Limerick) Limited[18,15]
Harvey Norman Leasing (Mullingar) Limited[18,15]
Harvey Norman Leasing (N.Z.) Limited[9,10]
Harvey Norman Leasing (Naas) Limited[18,15]
Harvey Norman Leasing (NI) Limited[18,15]
Harvey Norman Leasing (Rathfarnham) Limited[18,15]
Harvey Norman Leasing (Sligo) Ltd[15,36]
Harvey Norman Leasing (Tralee) Limited[18,15]
Harvey Norman Leasing (Waterford) Limited[18,15]
Harvey Norman Leasing Pty Limited
Harvey Norman Limited[10]
Harvey Norman Mortgage Service Pty Limited
Harvey Norman Net. Works Pty Limited
Harvey Norman OFIS Pty Limited
Harvey Norman Online.com Pty Limited
Harvey Norman Ossia (Asia) Pte Limited[11,16,38]
Harvey Norman Properties (N.Z.) Limited[9,10]
Harvey Norman Rental Pty Limited
Harvey Norman Retailing Pty Limited
Harvey Norman Rosney Franchisor Pty Limited
Harvey Norman Security Pty Limited
Harvey Norman Shopfitting Pty Limited
Harvey Norman Singapore Pte Limited[11,16, 39]
Harvey Norman Stores (N.Z.) Pty Limited[1,2]
Harvey Norman Stores Pty Limited
Harvey Norman Superlink Pty Limited
Harvey Norman Tallaght Limited[15, 34]
Harvey Norman Tasmania Pty Limited
Harvey Norman Technology Pty Limited
Harvey Norman The Bedding Specialists Pty Limited
Harvey Norman The Computer Specialists Pty Limited
Harvey Norman The Electrical Specialists Pty Limited
Harvey Norman The Furniture Specialists Pty Limited
Harvey Norman Trading (Ireland) Limited[18,15]
Harvey Norman Trading d.o.o.[12]
Harvey Norman Ulverstone Franchisor Pty Limited
Harvey Norman Victoria Pty Limited
Havrex Pty Limited[6]
HN Allens Road Leasing Limited[10,9]
HN Ashburton Leasing Limited[9,10,19]
HN Blenheim Leasing Limited[9,10]
HN Botany Leasing Limited[10,9]
HN Botany Outlet Leasing Limited[10,9]
HN Bundaberg Markets Pty Limited[31]
HN Byron No. 2 Pty Limited
HN Byron No. 3 Pty Limited
HN Commercial Leasing Limited[10,9]
HN Coomboona Pty Limited
HN Downing Street Leasing Limited[10,9]
HN Edmonton Road Leasing Limited[10,9]
HN Hamilton Central Leasing Limited[9,10]
HN Harris Road Leasing Limited[9,10]
HN Henderson Leasing Limited[9,10]
HN Hornby Leasing Limited[10,9]
HN Licensing Pty Limited
HN Lincoln Centre Leasing Limited[9,10]
HN Maleme Street Leasing Limited[9,10]
HN Manukau Leasing Limited[9,10]
HN Mowbray Street Leasing Limited[9,10]
HN Mt Roskill Leasing Limited[10,9]
HN Napier Leasing Limited[9,10]
HN Napier Warehouse Leasing Limited[8,9,10]
HN Online Franchisor Pty Limited
HN Online Leasing Pty Limited
HN Paraparaumu Leasing Limited[9,10]
HN QCV Benaraby No.1 Pty Limited
HN QCV Benaraby Pty Limited
HN QCV Blackwater Land Pty Limited
HN QCV Bottle Tree Pty Limited
HN QCV Concepts Pty Limited
HN QCV Fairview Pty Limited
HN QCV Injune Pty Limited
HN QCV LOR Pty Limited
HN QCV Pty Limited
HN QCV Sarina Land Pty Limited
HN QCV Sarina Pty Limited
HN QCV Toowoomba Land Pty Limited
HN QCV Toowoomba Pty Limited
HN Queenstown Leasing Limited[9,10]
HN Rangitikei Street Leasing Limited[9,10]
HN Tauranga Commercial Leasing Limited[9,10]
HN Tauranga Leasing Limited[9,10]
HN Tory Street Leasing Limited[9,10]
HN Tower Junction Leasing Limited[9,10]
HN Westgate Leasing Limited[9,10]
HN Whakatane Leasing Limited[9,10]
HN Whangarei Leasing Limited[9,10,30]
HN Wingate Leasing Limited[9,10]
HN Wiri Leasing Limited[9,10,17]
HN Woolston Leasing Limited[9,10]
HN Zagreb Investment Pty Limited
HNL Pty Limited
HNM Galaxy Pty Limited
HNZ Retailing NZ Limited[9,10,32]
Hodberg Pty Limited[5]
Hodvale Pty Limited[5]
Home Mart Furniture Pty Limited
Home Mart Pty Limited
Hoxco Pty Limited[6]
J.M. Albury Franchisor Pty Limited
J.M. Albury Leasing Pty Limited
J.M. Alexandria Franchisor Pty Limited
J.M. Alexandria Leasing Pty Limited
J.M. Ballina Franchisor Pty Limited
J.M. Ballina Leasing Pty Limited
J.M. Bennetts Green Franchisor Pty Limited
J.M. Bennetts Green Leasing Pty Limited
J.M. Campbelltown Franchisor Pty Limited
J.M. Campbelltown Leasing Pty Limited
J.M. Caringbah Franchisor Pty Limited
J.M. Caringbah Leasing Pty Limited
J.M. Chancellor Park Franchisor Pty Limited
J.M. Chancellor Park Leasing Pty Limited
J.M. Contracting Services Pty Limited
J.M. Darwin Franchisor Pty Limited
J.M. Darwin Leasing Pty Limited
J.M. Dubbo Franchisor Pty Limited
J.M. Dubbo Leasing Pty Limited
J.M. Leasing Pty Limited
J.M. Mackay Franchisor Pty Limited
J.M. Mackay Leasing Pty Limited
J.M. Maitland Franchisor Pty Limited
J.M. Maitland Leasing Pty Limited
J.M. Maroochydore Franchisor Pty Limited
J.M. Maroochydore Leasing Pty Limited
J.M. Marrickville Franchisor Pty Limited
J.M. McGraths Hill Franchisor Pty Limited
J.M. McGraths Hill Leasing Pty Limited
J.M. Morayfield Franchisor Pty Limited
J.M. Morayfield Leasing Pty Limited
J.M. Mudgee Franchisor Pty Limited
J.M. Mudgee Leasing Pty Limited
J.M. Muswellbrook Franchisor Pty Limited
J.M. Muswellbrook Leasing Pty Limited
J.M. Nowra Franchisor Pty Limited
J.M. Nowra Leasing Pty Limited
J.M. Plant & Equipment Hire Pty Limited
J.M. Rockhampton Franchisor Pty Limited
J.M. Rockhampton Leasing Pty Limited
J.M. Share Investment Pty Limited
J.M. Toukley Franchisor Pty Limited
J.M. Toukley Leasing Pty Limited
J.M. Townsville Franchisor Pty Limited
J.M. Townsville Leasing Pty Limited
J.M. Wagga Wagga Franchisor Pty Limited
J.M. Wagga Wagga Leasing Pty Limited
J.M. Wallsend Franchisor Pty Limited
J.M. Wallsend Leasing Pty Limited
J.M. Warners Bay Franchisor Pty Limited
J.M. Warners Bay Leasing Pty Limited
J.M. Warrawong Franchisor Pty Limited
J.M. Warrawong Leasing Pty Limited
J.M. West Gosford Franchisor Pty Limited
J.M. West Gosford Leasing Pty Limited
J.M. Young Franchisor Pty Limited
J.M. Young Leasing Pty Limited
Jartoso Pty Limited
JM Online Franchisor Pty Limited
JM Online Leasing Pty Limited
Jondarlo Pty Limited
Joyce Mayne Furnishing Pty Limited
Joyce Mayne Liverpool Leasing Pty Limited
Joyce Mayne Penrith Pty Limited
Joyce Mayne Shopping Complex Pty Limited
Kalinya Development Pty Limited
Kambaldu Pty Limited
Kita Pty Limited
Koodero Pty Limited
Korinti Pty Limited
Lamino Pty Limited
Lesandu Adelaide City Pty Limited
Lesandu Albany Pty Limited
Lesandu Albury Pty Limited
Lesandu Alexandria (JM) Pty Limited
Lesandu Alexandria DM Pty Limited
Lesandu Alexandria Pty Limited
Lesandu Alice Springs Pty Limited
Lesandu Ararat Pty Limited
Lesandu Aspley Pty Limited
Lesandu Atherton Pty Limited
Lesandu Auburn Stone Pty Limited
Lesandu Ayr Pty Limited
Lesandu Bairnsdale Pty Limited
Lesandu Balgowlah Pty Limited
Lesandu Ballina JM Pty Limited
Lesandu Batemans Bay Pty Limited
Lesandu Bathurst Pty Limited
Lesandu Belmont Pty Limited
Lesandu Belrose DM Pty Limited
Lesandu Benalla Pty Limited
Lesandu Bennetts Green JM Pty Limited
Lesandu Bentleigh Pty Limited
Lesandu Berrimah JM Pty Limited
Lesandu Berrimah Pty Limited
Lesandu Blacktown Pty Limited
Lesandu Bondi Junction Pty Limited
Lesandu Brisbane City Pty Limited
Lesandu Brisbane Pty Limited
Lesandu Broadbeach Pty Limited
Lesandu Broadway Pty Limited
Lesandu Broken Hill Pty Limited
Lesandu Broome Pty Ltd
Lesandu Browns Plains No. 1 Pty Limited
Lesandu Browns Plains Pty Limited
Lesandu Burleigh Heads Flooring Pty Limited
Lesandu Busselton Pty Limited
Lesandu Cambridge Pty Limited
Lesandu Canberra Pty Limited
Lesandu Cannington Pty Limited
Lesandu Cannonvale Pty Limited
Lesandu Capalaba Pty Limited
Lesandu Carindale Pty Limited
Lesandu Castle Hill DM Pty Limited
Lesandu Castle Hill Pty Limited
Lesandu Cessnock (JM) Pty Limited
Lesandu Chadstone Pty Limited
Lesandu Charmhaven Pty Limited

