

**HARVEY NORMAN
HOLDINGS LIMITED**

A.C.N 003 237 545

A1 RICHMOND ROAD HOMEBUSH WEST,
N.S.W 2140 LOCKED BAG 2

SILVERWATER DC, NSW 1811
AUSTRALIA

Telephone: (02) 9201 6111
Facsimile: (02) 9201 6250

30 September 2016

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 2016 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 7th October 2016.

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

Yours faithfully



Chris Mentis
Chief Financial Officer / Company Secretary



2016

ANNUAL REPORT

Harvey Norman[®]

HOLDINGS LIMITED

Harvey Norman[®]

D O M A Y N E[®]

JOYCE MAYNE[®]

Our brands provide 'Solutions For The Home' by offering the largest range of trusted brands, products and services under one roof in 192 Harvey Norman[®], Domayne[®] and Joyce Mayne[®] branded franchised complexes in Australia and 85 company-operated stores across 7 overseas countries.

KEY DATES:

31 August 2016	Announcement of Full Year Profit to 30 June 2016 Announcement of Final 2016 Dividend
2 November 2016	Record Date for Determining Entitlement to Final 2016 Dividend
14 November 2016	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
1 December 2016	Payment of Final 2016 Dividend
28 February 2017	Announcement of Half-Year Profit to 31 December 2016 Announcement of Interim 2017 Dividend
7 April 2017	Record Date for Determining Entitlement to Interim 2017 Dividend
1 May 2017	Payment of Interim 2017 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

Stock Exchange Listing:

Harvey Norman Holdings Limited shares are quoted on the Australian
Securities Exchange Limited ("ASX")

Solicitors:

Brown Wright Stein

Company Secretary:

Mr Chris Mentis

HARVEY NORMAN HOLDINGS LIMITED

ABN 54 003 237 545



FRANCHISEE SALES
REVENUE

\$5.33bn
up 7.6% on prior year

COMPANY-OPERATED
SALES REVENUE

\$1.80bn
up 11.0% on prior year

PROFIT BEFORE TAX

\$493.76m
up 30.6% on prior year

PROFIT AFTER TAX &
NON-CONTROLLING
INTERESTS

\$348.61m
up 30.0% on prior year

PROFIT AFTER TAX &
NON-CONTROLLING
INTERESTS

(excluding net property
revaluation adjustments)

\$314.74m
up 20.2% on prior year

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HARVEY NORMAN® - SOLUTIONS FOR EVERY ROOM IN THE HOME

Truly the one-stop destination, Harvey Norman® offers a range of solutions for every room - superb quality and style in the living room, comfort and support you need in the bedroom, the latest innovative technology for entertainment and food preparation, and everything you need to set up the perfect home office.

Connected Automation & Security

Combines with your smart device so you can view and control remotely.



Bedroom

Quality comfort and support.



Entertainment

For a truly immersive experience.



Flooring

Stylish and durable solutions.



Outdoor

Enjoy outdoors in any season.



Living

Relax, unwind and enjoy.



Laundry

Work smarter, not harder.



Study

Take care of
business at home.



Gym

Connected Health -
monitor your fitness as you go.



Bathroom

Update with an
elegant touch.



Dining

Entertain in style
and comfort.



Kitchen

Innovative solutions
for better living.