40. CONTROLLED ENTITIES AND UNIT TRUSTS (continued)
Shares held by Harvey Norman Holdings Limited (continued)

Lesandu Chatswood Express Pty Limited
Lesandu Chatswood Pty Limited
Lesandu Chirnside Park Pty Limited
Lesandu Cleveland Pty Limited
Lesandu Cobar Pty Limited
Lesandu Coffs Harbour Pty Limited
Lesandu Coorparoo Pty Limited
Lesandu CP Belmont Pty Limited
Lesandu CP Burleigh Waters Pty Limited
Lesandu CP Coburg Pty Limited
Lesandu CP Joondalup Pty Limited
Lesandu CP Macgregor Pty Limited
Lesandu CP Macgregor WH Pty Limited
Lesandu CP Maryborough Pty Limited
Lesandu CP Moonah Pty Limited
Lesandu CP Mornington Pty Limited
Lesandu CP Osborne Park Pty Limited
Lesandu CP Richmond CL Pty Limited
Lesandu CP Richmond Pty Limited
Lesandu CP Richmond WH Pty Limited
Lesandu Cranbourne Pty Limited
Lesandu Dalby Pty Limited
Lesandu Dandenong Pty Limited
Lesandu Deniliquin Pty Limited
Lesandu Dubbo JM Pty Limited
Lesandu Dubbo Pty Limited
Lesandu Echuca Leasing Pty Limited
Lesandu Eden Pty Limited
Lesandu Engadine Pty Limited
Lesandu Erina Flooring Pty Limited
Lesandu Forster Pty Limited
Lesandu Fyshwick Pty Limited
Lesandu Gepps Cross Pty Limited
Lesandu Gladstone Pty Limited
Lesandu Gordon Pty Limited
Lesandu Goulburn Pty Limited
Lesandu Grafton Pty Limited
Lesandu Greensborough Pty Limited
Lesandu Griffith Pty Limited
Lesandu Gunnedah Pty Limited
Lesandu Hamilton (VIC) Pty Limited
Lesandu Hamilton Pty Limited
Lesandu Hervey Bay Pty Limited
Lesandu HN Pty Limited
Lesandu Horsham Pty Limited
Lesandu Indooroopilly Pty Limited
Lesandu Ingham Pty Limited
Lesandu Innisfail Pty Limited
Lesandu Inverell Pty Limited
Lesandu Ipswich Pty Limited
Lesandu Jandakot Pty Limited
Lesandu Joondalup Pty Limited
Lesandu Kalgoorlie Pty Limited
Lesandu Karratha Pty Limited
Lesandu Kewdale Pty Limited
Lesandu Knox Towerpoint Pty Limited
Lesandu Kotara DM Pty Limited
Lesandu Launceston Pty Limited
Lesandu Laverton Pty Limited
Lesandu Light Street DM Pty Limited
Lesandu Lismore Pty Limited
Lesandu Lithgow Pty Limited
Lesandu Loganholme Pty Limited
Lesandu Mackay Pty Limited
Lesandu Maitland JM Pty Limited
Lesandu Maitland Pty Limited
Lesandu Malaga Pty Limited
Lesandu Mandurah Pty Limited
Lesandu Marion Pty Limited
Lesandu Maroochydoore JM Pty Limited
Lesandu Maroochydore Flooring Pty Limited
Lesandu McGraths Hill (JM) Pty Limited
Lesandu Melbourne City DM Pty Limited
Lesandu Mentone Pty Limited
Lesandu Midland Pty Limited
Lesandu Mile End Pty Limited
Lesandu Mitchell Pty Limited
Lesandu Moe Pty Limited
Lesandu Moorabbin Pty Limited
Lesandu Moore Park Pty Limited
Lesandu Moree Pty Limited
Lesandu Mornington Pty Limited
Lesandu Morwell WH Pty Limited
Lesandu Moss Vale Pty Limited
Lesandu Mt Barker Pty Limited
Lesandu Mt Gravatt Pty Limited
Lesandu Mt Isa Pty Limited
Lesandu Munno Para Pty Limited
Lesandu Muswellbrook JM Pty Limited
Lesandu Muswellbrook Pty Limited
Lesandu Narrabri Pty Limited
Lesandu Narre Warren Pty Limited
Lesandu Newcastle West Pty Limited
Lesandu Noarlunga Pty Limited
Lesandu Noosa Pty Limited
Lesandu North Ryde DM Pty Limited
Lesandu Notting Hill Pty Limited
Lesandu Nowra Pty Limited
Lesandu Oakleigh CK Pty Limited
Lesandu O'Connor Pty Limited
Lesandu Orange Pty Limited
Lesandu Osborne Park Pty Limited
Lesandu Oxley Pty Limited
Lesandu Parramatta Pty Limited[7]
Lesandu Penrith DM Pty Limited
Lesandu Penrith Pty Limited
Lesandu Peppermint Grove Pty Limited
Lesandu Perth City West Pty Limited
Lesandu Port Lincoln Pty Limited
Lesandu Port Macquarie Pty Limited
Lesandu Pty Limited
Lesandu Raymond Terrace Pty Limited
Lesandu Richlands Pty Limited
Lesandu Richmond (VIC) Pty Limited
Lesandu Riverwood Pty Limited
Lesandu Rockhampton Pty Limited
Lesandu Rosebery DM WH Pty Limited[7]
Lesandu Rothwell Pty Limited
Lesandu S.A. Pty Limited
Lesandu Salamander Bay Pty Limited
Lesandu Sale Pty Limited
Lesandu Shepparton Pty Limited
Lesandu Silverwater Pty Limited
Lesandu Sippy Downs JM Pty Limited
Lesandu Southport Pty Limited
Lesandu Stanmore Pty Limited
Lesandu Sunshine Pty Limited
Lesandu Swan Hill Pty Limited
Lesandu Sydenham Pty Limited
Lesandu Sydney City SS Pty Limited
Lesandu Tamworth Pty Limited
Lesandu Taree Home Mart Pty Limited
Lesandu Taree Pty Limited
Lesandu Taren Point Pty Limited
Lesandu Tasmania Pty Limited
Lesandu Temora Pty Limited
Lesandu Thomastown Pty Limited
Lesandu Toukley Pty Limited
Lesandu Townsville Pty Limited
Lesandu Tura Beach Pty Limited
Lesandu Tweed Heads Flooring Pty Limited
Lesandu Tweed Heads Pty Limited
Lesandu Underwood Pty Limited
Lesandu WA Furniture Pty Limited
Lesandu WA Pty Limited
Lesandu Wagga Wagga JM Pty Limited
Lesandu Wagga Wagga Pty Limited
Lesandu Wallsend JM Pty Limited
Lesandu Wangaratta Pty Limited
Lesandu Warana Pty Limited
Lesandu Warners Bay JM Pty Limited
Lesandu Warragul Pty Limited
Lesandu Warrawong Pty Limited
Lesandu Warwick (WA) Pty Limited
Lesandu Warwick Pty Limited
Lesandu Waurn Ponds Pty Limited
Lesandu West Gosford DM Pty Limited
Lesandu West Wyalong Pty Limited
Lesandu Wiley Park Pty Limited
Lesandu Windsor Pty Limited
Lesandu Wollongong Pty Limited
Lesandu Wonthaggi Pty Limited
Lesandu Woodville Pty Limited
Lesandu Young JM Pty Limited
Lexeri Pty Limited
Lightcorp Pty Limited
Lighting Venture International Pty Limited
Lighting Venture Pty Limited[21]
Lodare Pty Limited
Loreste Pty Limited
Malvis Pty Limited
Manutu Pty Limited
Maradoni Pty Limited
Marinski Pty Limited
Murray Street Development Pty Limited
Mymasterpiece Pty Limited[5]
Nedcroft Pty Limited
Network Consumer Finance (Ireland) Limited[18,15]
Network Consumer Finance (N.Z.) Limited[9,10]
Network Consumer Finance Pty Limited[1,2]
Nomadale Pty Limited[6]
Norman Ross Limited[35,10]
Norman Ross Pty Limited
Oldmist Pty Limited
Osraidi Pty Limited
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
PEM Corporate Pty Limited
Pertama Holdings Pte Limited[11,16,38]
Pertama Mechandising Pte Ltd[11,27]
Plezero Pty Limited
Poliform Pty Limited[25]
R.Reynolds Nominees Pty Limited
Sarsha Pty Limited[1]
Setto Pty Limited
Shakespir Pty Limited
Solaro Pty Limited
Space Furniture Pte Limited[11,16]
Space Furniture Pty Limited[3]
Spacepol Pty Limited
Steamstyle Venture Pty Limited
Stonetess Pty Limited
Stores (NZ) Limited[10]
Stores Securitisation Pty Limited
Strathloro Pty Limited
Stupendous Pty Limited[20]
Swaneto Pty Limited
Swanpark Pty Limited[6]
Tatroko Pty Limited
Tessera Stones & Tiles Australia Pty Limited
Tessera Stones & Tiles Pty Limited[37]
The Byron At Byron Pty Limited
Tisira Pty Limited
Valecomp Recovery Pty Limited
Ventama Pty Limited[4]
Wadins Pty Limited
Wanalti Pty Limited
Warungi Pty Limited
Waytango Pty Limited
Webzone Pty Limited
Wytharra Pty Limited
Yoogalu Pty Limited[1,2]
Zabella Pty Limited
Zavarte Pty Limited
Zirdano Pty Limited
Zirdanu Pty Limited

40. CONTROLLED ENTITIES AND UNIT TRUSTS (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Note:	
1	Company is a member of the "Closed Group".
2	Company is relieved under the Class Order described in Note 39.
3	Derni Pty Ltd holds 49% and Kita Pty Ltd holds 51% 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 incorporated during the year.
8	Company incorporated in New Zealand on 9 December 2016
9	Shares held by Harvey Norman Limited.
10	Company incorporated in New Zealand.
11	Company incorporated in Singapore.
12	Company incorporated in Slovenia.
13	Company incorporated in Malaysia.
14	Company incorporated in Croatia.
15	Company incorporated in Ireland.
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 50.62% of the shares in Pertama Holdings Pte Limited.
17	Company incorporated in New Zealand on 30 November 2016
18	Shares held by Harvey Norman Holdings (Ireland) Limited.
19	Company incorporated in New Zealand on 18 October 2016
20	Shares held by Calardu Pty Limited.
21	Lighting Venture Pty Limited holds 75.1% of shares in Glolight Pty Limited.
22	Yoogalu Pty Ltd holds 50.5% of the shares in Australian Business Skills Centre Pty Limited.
23	HN Byron No 3 Pty Limited holds 50% of the shares in Byron Bay Facilities Pty Limited.
24	Yoogalu Pty Ltd holds 50% of the shares in Byron Bay Management Pty Limited.
25	Derni Pty Ltd holds 1% and Kita Pty Ltd holds 99% of the shares in Poliform Pty Ltd.
26	Former name is Calardu Jandakot Pty Ltd
27	Shares held by Pertama Holdings Pte Limited
28	Shares held by Cascade Consolidated Sdn.Bhd.
29	Shares held by Network Consumer Finance Pty Limited
30	This entity was incorporated in New Zealand on 30 June 2019.
31	HN Bundaberg Markets Pty Ltd holds 50% of the shares in Lana's Farmers Markets Pty Ltd.
32	Previously noted as E-Creations Sdn. Bhd.
33	Company renamed from Harvey Norman Zagreb d.o.o on 24 February 2019.
34	This entity was incorporated in Ireland on 4 October 2015.
35	Shares held by Harvey Norman Stores (N.Z.) Pty Ltd
36	This entity was incorporated in Ireland on 24 January 2018.

40. 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
Calardu A.C.T. No. 2 Trust
Calardu ACT No. 3 Trust
Calardu ACT Trust
Calardu Adderley Street Trust
Calardu Albany Trust
Calardu Albury Trust
Calardu Alexandria DM Trust
Calardu Alexandria WH Trust
Calardu Alice Springs No. 1 Trust
Calardu Alice Springs Trust
Calardu Armadale WA Trust
Calardu Aspley Trust
Calardu Auburn No. 1 Trust
Calardu Auburn No. 2 Trust
Calardu Auburn No. 4 Trust
Calardu Auburn No. 5 Trust
Calardu Auburn No. 6 Trust
Calardu Auburn No. 7 Trust
Calardu Auburn No. 8 Trust
Calardu Ballarat Trust
Calardu Ballina No. 1 Trust
Calardu Ballina Trust
Calardu Bendigo Trust
Calardu Bennetts Green Trust
Calardu Bennetts Green Warehouse Trust
Calardu Berrimah Trust
Calardu Broadmeadow No. 1 Trust
Calardu Broadmeadows VIC Trust
Calardu Brookvale Trust
Calardu Browns Plains No. 1 Trust
Calardu Bunbury Trust
Calardu Bundaberg No. 1 Trust
Calardu Bundaberg Trust
Calardu Bundaberg WH Trust
Calardu Burnie Trust
Calardu Cairns Trust
Calardu Cambridge Trust
Calardu Campbelltown Trust
Calardu Cannington Trust
Calardu Caringbah (Taren Point) Trust
Calardu Caringbah Trust
Calardu Crows Nest Trust
Calardu Devonport Trust
Calardu Dubbo Trust
Calardu Emerald Trust
Calardu Frankston Trust
Calardu Frankston WH Trust
Calardu Fyshwick DM Trust
Calardu Gepps Cross No 2 Trust
Calardu Gepps Cross Trust
Calardu Gladstone Trust
Calardu Gympie Trust
Calardu Hervey Bay Trust
Calardu Hobart Trust
Calardu Hoppers Crossing Trust
Calardu Horsham Trust
Calardu Ipswich Trust
Calardu Joondalup Trust
Calardu Kalgoorlie Oswald St Trust
Calardu Kalgoorlie Trust
Calardu Karratha Trust
Calardu Kingaroy Trust
Calardu Kotara Trust
Calardu Launceston Trust
Calardu Loganholme Trust
Calardu Mackay Trust
Calardu Maitland Trust
Calardu Malaga Trust
Calardu Mandurah Trust
Calardu Maribyrnong Trust
Calardu Marion Trust
Calardu Maroochydore Trust
Calardu Maroochydore Warehouse Trust
Calardu Melville Trust
Calardu Midland Trust
Calardu Morayfield Trust
Calardu Moree Trust
Calardu Morwell Trust
Calardu Moss Vale Trust
Calardu Mt. Gambier Trust
Calardu Mudgee Trust
Calardu Munno Para Trust
Calardu No. 1 Trust
Calardu No. 2 Trust
Calardu No. 3 Trust
Calardu Noarlunga Trust
Calardu Noble Park WH Trust
Calardu Noosa Trust
Calardu North Ryde No. 1 Trust
Calardu North Ryde No. 2 Trust
Calardu North Ryde No. 3 Trust
Calardu North Ryde Trust
Calardu Nowra Trust
Calardu Oxley Trust
Calardu Penrith No 2 Trust
Calardu Penrith No. 1 Trust
Calardu Penrith Trust
Calardu Perth City West Trust
Calardu Port Macquarie Trust
Calardu Preston Trust
Calardu Richmond Trust
Calardu Rockhampton No. 2 Trust
Calardu Rockhampton Trust
Calardu Rockingham Trust
Calardu Rosebery Trust
Calardu Roselands Trust
Calardu Rothwell Trust
Calardu Rutherford Trust
Calardu Rutherford Warehouse Trust
Calardu Sale Trust
Calardu Silverwater Trust
Calardu Springvale Trust
Calardu Stapylton Trust
Calardu Surry Hills Trust
Calardu Swan Hill Trust
Calardu Taree Trust
Calardu Taren Point Trust
Calardu Taylors Beach Trust
Calardu Toowoomba No. 1 Trust
Calardu Toowoomba No. 2 Trust
Calardu Toowoomba Trust
Calardu Toowoomba WH Trust
Calardu Townsville Trust
Calardu Tweed Heads No. 1 Trust
Calardu Tweed Heads Traders Way Trust
Calardu Warrawong (Homestarters) No. 1 Trust
Calardu Warrawong (Homestarters) Trust
Calardu Warrawong No. 1 Trust
Calardu Warrawong No. 2 Trust
Calardu Warrawong Trust
Calardu Warrnambool Trust
Calardu Warwick Trust
Calardu West Gosford No. 1 Trust
Calardu West Gosford Trust
Calardu Whyalla Trust
Calardu Wodonga Trust
Harvey Norman Discounts No. 1 Trust
Harvey Norman No. 1 Trust
HN QCV Blackwater Land Trust
HN QCV Sarina Land Trust
HNM Galaxy Unit Trust
Lamino Investments No. 1 Trust
Lamino Investments No. 2 Trust
Lamino Investments No. 3 Trust
Lamino Investments No. 4 Trust
Lamino Investments No. 5 Trust
Lamino Investments No. 6 Trust
Oslek Developments Trust
The Calardu Trust

41. DEED OF CROSS GUARANTEE

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, relief has been granted to certain controlled entities of Harvey Norman Holdings Limited from the *Corporations Act 2001* requirements for the preparation, audit and lodgement of their financial reports. These controlled entities have entered into a Deed of Cross Guarantee with Harvey Norman Holdings Limited ("Closed Group"). The effect of this Deed of Cross Guarantee is that Harvey Norman Holdings Limited has guaranteed to pay any deficiency in the event of winding up a controlled entity within the Closed Group or if the controlled entity does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The controlled entities within the Closed Group have also given a similar guarantee in the event that Harvey Norman Holdings Limited is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The parties to the Deed of Cross Guarantee include Harvey Norman Holdings Limited and the following controlled entities:

- Arisit Pty Limited
- Contemporary Design Group Pty Limited
- Derni Pty Limited
- Generic Publications Pty Limited
- Harvey Norman Stores (N.Z.) Pty Limited
- Network Consumer Finance Pty Limited
- Sarsha Pty Limited
- Yoogalu Pty Limited

41. DEED OF CROSS GUARANTEE (continued)

The Statement of Financial Position and Income Statement for the Harvey Norman Holdings Limited Closed Group are as follows:

	2019 $000	2018 $000
Current Assets		
Cash and cash equivalents	153,800	109,170
Trade and other receivables	718,834	696,053
Other financial assets	28,886	31,457
Inventories	172,282	170,830
Intangible assets	370	459
Other assets	24,144	15,878
Total current assets	1,098,316	1,023,847
Non-Current Assets		
Trade and other receivables	1,778,987	1,915,235
Other financial assets	281,302	111,326
Property, plant and equipment	28,387	28,684
Intangible assets	59,110	62,104
Total non-current assets	2,147,786	2,117,349
Total Assets	3,246,102	3,141,196
Current Liabilities		
Trade and other payables	127,699	107,624
Interest-bearing loans and borrowings	380,183	289,675
Income tax payable	306	9,484
Provisions	26,841	28,734
Other liabilities	30,158	25,806
Total current liabilities	565,187	461,323
Non-Current Liabilities		
Interest-bearing loans and borrowings	345,144	500,217
Provisions	2,017	1,707
Deferred income tax liabilities	92,073	60,370
Other liabilities	300	199
Total non-current liabilities	439,534	562,493
Total Liabilities	1,004,721	1,023,816
NET ASSETS	2,241,381	2,117,380
Equity		
Contributed equity	552,250	388,381
Reserves	12,893	10,393
Retained profits	1,676,238	1,718,606
TOTAL EQUITY	2,241,381	2,117,380
Income Statement		
Profit before income tax	385,324	332,084
Income tax	(85,570)	(55,144)
Profit after tax	299,754	276,940
Retained Earnings		
Retained earnings at the beginning of the year	1,718,606	1,709,003
Profit after tax from continuing operations	299,754	276,940
Dividends provided for or paid	(342,122)	(267,337)
Retained earnings at the end of the year	1,676,238	1,718,606

42. PARENT ENTITY FINANCIAL INFORMATION

Statement of Financial Position	PARENT ENTITY June 2019 $000	June 2018 $000
Current assets	84	49
Non-current assets	2,428,919	2,263,529
Total assets	2,429,003	2,263,578
Current liabilities	2,469	6,286
Non-current liabilities	107,567	85,053
Total liabilities	110,036	91,339
Contributed equity	552,250	388,381
Retained profits	1,766,717	1,783,858
Total Equity	2,318,967	2,172,239
Profit for the Year	324,981	328,036
Total Comprehensive Income	324,981	328,036

Guarantees

The Parent Company is party to a Deed of Cross Guarantee ("Deed") with the following controlled entities:

- Arisit Pty Limited
- Contemporary Design Group Pty Limited
- Derni Pty Limited
- Generic Publications Pty Limited
- Harvey Norman Stores (N.Z.) Pty Limited
- Network Consumer Finance Pty Limited
- Sarsha Pty Limited
- Yoogalu Pty Limited

The effect of this Deed is that the Parent Company has guaranteed to pay any deficiency in the event of winding up one of the above controlled entities or if they do not meet their obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee. The above controlled entities have also given a similar guarantee in the event that the Parent Company is wound up or if it does not meet its obligations under the terms of overdrafts, loans, leases or other liabilities subject to the guarantee.

Generic Publications Pty Limited entered into the Deed with the Parent Company during the year.

Contingent Liabilities

Refer to information provided in Note 34. Contingent Liabilities for disclosures relating to the Parent Entity.

43. SIGNIFICANT EVENTS AFTER BALANCE DATE

On 9 August 2019, the consolidated entity announced that Harvey Norman Holdings Limited (the Company) and certain of its controlled entities, with certain entities controlled by Gerald Harvey, as owners of the property and business known as The Byron at Byron Bay Resort (**Resort**), have entered into agreements for sale of the Resort (**Sale Contract**) for the sale price of $41,764,000 (ex GST), subject to terms and conditions for completion. The purchasers under the Sale Contract are GAG Byron on Byron Property Co Pty Ltd ACN 635 158 351 and GAG Byron on Byron Business Company Pty Ltd ACN 635 172 333. Subject to the terms and conditions of the Sale Contract, completion of the Sale Contract will occur on the later of 16 September 2019 and the second Monday following the grant of the liquor licence approval by the relevant authority. If the terms and conditions for completion of the Sale Contract are not satisfied, in certain circumstances, the purchasers have the right to terminate or rescind the Sale Contract.

On 30 August 2019, the Company announced a renounceable, pro-rata entitlement offer of new fully-paid ordinary shares in the Company to raise approximately $173.49 million (before costs) (**Entitlement Offer**) with an offer price of $2.50 per new share. The Entitlement Offer forms part of the Company's ongoing capital management program. It is intended that the proceeds of the Entitlement Offer will be used to reduce the amount of Company consolidated entity debt.

With the exception of the above, there have been no circumstances arising since balance date which have significantly affected or may significantly affect:

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

DIRECTORS' DECLARATION

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 its subsidiaries (collectively the consolidated entity) are 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 2019 and of its performance for the year ended on that date; and
    (ii) complying with Accounting Standards 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 consolidated entity 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 by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2019.

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 41 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.

K. L. Page

G. HARVEY
Executive Chairman
Sydney
27 September 2019

K.L. PAGE
Executive Director / Chief Executive Officer
Sydney
27 September 2019

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Independent Auditor's Report to the Members of Harvey Norman Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Harvey Norman Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2019 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Assessment of control for the purposes of consolidation

Why significant	How our audit addressed the key audit matter
The Group operates a franchise business model in Australia. There is significant judgement involved in the Group's determination as to whether it has control over the store franchisees and therefore should consolidate their results. Given the significance of the judgment involved in the assessment and importance of this conclusion to the presentation of the financial statements this was considered to be a key audit matter. Note 1(d) and Note 1(e)(ii)(a) describes the accounting policies in relation to the basis of consolidation and control assessment considerations.	Our audit procedures included the following: ▶ Assessed the judgements and conclusions reached by the Directors that store franchisees are not controlled. ▶ In conjunction with our International Financial Reporting Standards specialists, we considered the application of Australian Accounting Standard AASB10 *Consolidated Financial Statements*, in particular the criteria relating to control, in the context of the franchise agreements and how these arrangements operate in practice. In particular the following areas were considered: - Termination rights available to the Group; - Financial assistance provided to franchisees; and - Inventory purchasing arrangements available to franchisees. ▶ Enquired of the Directors and their external lawyers as to whether any changes were made during the year to the standard franchise agreements used by the Group, or the way in which the franchisees and the Group interact in practice. ▶ Confirmed the results of these discussions by reviewing current agreements between franchisees and the Group. ▶ Considered any changes that may impact the control assessment made by the Directors. ▶ Considered the legal application of current franchise agreements with the Group's internal and external lawyers. ▶ Enquired of a sample of franchisees to confirm our understanding of how the current franchise agreements operate in practice.

2. Recoverability of Receivables from Franchisees

Why significant	How our audit addressed the key audit matter
Receivables from franchisees are significant to the Group, representing 12.7% of total assets at 30 June 2019. Note 7(a) describes the nature of the balances receivable from franchisees, while Note 1(e)(vii) outlines the accounting policy in relation to loans and receivables. The assessment of the recoverability of franchisee receivables was considered a key audit matter given the value of the balance and the judgements exercised by the Group in making this assessment.	Our audit procedures included the following: ▶ Considered the Group's assessment of the recoverability of receivables from franchisees. ▶ We selected a sample of franchisee loan receivables and obtained confirmation from the franchisees that they acknowledge the amounts owing at year end. ▶ We reviewed a sample of General Security Deeds between the franchisees and the Group that provides the Group with security over the assets of franchisees. ▶ We considered the value of assets provided as security by each of the franchisees against each franchisee receivable balance. ▶ Enquired of management and considered any evidence arising post year end of adverse performance of the franchisees, which could impact the recoverability of receivables from franchisees. ▶ We considered the adequacy of the disclosures included in Note 7(a) and Note 1(e)(vii) to the financial statements.

3. Valuation of investment properties and owner-occupied properties

Why significant	How our audit addressed the key audit matter
Investment properties and owner-occupied properties (properties) represent 61.5% of the total assets as at 30 June 2019. Investment properties are carried at fair value with changes in fair value recognised in the income statement. Note 1(e)(v) and Note 15 of the financial report describes the basis upon which fair value has been determined. Owner-occupied properties, represented as Land and Buildings, are carried at fair value, with changes in fair value recognised in equity. Note 1(e)(vi) and Note 14 of the financial report describes the basis upon which fair value has been determined. The Group engages independent external valuation experts to conduct valuations of each property at least once every three years. Directors' valuations are performed where the Group identifies a material change in the fair value of properties not selected for external valuation may have occurred during the year. The valuation of properties was considered a key audit matter given: ▶ the value of the properties relative to total assets of the Group; ▶ the judgement exercised by the Group in selecting the sample of properties subject to internal valuations during the period; ▶ judgements exercised by both independent valuation specialists and the Directors in determining fair value; and ▶ by their nature, the use of Directors' valuations.	Our audit procedures included the following: ▶ We assessed the Group's accounting policies with respect to investment properties and owner-occupied properties for compliance with the relevant Australian Accounting Standards. ▶ We assessed whether we could rely on the work of those responsible for the Directors' valuations and the work of the independent valuation experts by considering their competence, capabilities and objectivity. ▶ We selected a sample of the property valuations performed by both independent valuation experts and the Directors and assessed the reasonableness of the key assumptions (as disclosed in Note 14 and Note 15) used in the valuations with reference to external market evidence. This work included the involvement of Ernst & Young real estate valuation specialists in its execution. ▶ We considered the adequacy of the disclosures included in Note 1, Note 14 and Note 15 of the financial report.