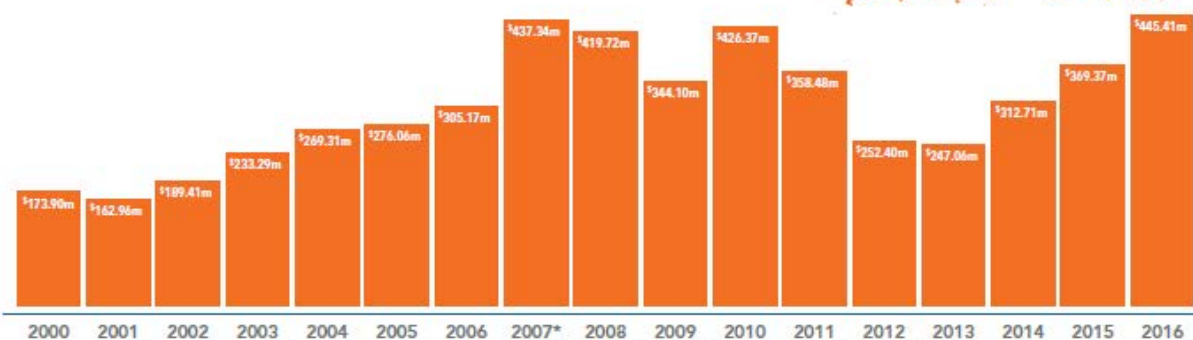
FINANCIAL HIGHLIGHTS

Financial Highlights	FY2016 Jun-16	FY2015 Jun-15	FY2014 Jun-14
No. of franchised complexes in Australia ¹	192	194	198
No. of franchisees in Australia ¹	673	678	677
No. of company-operated stores ²	85	86	82
Franchisee headline sales revenue ¹	\$5.33bn	\$4.95bn	\$4.77bn
Company-operated sales revenue ²	\$1,795.76m	\$1,617.15m	\$1,513.66m
Other revenues and other income items	\$1,230.48m	\$1,116.83m	\$1,046.67m
Earnings before interest, tax, depreciation, impairment and amortisation (EBITDIA)	\$633.58m	\$488.69m	\$415.35m
Earnings before interest and tax (EBIT)	\$522.47m	\$410.97m	\$337.50m
Net property revaluation increment/(decrement)	\$48.36m	\$8.73m	(\$11.65m)
Profit before tax	\$493.76m	\$378.10m	\$301.06m
<i>Profit before tax excluding impairment losses</i>	<i>\$526.32m</i>	<i>\$378.37m</i>	<i>\$301.28m</i>
<i>Profit before tax excluding net property revaluation adjustments</i>	<i>\$445.41m</i>	<i>\$369.37m</i>	<i>\$312.71m</i>
<i>Profit before tax excluding impairment losses and net property revaluation adjustments</i>	<i>\$477.97m</i>	<i>\$369.65m</i>	<i>\$312.93m</i>
Profit after tax and non-controlling interests (NCI)	\$348.61m	\$268.10m	\$211.70m
<i>Profit after tax & NCI excluding impairment losses</i>	<i>\$371.40m</i>	<i>\$268.29m</i>	<i>\$211.85m</i>
<i>Profit after tax & NCI excluding net property revaluations</i>	<i>\$314.74m</i>	<i>\$261.84m</i>	<i>\$220.10m</i>
<i>Profit after tax & NCI excluding impairment losses net property revaluations</i>	<i>\$337.54m</i>	<i>\$262.03m</i>	<i>\$220.25m</i>
Net cash flows from operating activities	\$437.69m	\$340.45m	\$338.94m
Basic earnings per share	31.36c	24.51c	19.69c
Dividends per share (fully-franked)	30.0c	20.0c	14.0c
Special dividend per share (fully-franked)	-	14.0c	-
Net debt to equity ratio (%)	18.97%	19.88%	22.40%

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

² Includes the "Harvey Norman®" branded company-operated stores in New Zealand, Ireland, Northern Ireland, Singapore, Malaysia, Slovenia & Croatia.

PROFIT BEFORE TAX (\$M)
(Excluding net property revaluations and Rebel gain on sale*)



* Excludes Rebel gain of \$117.55m on sale of business in March 2007

Dear Shareholder,

We are very pleased with the results that we are presenting today. The result for the year ended 30 June 2016 is a significant achievement in financial terms as well as a strong endorsement of our business model and strategy. The consolidated entity has delivered an outstanding profit before tax of \$493.76 million, registering growth of 30.6% over the 2015 financial year and net profit after tax of \$348.61 million, up from \$268.10 million in the prior year.

This year has provided substantive evidence of the value of our integrated retail, franchise, property and digital strategy. This combination ensures that we manage the evolution and emergence of new technology and trends to enable our franchisees and company-operated stores to remain at the forefront of Home and Lifestyle retailing; meet the needs of their customers for in-store or online engagement; and respond effectively to the changing trends in key product categories.

Our Strategy Puts Us at the Forefront of Retailing

Harvey Norman® franchisees are leaders in the Home and Lifestyle market in Australia with sales underpinned by the resilient property market, population growth and favourable interest rate settings. However, as part of our integrated strategy we have sought to broaden the core of the Harvey Norman® offering to ensure that our franchisees become leaders in the Home and Lifestyle market, with a focus on the quickly evolving role of connected technology in our everyday lives.