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4. Recoverability of Non-trade Receivables from Related Entities

Why significant	How our audit addressed the key audit matter
Included in Notes 7 and 12 to the financial statements are non-trade amounts owing from related entities (including joint ventures and joint venture partners) and associated provisions for doubtful debts. We considered this to be a key audit matter due to the judgements involved in considering recoverability and the adequacy of the associated provision for doubtful debts at 30 June 2019.	Our audit procedures included the following: ▶ Considered the Directors' assessment of the recoverability of non-trade debts receivable from related entities. ▶ Considered the extent to which assets were provided as security against the carrying value of receivables. ▶ Assessed the value of the assets provided as security against the receivables. ▶ Considered the adequacy of the recorded provision for doubtful debts against these receivables.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 33 to 54 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Harvey Norman Holdings Limited for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Ernst & Young

Ernst & Young

R Robinson

Renay Robinson
Partner
Sydney
27 September 2019

SHAREHOLDER INFORMATION

DISTRIBUTION OF SHAREHOLDINGS AS AT 25 SEPTEMBER 2019

Size of Holding	Ordinary Shareholders
1 – 1,000	5,281
1,001 – 5,000	6,169
5,001 – 10,000	1,726
10,001 – 100,000	1,624
100,001 and over	139
	14,939
Number of Shareholders with less than a marketable parcel	549

VOTING RIGHTS

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

TWENTY LARGEST SHAREHOLDERS AS AT 25 SEPTEMBER 2019

Number of Ordinary Shares	Shareholder	Percentage of Ordinary Shares
369,778,107	Mr. Gerald Harvey	31.34%
194,107,477	Mr. Christopher Herbert Brown	16.45%
183,791,246	HSBC Custody Nominees Limited	15.58%
89,489,980	Citicorp Nominees Pty Limited	7.59%
84,460,334	J P Morgan Nominees Australia Limited	7.16%
55,337,161	Ms. Margaret Lynette Harvey	4.69%
31,623,442	National Nominees Limited	2.68%
20,447,598	BNP Paribas Nominees Pty Limited, BNP Paribas Noms Pty Limited & BNP Paribas Noms (NZ) Limited	1.73%
18,949,024	Enbeear Pty Limited	1.61%
18,610,447	Ms. Kay Lesley Page	1.58%
5,213,182	Argo Investments Limited	0.44%
3,149,892	Mr. Michael Harvey	0.27%
2,647,782	BKI Investment Company Limited	0.22%
2,285,834	Warbont Nominees Pty Ltd	0.19%
1,998,135	Omnilab Media Investments Pty Limited	0.17%
1,814,785	Navigator Australia Ltd	0.15%
1,458,347	AMP Life Limited	0.12%
1,155,665	Mr. Arthur Brew	0.10%
1,014,186	Mr. Chris Mentis	0.09%
1,002,480	Mr. Graeme Harvey	0.08%
1,088,335,104		**92.25%**

Directory of Harvey Norman®, Domayne® & Joyce Mayne® Retail Complexes

AUSTRALIAN CAPITAL TERRITORY

FYSHWICK
Cnr Barrier & Ipswich Streets
Fyshwick ACT 2609
Phone: (02) 6283 1200

NEW SOUTH WALES (SYDNEY SUBURBAN)

ALEXANDRIA
1/84 O'Riordan Street,
Alexandria NSW 2015
Phone: (02) 8339 7000

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

AUBURN RENOVATIONS
Level 1
250 Parramatta Road
Auburn NSW 2144
Phone: (02) 9202 4888

BALGOWLAH
176 - 190 Condamine Street
Balgowlah NSW 2093
Phone: (02) 9949 0100

BLACKTOWN
Unit C5
Cnr Blacktown
& Bungarribee Roads
Blacktown NSW 2148
Phone: (02) 8822 8400

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

BROADWAY
Shop 119
Broadway Shopping Centre
Bay Street
Broadway NSW 2007
Phone: (02) 9219 5200

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

CARINGBAH
41 – 49 Willarong Road
Taren Point NSW 2229
Phone: (02) 9589 8800

CASTLE HILL
Shop 31 Level 1 North Bldg
Home Hub Castle Hill
18 Victoria Avenue
Castle Hill NSW 2154
Phone: (02) 9840 8800

GORDON
Level 1, Gordon Centre
802 - 808 Pacific Highway
Gordon NSW 2072
Phone: (02) 9496 9200

LIVERPOOL
The Grove Homemaker Centre
2-18 Orange Grove Road
Liverpool NSW 2170
Phone: (02) 9600 3333

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

McGRATHS HILL
McGrath's Hill Home
Shop 6
264 – 272 Windsor Road
McGraths Hill NSW 2756
Phone: (02) 4587 6800

MOORE PARK
Supa Centa Moore Park
Cnr South Dowling Street
& Dacey Avenue
Moore Park NSW 2021
Phone: (02) 9662 9888

PENRITH
Penrith Homemaker Centre
Mulgoa Rd & Wolseley St
Penrith NSW 2750
Phone: (02) 4737 5111

WILEY PARK
1018 Canterbury Road
Wiley Park NSW 2195
Phone: (02) 9740 1100

WILEY PARK (BATHROOMS)
1155 Canterbury Road
Wiley Park NSW 2196
Phone: (02) 9784 4400

NEW SOUTH WALES (COUNTRY)

ALBURY
Unit 7/94 Borella Road
East Albury NSW 2640
Phone: (02) 6023 0800

ARMIDALE
Shop 8, Girraween S/Centre
6 Queen Elizabeth Drive
Armidale NSW 2350
Phone: (02) 6771 0800

BALLINA
26 Boeing Avenue
Ballina NSW 2478
Phone: (02) 6620 5300

BATEMANS BAY
4 Flora Crescent
Bateman's Bay NSW 2536
Phone: (02) 4412 3200

BATHURST
2 Ashworth Drive
Kelso NSW 2795
Phone: (02) 6332 8800

BROADMEADOW
(CLEARANCE CENTER)
35 Lambton Road
Broadmeadow NSW 2292
Phone: (02) 4028 4100

BROKEN HILL
329-331 Blende Street
Broken Hill NSW 2880
Phone: (08) 8084 4900

COBAR
27 Marshall Street
Cobar NSW 2835
Phone: (02) 6836 6400

COFFS HARBOUR
Park Beach Home Base
252 Pacific Highway
Coffs Harbour NSW 2450
Phone: (02) 6653 0300

DENILIQUIN
Cnr. Hardinge &
Harfleur Streets
Deniliquin NSW 2710
Phone: (03) 5881 0700

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

FORSTER
29 Breese Parade
Forster NSW 2428
Phone: (02) 6539 9100

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

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

GRAFTON
125 Prince Street
Grafton NSW 2460
Phone: (02) 6640 1500

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

GUNNEDAH
82 Conadilly Street
Gunnedah NSW 2380
Phone: (02) 6741 7900

INVERELL
50 Evans Street
Inverell NSW 2360
Phone: (02) 6720 0700

LAKE HAVEN
Homemaker Lake Haven
59 – 83 Pacific Highway
Charmhaven NSW 2263
Phone: (02) 4394 6000

LISMORE
17 Zadoc Street
Lismore NSW 2480
Phone: (02) 6623 1400

NEW SOUTH WALES (COUNTRY) (continued)

LITHGOW
175 Main Street
Lithgow NSW 2790
Phone: (02) 6354 5400

MACLEAN
211 River Street
Maclean NSW 2463
Phone: (02) 6603 5100

MAITLAND
Unit 1/366 New England Highway
Rutherford NSW 2320
Phone: (02) 4932 2800

MOREE
103 Balo Street
Moree NSW 2400
Phone: (02) 6751 2400

MOSS VALE
137 – 157 Lackey Road
Moss Vale NSW 2577
Phone: (02) 4869 6400

MUDGEE
33 Sydney Road
Mudgee NSW 2850
Phone: (02) 6372 8800

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

NEWCASTLE
(BENNETTS GREEN)
7 Abdon Close
Bennetts Green NSW 2290
Phone: (02) 4944 5000

NOWRA
193 Princes Highway
South Nowra NSW 2541
Phone: (02) 4421 1300

ORANGE
Unit 1, Orange Grove
Homemakers Centre
Cnr Mitchell Highway &
Lone Pine Avenue
Orange NSW 2800
Phone: (02) 6393 2222

PARKES
Shop 1
5-11 Saleyards Road
Parkes NSW 2870
Phone: (02) 6862 8900

PORT MACQUARIE
160-174 Hastings River Dr
Port Macquarie NSW 2444
Phone: (02) 6580 0000

SALAMANDER BAY
270 Sandy Point Road
Salamander Bay NSW 2317
Phone: (02) 4919 3100

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

TAREE
9 Mill Close
Taree NSW 2430
Phone: (02) 6552 8000

TEMORA
102 Hoskins Street
Temora NSW 2666
Phone: (02) 6980 1700

TURA BEACH
Shop 11, 1 Tura Beach Drive
Tura Beach NSW 2548
Phone: (02) 6497 4100

TWEED HEADS
29 - 41 Greenway Drive
Tweed Heads South NSW 2486
Phone: (07) 5524 0111

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

WARRAWONG
157 - 161 King Street
Warrawong NSW 2502
Phone: (02) 4223 8800

WEST WYALONG
114 Main Street
West Wyalong NSW 2671
Phone: (02) 6970 1700

YOUNG
326 Boorowa Street
Young NSW 2594
Phone: (02) 6384 1400

NORTHERN TERRITORY

ALICE SPRINGS
Shop 211
1 Colson Street
Alice Springs NT 0870
Phone: (08) 8950 4000