Having a retail presence in eight countries affords us a global view of markets working hand-in-hand with our global partners. This market position not only capitalises on the public's enthusiasm for the fitness and entertainment aspects of this technology, but also embeds the expertise into the franchised network in preparation for the enhanced connectivity implicit in the next stage of these devices. Our franchisees are at the forefront of the **Internet of Things** in this rapidly expanding category of connected devices. The everyday benefits of the **Internet of Things** promises to be a sustained retail trend for the foreseeable future. Harvey Norman®, Domayne® and Joyce Mayne® franchisees are well positioned to understand the potential of these developments and to provide the best service possible to help connect consumers with their technology needs.

Our Strategy Enables Customers to Transact

Sales made by our independent franchisees and in our company-operated stores have grown significantly this year. Franchisee headline sales have reached \$5.33 billion, representing growth of 7.6% over the prior year. For our company-operated stores revenue has grown from \$1.62 billion in FY15 to \$1.80 billion this year, an increase of 11.0%. We continue to invest in systems, processes and people, enabling an Omni Channel service offering across the network of Harvey Norman® complexes to align and integrate the customer experience across digital interfaces and physical complexes.

Our Strategy Provides Strength and Flexibility

Key to the consolidated entity's ability to best exhibit the extensive product range of franchisees and to meet consumer trends is the property portfolio, valued this year at \$2.44 billion. As a destination for home and lifestyle products, Harvey Norman® offers an expansive retail offering. Our franchised complexes in Australia and overseas company-operated stores are showcases for broad product ranges, further enhancing the reputation and quality of our brand.

The ownership of high quality and well-located complexes with Harvey Norman®, Domayne® or Joyce Mayne® branded franchisees as anchor tenants, delivers a steady and reliable income stream and affords considerable scope to respond to changing demand requiring additional space.

Outlook

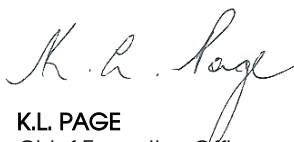
In conclusion, we remain confident of the path we are pursuing. While macroeconomic conditions in the markets in which we operate may change, housing conditions in Australia remain strong and are likely to remain favourable in the near term.

The emerging lifestyle categories, particularly technology based products, are exhibiting strong demand as consumers automate and connect across their home, work and recreational lives.

We thank our staff and we would like to acknowledge the hard work of our franchisees and pay tribute to their efforts and enthusiasm throughout the year. We also welcome the continuing support of our shareholders and your confidence in our direction.



G. HARVEY
Chairman
Sydney
30 September 2016



K.L. PAGE
Chief Executive Officer
Sydney
30 September 2016

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. Norman. Mr. G. Harvey has overall executive responsibility for the strategic direction of the consolidated entity, and in particular, property investments.

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.

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 is a director of the public company, St. Joseph's College Foundation Limited.

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.

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 following other listed/public companies:

- The Retail Council
- Trustee of the Sydney Cricket and Sports Ground Trust

John Eryn Slack-Smith

Executive Director and 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.

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 Institute of Chartered Accountants. 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 a non-executive director of Australian Pharmaceutical Industries Limited, a company listed on the ASX. Mr. Gunderson-Briggs is the Chairman of Glenside Rudolf Steiner School Limited.

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 Institute of Chartered Accountants 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.

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 he was awarded membership of the General Division of the Order of Australia for his services to the accounting profession and for his services to the deaf community through his chairmanship of the Shepherd Centre for Deaf Children for the decade to 2001.

Mr. Paton was appointed a director of Harvey Norman Holdings Limited on 20 June 2005 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 is an independent non-executive director of Gazal Corporation Limited, a company listed on the ASX.

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

The number of meetings of the Board of directors and of its Board committees during the year were:

Board / Committee	Number of Meetings
Full Board	10
Audit	8
Remuneration	8
Nomination	2

Attendance at Remuneration Committee Meetings:

- K.W. Gunderson-Briggs (Chairman): 8 (8)
- C.H. Brown: 7 (8)
- G.C. Paton AM: 7 (8)

Attendance at Nomination Committee Meetings:

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

Directors' Meetings (continued)

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

Director	Board of Directors	Audit Committee
G. Harvey	10 (10)	n/a
K.L. Page	10 (10)	n/a
J.E. Slack-Smith	10 (10)	n/a
D.M. Ackery	10 (10)	n/a
M.J. Harvey	10 (10)	n/a
C.H. Brown	10 (10)	8 (8)
K.W. Gunderson-Briggs	9 (10)	8 (8)
G.C. Paton	10 (10)	8 (8)
C. Mentis	10 (10)	n/a

The above table represents the directors' attendance at meetings of the Board and the Audit Committee. The number of meetings for which the director was eligible to attend is shown in brackets.

In addition, the executive directors held regular meetings for the purpose of signing various documentation.

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 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 2016.

Corporate Governance

The Company is committed to good corporate governance and disclosure. The Company has substantially adopted the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" for the entire financial year, unless otherwise stated.

Significant Events After Balance Date

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' REPORT (CONTINUED)

Directors' Interests

At the date of this report, the relevant direct and indirect interest of each director in the shares, options or other instruments of the Company and related bodies corporate are:

Director	Ordinary Shares	Options
G. Harvey	331,889,449	-
K.L. Page	17,717,642	-
M.J. Harvey	2,974,897	-
C.H. Brown	183,323,726	-
J.E. Slack-Smith	649,818	817,000
D.M. Ackery	1,020,334	-
K. W. Gunderson-Briggs	3,137	-
G.C. Paton	15,682	-
C. Mentis	98,341	817,000
TOTAL	537,693,026	1,634,000

Share Options

As at the date of this report, there were 1,634,000 unissued ordinary shares under options (2015: 3,585,000). During the year ended 30 June 2016, 1,951,000 options were exercised resulting in the creation of 1,951,000 new shares in the Company.

Performance Rights

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 new scheme and shareholder approval of the LTI Plan at the most recent AGM of the Company. The performance rights were as follows:

Director	Number of Performance Rights
G. Harvey	62,500
K.L. Page	112,500
J.E. Slack-Smith	75,000
D.M. Ackery	75,000
C. Mentis	75,000
TOTAL	400,000

Dividends

The directors recommend a fully franked final dividend of 17.0 cents per share to be paid on 1 December 2016 (total dividend, fully franked - \$189,134,335). The following fully franked dividends of the Company have also been paid, declared or recommended since the end of the preceding financial year:

Dividend	Payment Date	\$
2015 final fully franked dividend	1 December 2015	122,249,590
2016 interim fully franked dividend	2 May 2016	144,632,138

The total dividend in respect of the year ended 30 June 2016 of 30.0 cents per share represents 95.74% (2015: 82.85%) of profit after tax and non-controlling interests, as set out on page 110 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.

Beneficial Interest

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

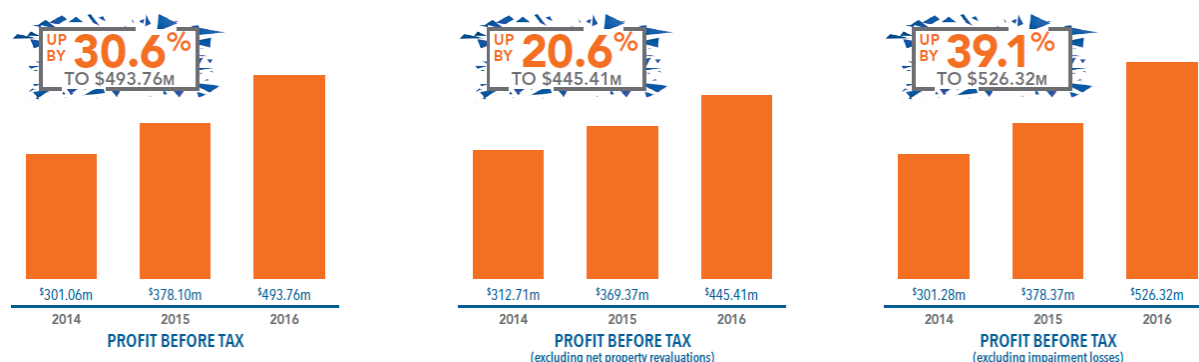
Director	Beneficial Interest in Shares
	has a beneficial interest in 6,013,963 shares held by G Harvey Nominees Pty Limited (as trustee for Harvey 1995 No. 2 Trust), 141,007,580 shares held by G Harvey Nominees (as trustee for Harvey Lamino No. 1 Trust), 333,333 shares held by AET Structured Finance Services Pty Limited (previously HVN Share Plan Pty Limited), 4,160,420 shares held by Gerald Harvey (as trustee for Harvey 2003 Option Trust), 85,881,109 shares held by Gerald Harvey (as trustee for Harvey Option Trust), 3,695,576 shares held by Evitorn Pty Limited (as trustee for Harvey 2014 Share Trust) and 460,000 shares held by G Harvey Nominees (as trustee for Harvey Discretion Trust).
K.L. Page	has a beneficial interest in 8,435,277 shares held by K. Page Pty Limited, 332,880 shares held by K. Page Superannuation Fund Pty Limited and 333,333 shares held by AET Structured Finance Services Pty Limited (previously HVN Share Plan Pty Limited).
J.E. Slack-Smith	has a beneficial interest in 59,999 shares held by AET Structured Finance Services Pty Limited (previously HVN Share Plan Pty Limited), 211,819 shares held by J. E. Slack-Smith as Trustee for Slack-Smith 2003 Option Trust (Shares) and 378,000 shares held by Whitewoods Investments Pty Limited.
D.M. Ackery	has a beneficial interest in 133,334 shares held by AET Structured Finance Services Pty Limited (previously HVN Share Plan Pty Limited) and 20,000 shares held by D.M. Ackery as Trustee for Ackery 2005 Option Trust (Shares).
C. Mentis	has a beneficial interest in 79,000 shares held by Prey Mantis Pty Limited (as trustee for the Mentis Family Superannuation Fund).
M.J. Harvey	has a beneficial interest in 709,587 shares held by M.J. Harvey Option Trust.
C.H. Brown	has a beneficial interest in 43,662 shares held by PWSD Pty Limited, 64,509 shares held by Starmoro Pty Limited and 183,215,555 shares held by Dimbulu Pty Limited.
K.W. Gunderson-Briggs	has a beneficial interest in 3,137 shares held by Nosrednug Superannuation Fund Pty Limited.
G.C. Paton	has a beneficial interest in 15,682 shares held by G.C. Paton and V. Paton as trustee for The St. Georges Superannuation Fund.