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

QUEENSLAND (BRISBANE SUBURBAN)

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

BROWNS PLAINS
18 Commerce Drive
Browns Plains QLD 4118
Phone: (07) 3380 0600

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

CARINDALE
Westfield Carindale
Carindale Street and
Old Cleveland Road
Carindale QLD 4152
Phone: (07) 3398 0600

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

EVERTON PARK
North-West Homemaker Centre
429 Southpine Road
Everton Park QLD 4053
Phone: (07) 3550 4444

LOGANHOLME
3878 - 3892 Pacific Highway
Loganholme QLD 4129
Phone: (07) 3440 9200

MT GRAVATT
Westfield Garden City
Shop 2135
2049 Logan Street
Upper Mt Gravatt QLD 4122
Phone: (07) 3347 7000

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

Directory of Harvey Norman®, Domayne® & Joyce Mayne® Retail Complexes

QUEENSLAND (COUNTRY)

ATHERTON
57 Tolga Road
Atherton QLD 4883
Phone: (07) 4091 0900

AYR
101 Queen Street
Ayr QLD 4807
Phone: (07) 4790 4600

BOOVAL
214 Brisbane Road
Booval QLD 4304
Phone: (07) 3280 7400

BUNDABERG
125 Takalvan Street
Bundaberg QLD 4670
Phone: (07) 4154 5000

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

BURLEIGH WATERS
Burleigh HomeSpace
14/1 Santa Maria Crt
Burleigh Waters QLD 4220
Phone: (07) 5586 2000

CAIRNS
Cairns Hypermarket
101 - 103 Spence Street
Cairns City QLD 4870
Phone: (07) 4050 0300

CANNONVALE
Shop B2, Whitsunday Plaza
8 Galbraith Park Drive
Cannonvale QLD 4802
Phone: (07) 4969 8800

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

EMERALD
21 Ballard Street
Emerald QLD 4720
Phone: (07) 4986 8100

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

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

HERVEY BAY
33-45 Maryborough Hervey Bay Road
Eli Waters QLD 4655
Phone: (07) 4120 1100

INGHAM
Shop 3
57 Herbert Street
Ingham QLD 4850
Phone: (07) 4776 3188

INNISFAIL
57 Ernest Street
Innisfail QLD 4860
Phone: (07) 4063 5200

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

MACKAY
Cnr Heaths Road & Bruce Highway
Mackay QLD 4740
Phone: (07) 4951 8800

MAROOCHYDORE
Maroochydore Homemaker Centre
11/55 Maroochy Blvd
Maroochydore QLD 4575
Phone: (07) 5452 1500

MARYBOROUGH
72 - 74 Bazaar Street
Maryborough QLD 4650
Phone: (07) 4120 2100

MORAYFIELD
245 Morayfield Road
Morayfield QLD 4510
Phone: (07) 5428 8000

MT ISA
Overlander Shopping Centre
121 Marian Street
Mt Isa City QLD 4825
Phone: (07) 4745 0100

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

ROCKHAMPTON
Red Hill Homemaker Centre
406-412 Yaamba Road
North Rockhampton QLD 4701
Phone: (07) 4923 5000

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

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

TOWNSVILLE
Domain Central Centre
103 - 142 Duckworth Street
Garbutt QLD 4814
Phone: (07) 4775 8800

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

TASMANIA

BURNIE
Cnr Marine Terrace &
Edward St
Burnie TAS 7320
Phone: (03) 6436 8800

CAMBRIDGE PARK
Cambridge Park Homemaker Centre
Unit B10
66 - 68 Kennedy Drive
Cambridge Park TAS 7170
Phone: (03) 6248 3300

DEVONPORT
Devonport Homemaker Centre
2 Friend Street
Devonport TAS 7310
Phone: (03) 6420 7600

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

LAUNCESTON
Cnr William and Charles Streets
Launceston TAS 7250
Phone: (03) 6337 9400

MOONAH
191-197 Main Rd Cnr, Derwent Park Rd
Moonah TAS 7009
Phone: (03) 6277 7777

SOUTH AUSTRALIA (ADELAIDE SUBURBAN)

CITY CROSS
Rundle Mall, Shop 50
31-33 Rundle Mall
Adelaide SA 5000
Phone: (08) 8168 8800

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

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

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

MT BARKER
Mt Barker Homemaker Centre
6 Dutton Road
Mount Barker SA 5251
Phone: (08) 8393 0800

MUNNO PARA
Munno Para Shopping City
600 Main North Road
Smithfield SA 5114
Phone: (08) 8254 0700

NOARLUNGA
3/2 Seaman Drive
Noarlunga SA 5168
Phone: (08) 8329 5400

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

Directory of Harvey Norman®, Domayne® & Joyce Mayne® Retail Complexes

SOUTH AUSTRALIA (COUNTRY)

MT GAMBIER
Cnr Kennedy Avenue &
Jubilee Highway East
Mt Gambier SA 5290
Phone: (08) 8724 6800

PORT LINCOLN
Cnr St Andrews Terrace and Verran
Terrace
Port Lincoln SA 5606
Phone: (08) 8683 7700

WHYALLA
Cnr Jamieson St and Kelly Street
Whyalla SA 5600
Phone: (08) 8645 6100

VICTORIA (MELBOURNE SUBURBAN)

BROADMEADOWS
1185 - 1197 Pascoe Vale Rd
Broadmeadows VIC 3047
Phone: (03) 9621 2800

CHADSTONE
699 Warrigal Road
Chadstone VIC 3148
Phone: (03) 9567 6666

CHIRNSIDE PARK
Chirnside Park Showroom Centre
286 Maroondah Highway
Chirnside Park VIC 3116
Phone: (03) 9722 4400

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

DANDENONG
141 - 165 Frankston -
Dandenong Road
Dandenong VIC 3175
Phone: (03) 8791 3333

FOUNTAIN GATE
Westfield Fountain Gate
8 Overland Drive
Narre Warren VIC 3805
Phone: (03) 8796 6777

HOPPERS CROSSING
Unit 1, 201 - 219 Old
Geelong Road
Hoppers Crossing VIC 3029
Phone: (03) 8734 0000

KNOX
Shop 3105, Knox City Shopping
Centre,
425 Burwood Highway
Wantirna South VIC 3152
Phone: (03) 9881 3700

MARIBYRNONG
Harvey Norman Centre
169 Rosamond Road
Maribyrnong VIC 3032
Phone: (03) 9304 7000

MELBOURNE QV (& DM)
Upper Terrace, Level 4,
Shops 9-13,
210 Lonsdale Street
Melbourne VIC 3000
Phone: (03) 8664 4300

MOORABBIN
420 South Road
Moorabbin VIC 3189
Phone: (03) 9269 3400

NUNAWADING
396-408 Whitehorse Road
Nunawading VIC 3131
Phone: (03) 9837 1200

PRESTON
121 Bell Street
Preston VIC 3072
Phone: (03) 9269 3300

RICHMOND
479 Bridge Road
Richmond VIC 3121
Phone: (03) 8416 4100

SPRINGVALE
26/917 Princes Highway
Springvale VIC 3171
Phone: (03) 9518 8500

SUNSHINE
City West Plaza
484 Ballarat Road
Sunshine VIC 3020
Phone: (03) 9334 6000

THOMASTOWN
308-320 Settlement Road
Thomastown VIC 3074
Phone: (03) 9463 4777

VIC / TAS COMMERCIAL
4 Central Blvd
Port Melbourne VIC 3204
Phone: (03) 8530 6300

WATERGARDENS
Watergardens Town Centre
450 Melton Highway
Taylors Lakes VIC 3038
Phone: (03) 9449 6300

VICTORIA (COUNTRY)

ARARAT
47-49 Vincent Street
Ararat VIC 3377
Phone: (03) 5352 9100

BAIRNSDALE
294 Main Street
Bairnsdale VIC 3875
Phone: (03) 5153 9700

BALLARAT
1322 Howitt Street
Wendouree VIC 3355
Phone: (03) 5332 5100

BENDIGO
Cnr High St and Furness St
Kangaroo Flat VIC 3555
Phone: (03) 5447 6000

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

GEELONG
420 Princes Highway
Corio VIC 3214
Phone: (03) 5272 9900

HAMILTON
LG2, The Hub
148 Gray Street
Hamilton VIC 3300
Phone: (03) 5551 3500

HORSHAM
148-150 Firebrace Street
Horsham VIC 3400
Phone: (03) 5381 5000

MILDURA
Cnr Fifteenth Street &
Etiwanda Ave
Mildura VIC 3500
Phone: (03) 5051 2200

MOE
19 Moore Street
Moe VIC 3825
Phone: (03) 5127 9500

MORNINGTON
Building C3
Peninsula Lifestyle Centre
Bungower Road
Mornington VIC 3931
Phone: (03) 5970 2500

MORWELL
232 Commercial Road
Morwell VIC 3840
Phone: (03) 5120 0200

SALE
363 - 373 Raymond Street
Sale VIC 3850
Phone: (03) 5149 5100

SHEPPARTON
Riverside Plaza
Bldg A, 8025 Goulburn Valley Hwy
Kialla VIC 3630
Phone: (03) 5820 2900

SWAN HILL
68 Nyah Road
Swan Hill VIC 3585
Phone: (03) 5032 0500

TRARALGON
123 Argyle Street
Traralgon VIC 3844
Phone: (03) 5175 6700

WANGARATTA
8 - 12 Murphy Street
Wangaratta VIC 3677
Phone: (03) 5723 8800

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

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

WAURN PONDS
Geelong Homemaker Centre
33 Princes Highway
Waurn Ponds VIC 3216
Phone: (03) 5240 6200