OPERATING AND FINANCIAL REVIEW

The Operating and Financial Review ("OFR") provides shareholders with an overview of the consolidated entity's results, financial position, dividends and key strategies for the 2016 financial year. It also provides a summary of business risks and a trading outlook for the 2017 financial year.

FINANCIAL ANALYSIS & COMMENTARY: NET PROFIT BEFORE TAX & NET PROFIT AFTER TAX

Profit Before Income Tax



The consolidated entity has produced an outstanding profit before tax result for the 2016 financial year delivering:

- a 30.6% increase in net profit before tax to \$493.76 million from \$378.10 million in the 2015 financial year.
- a 20.6% increase in net profit before tax excluding net property revaluation adjustments to \$445.41 million from \$369.37 million in the 2015 financial year, the strongest operating result in the consolidated entity's 34-year history.
- a 39.1% increase in net profit before tax excluding impairment losses (attributable to the write-down of investments and commercial advances to non-core businesses) to \$526.32 million from \$378.37 million in the 2015 financial year.

This exceptional result underscores the value of the integrated franchising, property, retail and digital business model. The strength derived from the combination of these four components, together with the process innovation being introduced through the merchandise, inventory and supplier management system and workforce productivity technology, has enabled franchisees in Australia and the company-operated retail stores overseas to strengthen and grow their respective market shares in key categories.

In terms of half-on-half performance, the consolidated entity performed extremely well in the last six months of the 2016 financial year. The reported result for the first half to 31 December 2015 was \$262.01 million and the result for the second half to 30 June 2016 was \$231.75 million. Typically, the December half is stronger than the June half due to the lead up to, and inclusion of, the Christmas trading period and, consistent with this pattern, results for first half FY16 exhibited growth of 30.5% over first half FY15. Pleasingly, second half FY16 growth over the prior corresponding period to 30 June 2015 was 30.7%, outperforming the growth recorded in the first half.

All operating segments grew earnings over the period.

The franchising operations segment result **increased 33.8%** to \$268.15 million from \$200.36 million in the prior year with the franchising operations margin improving 98 basis points to 5.03% from 4.05%.

The overseas company-operated stores significantly boosted the consolidated result, capitalising on improved overseas macroeconomic conditions and achieving operating leverage through internal efficiencies. These factors drove an outstanding 78.2% increase in the company-operated retail segment result to \$73.11 million from \$41.03 million in the prior year.

The property segment performed very well, increasing its result by 25.2% to \$169.29 million from \$135.19 million in the prior year.

Net profit before tax was impacted by the following:

- a \$67.79 million, or 33.8%, increase in the profitability of the franchising operations segment to \$268.15 million. This was primarily due to a \$63.18 million, or 8.9%, increase in franchise fees and a \$12.19 million, or 15.0%, reduction in tactical support compared to the prior year;
- a net property revaluation increment of \$48.36 million, an increase of \$39.63 million over the net property revaluation increment of \$8.73 million recognised in the prior year, reflecting the strong property market in Australia;
- a \$17.38 million turnaround in the profitability of the company-operated stores in Singapore and Malaysia to a profit of \$11.36 million from a loss of \$6.03 million in the previous year, assisted by new store openings including the world-class, flagship Home and Lifestyle superstore in Millenia Walk, Singapore, in December 2015;

DIRECTORS' REPORT (CONTINUED)

- a \$15.61 million, or 29.4%, increase in the profitability of the company-operated stores in New Zealand on the back of a 9.4% increase in sales revenue and continued growth in market share;
 - a \$6.61 million, or 49.9%, reduction in trading losses of the company-operated stores in Ireland and Northern Ireland. The positive momentum from December 2015 continued in Ireland and the Irish business closed the year in a profitable trading position. Northern Ireland incurred significant start-up costs resulting from the opening of the new flagship furniture store in Boucher Road, South Belfast in November 2015 and costs associated with the closure of the Newtownabbey store during the year; and
 - a \$3.70 million increase in rental income received from franchisees and other third party tenants.
- Offset by:
- the recognition of impairment losses of \$32.56 million, of which \$19.12 million related to the write-down of the equity-accounted investments in mining camp joint ventures and the impairment of mining camp commercial advances during the year. \$11.56 million related to the write-down of other non-trade commercial advances and the remaining \$1.88 million was attributable to the write-down of non-current assets;
 - the recognition of mining camp trading losses of \$2.84 million for the 2016 year compared to the share of trading losses of \$3.63 million recognised in the prior year; and
 - \$2.71 million in equity-accounted start-up losses attributable to the 49.9% investment in Coomboona Holdings Pty Limited, comprising dairy farm operations, pedigree breeding and a genetics division.

Net Profit After Tax and Non-Controlling Interests:

Net profit after tax and non-controlling interests **increased 30.0%, or \$80.51 million, to \$348.61 million** for the 2016 financial year, from \$268.10 million in the prior year. If the effects of the net property revaluation increments were excluded from the result, the net profit after tax and non-controlling interests for the 2016 financial year would have **increased 20.2%, or \$52.90 million, to \$314.74 million**, from \$261.84 million in the prior year.

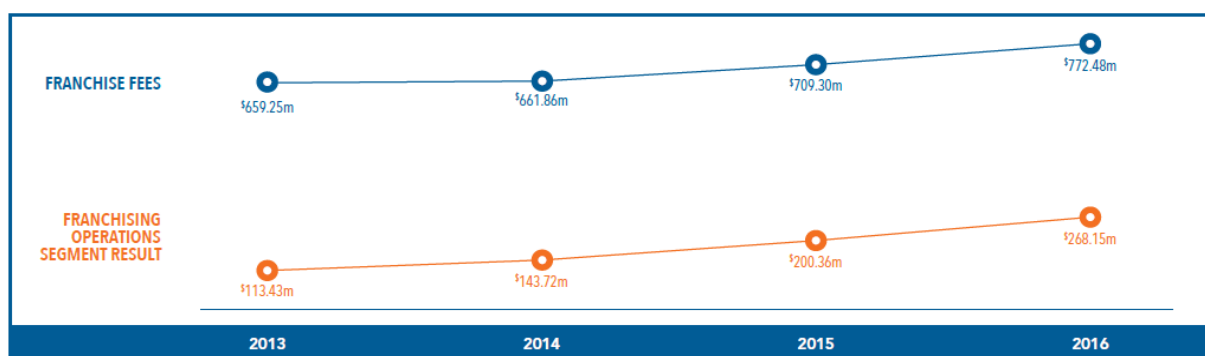
The effective income tax rate for the year ended 30 June 2016 was 28.84% compared to an effective income tax rate of 28.88% in the prior year.