WONTHAGGI
37 McKenzie Street
Wonthaggi VIC 3995
Phone: (03) 5672 0800

Directory of Harvey Norman®, Domayne® & Joyce Mayne® Retail Complexes

WESTERN AUSTRALIA (PERTH SUBURBAN)

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

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

CITY WEST
City West Centre
City West Shopping Centre
25 Sutherland Street
West Perth WA 6005
Phone: (08) 9215 8600

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

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

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

O'CONNOR
133 Garling Street
O'Connor WA 6163
Phone: (08) 9337 0888

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

PORT KENNEDY
400-402 Saltaire Way
Port Kennedy WA 6172
Phone: (08) 9524 0111

WESTERN AUSTRALIA (COUNTRY)

ALBANY
Unit 1 / 5 Brooks Garden Blvd
Albany WA 6330
Phone: (08) 9892 6800

BUNBURY
Cnr Sandridge and
Denning Road
East Bunbury WA 6230
Phone: (08) 9722 0100

BROOME
2 Haynes Street
Broome WA 6725
Phone: (08) 9195 3600

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

GERALDTON (Furniture & Bedding)
38 Chapman Road
Geraldton WA 6530
Phone: (08) 9964 0111

GERALDTON (Computers)
18 Anzac Terrace
Geraldton WA 6530
Phone: (08) 9964 0111

KALGOORLIE
29 Davidson Street
Kalgoorlie WA 6430
Phone: (08) 9093 5500

KARRATHA
Unit 7,
Lot 25 Balmoral Road
Karratha WA 6174
Phone: (08) 9186 8100

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

PORT HEDLAND
Boulevard Shopping Centre
Cnr Anderson St & McGregor St
Port Hedland WA 6721
Phone: (08) 9173 8000

DOMAYNE

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

AUBURN
103 - 123 Parramatta Road
Auburn NSW 2144
Phone: (02) 8748 4200

BELROSE
Homemaker Supa Centa
Shop 1, 4 - 6 Niangala Close
Belrose NSW 2085
Phone: (02) 9479 8800

BUNDALL
29 - 45 Ashmore Road
Bundall QLD 4217
Phone: (07) 5553 2100

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

CASTLE HILL
Home Hub C/Hill South Building
Level 1, Shop 82
16 Victoria Avenue
Castle Hill NSW 2154
Phone: (02) 9846 8800

FORTITUDE VALLEY
Homemaker The Valley
Shop 1, 1058 Ann Street
Fortitude Valley QLD 4006
Phone: (07) 3620 6600

FYSHWICK
80 Collie Street
Fyshwick ACT 2604
Phone: (02) 6126 2500

GOSFORD
400 Manns Road
West Gosford NSW 2250
Phone: (02) 4337 4800

KOTARA
Kotara Home
Unit 1, 1 Kullaiba Rd
Kotara NSW 2289
Phone: (02) 4941 3900

LIVERPOOL
The Grove Homemaker Centre
2-18 Orange Grove Road
Liverpool NSW 2170
Phone: (02) 8778 2222

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

MARION
Unit 2, 919-929 Marion Road
Marion SA 5043
Phone: (08) 8198 2400

MAROOCHYDORE
Maroochydore Homemaker Centre
Unit 14, 11-55 Maroochy Boulevard
Maroochydore QLD 4558
Phone: (07) 5452 1400

MELBOURNE QV
Upper Terrace, Level 4 QV
Shops 9-13, 210 Lonsdale St
Melbourne VIC 3000
Phone: (03) 8664 4300

NORTH RYDE
31 - 35 Epping Road
North Ryde NSW 2113
Phone: (02) 9888 8888

OSBORNE PARK (& HN)
475 Scarborough Beach Rd
Osborne Park WA 6017
Phone: (08) 9416 9100

PENRITH
Penrith Homemaker Centre
Cnr Wolseley Street and
Mulgoa Road
Penrith NSW 2750
Phone: (02) 4737 5000

SPRINGVALE
10/917 Princes Highway
Springvale VIC 3171
Phone: (03) 9565 8200

WARRAWONG
119 - 121 King Street
Warrawong NSW 2502
Phone: (02) 4255 1800

Directory of Harvey Norman®, Domayne® & Joyce Mayne® Retail Complexes

JOYCE MAYNE

CHANCELLOR PARK
Showroom 2
30 Chancellor Village Blvd
Sippy Downs QLD 4556
Phone: (07) 5477 2200

DARWIN
660 Stuart Hwy,
Berrimah NT 0828
Phone: (08) 8928 1500

MAROOCHYDORE
Maroochydore Homemaker Ctr
15/11-55 Maroochy Blvd
Maroochydore QLD 4558
Phone: (07) 5475 1800

NOWRA
Unit 2A, Cnr Central Ave &
Princes Highway
Nowra NSW 2541
Phone: (02) 4448 0000

TOOWOOMBA
675 Ruthven Street
Toowoomba QLD 4350
Phone: (07) 4613 7100

TOWNSVILLE
Domain Central
18/103 Duckworth Street
Garbutt QLD 4814
Phone: (07) 4759 9900

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

NEW ZEALAND

ASHBURTON
Cnr West & Moore Streets
Ashburton
Phone: 0011 643 307 5000

BLENHEIM
19 - 21 Maxwell Road
Blenheim
Phone: 0011 643 520 9700

BOTANY DOWNS
500 Ti Rakau Drive
Botany Downs
Phone: 0011 649 272 5700

BOTANY ELECTRICAL OUTLET
Unit F, 451 Ti Rakau Drive
Botany Auckland
Phone: 0011 649 253 9200

CHRISTCHURCH
Cnr Moorhouse Ave
& Colombo Street
Christchurch
Phone: 0011 643 367 7500

DUNEDIN
Cnr MacLaggan
& Rattray Streets
Dunedin
Phone: 0011 643 471 6510

GISBORNE
51 Customhouse Street
Gisborne
Phone: 0011 646 869 2900

HAMILTON
10 - 16 The Boulevard
Te Rapa Hamilton
Phone: 0011 647 850 7300

HAMILTON ELECTRICAL OUTLET
Unit 1 - 79 Tristram Street
Hamilton
Phone: 0011 647 848 2700

HASTINGS
303 East St Aubyn Street
Hastings
Phone: 0011 646 872 6800

HENDERSON
1 - 12 Ratanui Street
Henderson
Phone: 0011 649 835 5000

HORNBY
10-14 Chappie Place
Hornby Christchurch
Phone: 0011 643 344 8100

INVERCARGILL
245 Tay Street
Invercargill
Phone: 0011 643 219 9100

LINCOLN CENTRE
111 Lincoln Road
Henderson Auckland
Phone: 0011 649 621 1590

LOWER HUTT
28 Rutherford Street
Lower Hutt Wellington
Phone: 0011 644 894 8200

MANUKAU
Manukau Supa Centre
8/72 Cavendish Drive
Manukau City Auckland
Phone: 0011 649 261 4300

MT MAUNGANUI
10 Owens Place
Mt Maunganui
Phone: 0011 647 572 7200

MT ROSKILL
167-169 Stoddard Road
Mt Roskill Auckland
Phone: 0011 649 621 1500

MT WELLINGTON
20 - 54 Mt Wellington Hwy
Mt Wellington Auckland
Phone: 0011 649 570 3440

NAPIER
Shop 5
20-60 Wellesley Road
Napier
Phone: 0011 646 833 9500

NELSON
69 St Vincent Street
Nelson
Phone: 0011 643 539 5000

NEW PLYMOUTH
23 Smart Road
New Plymouth
Phone: 0011 646 759 2900

NORTHWOOD
Unit 1, 1 Radcliffe Road
Northwood
Christchurch
Phone: 0011 646 375 9800

PALMERSTON NORTH
361 - 371 Main Street West
Palmerston North
Phone: 0011 646 355 6500

PARAPARAUMU
Coastlands Shopping Centre
State Highway 1
Paraparaumu
Phone: 0011 644 296 3100

PORIRUA
19 Parumoana Street
Porirua
Wellington
Phone: 0011 644 230 6100

PUKEKOHE
Pukekohe Mega Centre
182-196 Manukau Road
Pukekohe Auckland
Phone: 0011 649 237 3500

QUEENSTOWN
2A/12 Hawthorne Drive
Remarkables Park
Queenstown
Phone: 0011 643 901 0900

RANGITIKEI STREET
Unit C
210-248 Rangitikei Street
Palmerston North
Phone: 0011 646 953 3500

ROTORUA
35 Victoria Street
Rotorua
Phone: 0011 647 343 9800

TAURANGA
683-697 Cameron Road
Tauranga
Phone: 0011 647 557 9500

TIMARU
226 Evans Street
Timaru
Phone: 0011 643 687 7000

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

WAIRAU PARK
10 Croftfield Lane
Wairau Park
Glenfield Auckland
Phone: 0011 649 440 6300

WANGANUI
287 Victoria Avenue
Wanganui
Phone: 0011 646 349 6000

WELLINGTON
77-87 Tory Street
Wellington
Phone: 0011 644 381 4250

WESTGATE
Westgate Lifestyle Centre
63 – 65 Maki Street
Westgate Auckland
Phone: 0011 649 822 8200