REVIEW & RESULTS OF KEY OPERATING SEGMENTS

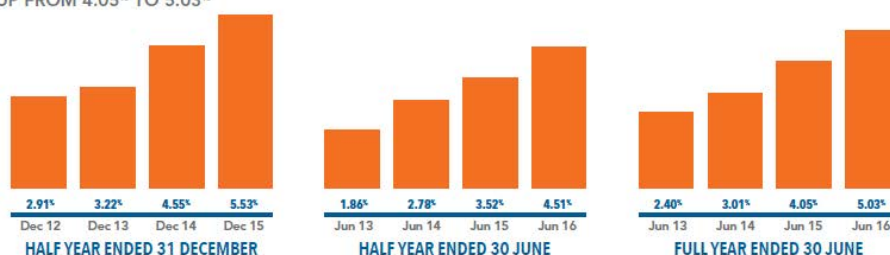
The Franchising Operations Segment

The franchising operations segment in Australia remains the key contributor to overall profitability comprising 54% of total profit before tax. The franchising operations segment result increased 33.8%, or \$67.79 million, to \$268.15 million in the 2016 financial year from \$200.36 million in the prior year. Revenue in this segment increased 7.9%, or \$69.03 million, to \$939.95 million primarily due to an increase in franchise fee income of 8.9%, or \$63.18 million, to \$772.48 million in the 2016 financial year from \$709.30 million in the prior year.

Also contributing to the segment result is the steady decline in tactical support over the past four financial years. The consolidated entity provides tactical support to protect and enhance the Harvey Norman®, Domayne® and Joyce Mayne® brands. Tactical support decreased by 15.0%, or \$12.19 million, to \$69.16 million in the 2016 financial year from \$81.35 million in the prior year. Tactical support has almost halved since the 2013 financial year.



FRANCHISING OPERATIONS MARGIN UP FROM 4.05% TO 5.03%



DIRECTORS' REPORT (CONTINUED)

The franchising operations margin increased to 5.03% in the 2016 financial year from 4.05% in the prior year. The half year franchising operations margins were particularly strong in the 2016 financial year, with a margin of 5.53% for the December half and 4.51% for the June half.

FRANCHISING OPERATIONS SEGMENT ANALYSIS BY HALF YEAR

	Half Year Ended 31 December			Half Year Ended 30 June			Full Year Ended 30 June		
	2013	2014	2015	2014	2015	2016	2014	2015	2016
No. of franchised complexes in Australia	202	195	191	198	194	192	198	194	192
Franchising operations segment result	\$79.86m	\$115.08m	\$150.42m	\$63.86m	\$85.28m	\$117.73m	\$143.72m	\$200.36m	\$268.15m
Franchisee headline sales revenue	\$2.48bn	\$2.53bn	\$2.72bn	\$2.296bn	\$2.42bn	\$2.61bn	\$4.77bn	\$4.95bn	\$5.33bn
Franchising Operations Margin (%)	3.22%	4.55%	5.53%	2.78%	3.52%	4.51%	3.01%	4.05%	5.03%

Key drivers of the Franchising Operations Margin (%) (Included in the franchising operations segment result for each period):

(i) Franchising operations segment revenue	\$432.92m	\$454.68m	\$489.91m	\$381.19m	\$416.24m	\$450.04m	\$814.11m	\$870.92m	\$939.95m
% movement on PCP*	-2.6%	+5.0%	+7.7%	-0.1%	+9.2%	+8.1%	-1.5%	+7.0%	+7.9%
(ii) Tactical support	\$51.17m	\$39.70m	\$29.16m	\$52.02m	\$41.65m	\$40.00m	\$103.19m	\$81.35m	\$69.16m
% movement on PCP*	-19.8%	-22.4%	-26.5%	-19.6%	-19.9%	-4.0%	-19.7%	-21.2%	-15.0%

* previous corresponding period

Franchisee Sales Revenue Underpins the Franchising Operations Segment

There is a direct correlation between franchise fee income and franchisee sales revenue. Increased franchisee sales revenue results in increased franchise fee income. Franchisee sales revenue has been driven by a combination of factors, including sustained growth in retail spending, particularly for household goods, fostered by continuing housing market growth; positive consumer sentiment; growth in household incomes and consumption; and favourable monetary policy. Franchisees have benefited from operational efficiencies derived from the continued rollout and adoption of new merchandise, inventory and supplier management systems. These systems are facilitating more seamless and effective transactions for franchisees with suppliers and customers.