WHAKATANE
The Hub
State Highway 30
Whakatane
Phone: 0011 647 306 0600

WHANGAREI
5 Gumdigger Place
Whangarei
Phone: 0011 649 470 0300

Directory of Harvey Norman®, Domayne® & Joyce Mayne® Retail Complexes

IRELAND

BLANCHARDSTOWN
Units 421 - 423
Blanchardstown Retail Park
Blanchardstown
Dublin 15
Phone: 0011 353 1 824 7400

CARRICKMINES
Unit 230 Retail
The Park
Carrickmines Dublin 18
Phone: 0011 353 1 299 6900

CASTLEBAR
Units D - F
Castlebar Retail Park
Breaffy Road,
Castlebar
Phone: 0011 353 94 906 3900

CORK
Kinsale Road
Ballycurreen
Cork, Dublin
Phone: 0011 353 21 425 0900

DROGHEDA
Units 8 - 11
Drogheda Retail Park
Donore Road
Drogheda, Co Louth
Phone: 0011 353 41 987 8200

LIMERICK
Units 5 - 7
City East Retail Park
Ballysimon Road
Limerick
Phone: 0011 353 61 422 800

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

NAAS
Unit G - K
New Hall Retail Park
Naas, Co Kildane
Phone: 0011 353 04 590 7700

RATHFARNHAM
Unit 7A-7C
Nutgrove Retail Park
Rathfarnham Dublin 14
Phone: 0011 353 1 491 6300

SWORDS
Units 5 - 7
Airside Retail Park
Crowscastle
Swords, Co Dublin
Phone: 0011 353 1 890 9900

TALLAGHT
Airton Retail Park
Corner Airton & Greenhills Road
Tallaght, Dublin 22
Phone: 0011 353 01 468 4500

TRALEE
Unit 8A
Manor West Retail Park
Tralee, Co Kerry
Phone: 0011 353 66 716 4900

WATERFORD
Units 5 - 8
Butlerstown Retail Park
Butlerstown Roundabout
Outer Ring Road
Co Waterford
Phone: 0011 353 51 319 900

NORTHERN IRELAND

BOUCHER ROAD
Balmoral Plaza
24 Boucher Road
Belfast BT12 6HR
Phone: 0011 44 28 903 896 00

HOLYWOOD
Units B-D
306 Holywood Exchange
Airport Road W,
Holywood Belfast BT3 9DY
Phone: 0011 44 28 9039 5800

SLOVENIA

CELJE
Kidričeva ulica 26A
3000 Celje
Phone: 0011 386 1585 5000

KOPER
Ankaranska Cesta 3C
6000 Koper
Phone: 0011 386 5610 0100

LJUBLJANA
Letališka Cesta 3D
1000 Ljubljana
Phone: 0011 386 1585 5000

MARIBOR
Bohova 1A
2311 Hoče
Phone: 0011 386 2300 4850

NOVO MESTO
Ljubljanska Cesta 95B
8000 Novo Mesto
Phone: 0011 386 7309 9920

CROATIA

ZAGREB
Kings Cross,
Ul. Velimira Škorpika 34,
10090 Zagreb Crotia
Phone: 0011 385 1556 6200

SINGAPORE

BEDOK POINT
799 New Upper Changi Road
#B1-01/02, 16/32 and K1/K14
Bedok Point
Singapore 467351
Phone: 0011 65 6446 7218

BUKIT PANJANG
1 Jelebu Road
Bukit Panjang Plaza
#03-06/06A/06B/07A
Singapore 677743
Phone: 0011 65 6767 1500

DJITSUN MALL
5 Ang Mo Kio Central 2
#02-01/02
Singapore 569663
Phone: 0011 65 6554 5630

HOUGANG MALL
90 Hougang Avenue 10
#02-13 to 15
Hougang Mall
Singapore 538766
Phone: 0011 65 6488 2305

JURONG POINT
1 Jurong West Central 2
#03-34 to 39
Jurong Point Shopping Centre
Singapore 648886
Phone: 0011 65 6795 2135

MILLENIA WALK
No. 9 Raffles Boulevard
#01-59 to 63, #02-37 to 41,
#03-02, Millenia Walk
Singapore 039596
Phone: 0011 65 6311 9988

NORTHPOINT
1 Northpoint Drive
B1-136 to 138 & B2-108 to 112
Northpoint City South Wing
Singapore 768019
Phone: 0011 65 6702 5188

ONE KM
11 Tanjong Katong Road
#02-41 to 44
Singapore 437157
Phone: 0011 65 6702 5220

Directory of Harvey Norman®, Domayne® & Joyce Mayne® Retail Complexes

SINGAPORE (continued)

PARKWAY
80 Marine Parade Road
#01-35/35A/36, #02-34/34A, 35/36,
Parkway Parade
Singapore 449269
Phone: 0011 65 6346 4705

SUNTEC CITY
6 Temasek Boulevard
#01-634/640
Suntec City Mall, East Atrium
Tower 3/4,
Singapore 038986
Phone: 0011 65 6332 2312

VIVACITY
750B Chai Chee Road
#01-01 to 06, #01-09 to 12,
#02-02 to 06,
Viva Business Park
Singapore 469000
Phone: 0011 65 6245 1516

WESTMALL
No. 1 Bt Batok Central Link
#03-06 to 09 West Mall
Singapore 658713
Phone: 0011 65 6794 2812

MALAYSIA

AMPANG POINT
Lot S01, 2nd Floor
Ampang Shopping Centre
Jalan Mamanda 3,
68000 Ampang,
Selangor Darul Ehsan, Malaysia
Phone: 0011 603 4260 1020

BUKIT TINGGI
42 1st Floor
AEON Bukit Tinggi Shopping Ctre
No. 1 Persiaran Batu Nilam 1/KS6
Bandar Bukit Tinggi 2
41200 Klang
Selangor Darul Ehsan, Malaysia
Phone: 0011 603 3326 2631

CITTA MALL
Lot S-32 – Lot S-38, Citta Mall
No 1 Jalan PJU 1A/48
PJU 1A, Ara Damansara
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Phone: 0011 603 7846 1025

GURNEY PARAGON
Lot 163D-4-02,
Gurney Paragon Mall
Persiaran Gurney
10250, Penang, Malaysia
Phone: 0011 604 229 8886

IOI CITY MALL
LG-27B & 28 Lower Ground
Floor, IOI City Mall
IOI Resort, Lebuh IRC
Putrajaya 62502 Sepang
Selangor Darul Ehsan, Malaysia
Phone: 0011 603 8957 7918

IKANO POWER CENTRE
Unit L1.10 & L2.07,
IPC Shopping Centre
No 2 Jalan PJU 7/2
Mutiara Damansara
47800 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Phone: 0011 603 7732 1688

MID VALLEY
Lot S-066, 2nd Floor (South
Court) Mid Valley Megamall
Mid Valley City
Lingkaran Syed Putra
59100 Kuala Lumpur, Malaysia
Phone: 0011 603 2282 2860

MIRI TIMES SQUARE
C-G-01, Block C
Miri Times Square
Marina Park City
Jalan Bendahara
98000 Miri, Sarawak, Malaysia
Phone: 0011 603 8532 0008

MONT KIARA
Lot L2-07 & L2-08,1 Mont' Kiara
No 1 Jalan Kiara
50480 Kuala Lumpur, Malaysia
Phone: 0011 603 6203 6380

NU SENTRAL
Unit L3.01, Nu Sentral Mall,
KL Sentral
No. 201, Jalan Tun Sambathan
50470 Kuala Lumpur, Malaysia
Phone: 0011 603 2260 7866

PAVILION
Lot 5.24.04 Level 5
Pavilion Kuala Lumpur
No. 168 Jalan Bukit Bintang
55100 Kuala Lumpur, Malaysia
Phone: 0011 603 2142 3735

PARADIGM MALL
Lot 1F-01 & 02, 1st Floor
Paradigm Mall
No.1 Jalan SS 7/26A,
Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Phone: 0011 603 8532 0008

PARADIGM MALL
Unit No. 1F-42-51 &
2F-43A-53
1st & 2nd Floor
Paradigm Mall Johor Bahru,
Jalan Skudai,
81200 Johor Bahru
Malaysia
Phone: 0011 603 7231 4368

QUEENSBAY
Lot 2F-86 South Zone
Queensbay Mall
No 100 Persiaran Bayan Indah
11900 Bayan Lepas
Penang, Malaysia
Phone: 0011 604 630 8210

SETIA CITY MALL
L1-MM03, Setia City Mall
No. 7 Persiaran Setia Dagang
Bandar Setia Alam,
Seksyen U13
40170 Shah Alam,
Selangor Darul Ehsan, Malaysia
Phone: 0011 603 3345 6085

SOUTHKEY
LG-014 & 015
The Mall Mid Valley Southkey
No 1 Persiaran Southkey 1
Johor Bahru 80150
Johor, Malaysia
Phone: 0011 60 7336 1178

SUNWAY PYRAMID
LG2.140 Lower Ground Two
Sunway Pyramid Shopping
Centre
No. 3 Jalan PJS 11/15
Bandar Sunway
46150 Petaling Jaya
Selangor Darul Ehsan, Malaysia
Phone: 0011 603 5622 1300

SUNWAY VELOCITY
Level 3 & 4, Lot 3-24
Lingkaran SV Sunway Velocity
Sunway Velocity Mall
55100 Kuala Lumpur Malaysia
Phone: 0011 603 9226 6002

VIVACITY MEGAMALL
Unit L1-MA01, L1-MA02,
L1-017 & L2-MA02,
L2-019, L2-020
Level 1 & Level 2, Vivacity
Megamall
Jalan Wan Alw50
i, 93350 Kuching
Sarawak, East Malaysia
Phone: 0011 60 82 263 433