Headline Australian franchisee sales revenue increased 7.6%, or \$378.10 million, to \$5.33 billion for the year ended 30 June 2016 from \$4.95 billion in the prior year. Franchisee sales growth in the current year is more than double the growth of the previous year of 3.7%. Comparable franchisee sales revenue increased 8.4% to \$5.30 billion for the 2016 financial year.

FRANCHISEE SALES REVENUE

TOTAL FRANCHISEE SALES LAST TWO FINANCIAL YEARS	COMPARABLE FRANCHISEE SALES LAST TWO FINANCIAL YEARS
JUNE 2016 \$5.33bn UP BY 7.6%	JUNE 2016 \$5.30bn UP BY 8.4%
JUNE 2015 \$4.95bn UP BY 3.7%	JUNE 2015 \$4.92bn UP BY 4.5%



Harvey Norman® franchisees have a strong foothold in the Home and Lifestyle market in Australia. Sales growth is underpinned by a resilient residential property market. Property values are strong, auction clearance rates are high and confidence remains strong. The Harvey Norman® large-store format and generous floorspace allows franchisees to effectively showcase the extensive Home and Lifestyle product range. The Harvey Norman® flexible property model enables quick adaptation to changes in demand and emerging trends.

CONNECTED TO EVERYTHING! Harvey Norman® is the destination for connected devices forming a big part of the Internet of Things.

Franchisees have capitalised on the growing category of connected devices forming a big part of the **Internet of Things**. Harvey Norman® franchisees are at the forefront of this rapidly expanding category and the Harvey Norman® large-store format, generous, flexible floorspace and extensive Home and Lifestyle product range enables franchisees to take the customer on a journey to conceptualise the vast potential of connected devices covering every room in the home and beyond.

Industry information suggests that there will be 6.4 billion connected devices in use worldwide this year and that this figure may grow by more than three times to nearly 21 billion by the year 2020. The concept of the **Internet of Things** is

all-encompassing and it's not limited to "things" – it is also about the underlying data and how that data can be captured and analysed.

The endless possibilities of the **Internet of Things** include technology and entertainment, smart phones, connected fitness devices, intelligent appliance retailing, home automation and security and intelligent mattresses. Harvey Norman® franchisees will sell the "things" – nearables, hearables, wearables, voice devices and the world of virtual reality and augmented reality products – and will offer the expertise and technology to use, and understand the benefits of this personal network of things. All of these devices will connect together to create a seamless and connected lifestyle and Harvey Norman® franchisees will act as the conduit to make this happen.

Property Segment: Retail Property, Retail Property Under Construction and Property Developments for resale

The property portfolio primarily consists of Harvey Norman®, Domayne® or Joyce Mayne® franchisees as anchor tenants, along with additional shops that are leased to a variety of third-party tenants creating a long-term, sustainable tenancy mix. These properties generate stable, secure and growing income returns for the consolidated entity.

The property portfolio remains substantial and was valued at \$2.44 billion at 30 June 2016. It represents approximately 55% of the consolidated entity's total asset base as at balance date and the property segment's result before tax represents 34.3% of consolidated profit before tax for the year ended 30 June 2016.

The property segment result increased 25.2%, or \$34.10 million, to \$169.29 million for the year ended 30 June 2016, from \$135.19 million in the prior year. This increase was underpinned by the net property revaluation increment of \$48.36 million for the 2016 financial year, which was \$39.63 million higher than the net property revaluation increment of \$8.73 million recognised in the prior year.

The property segment was negatively impacted by the write-down of equity-accounted investments in mining camp accommodation joint ventures totalling \$7.24 million during the year. The full write-down of investment balances limited the consolidated entity's exposure to the mining camp accommodation trading losses to \$2.84 million for the 2016 year compared to the share of trading losses in the previous year of \$3.63 million. The sharp deterioration in the mining sector continued throughout 2016. Occupancy rates for the mining residential complexes have significantly declined during the year resulting in the temporary closure of a large miners' village in Sarina, Queensland for several months. The consolidated entity continues to periodically assess the viability and potential commencement of new mining projects currently out to tender, and will continue to identify and evaluate alternative uses for the accommodation assets to minimise future losses.

Increased revenue from rents and revaluations in the property segment partially offset the reduction in the profitability of property-related joint ventures.

The following tables represent the composition of property segment assets at each balance date and the number of owned and leased sites as at 30 June 2016.

TOTAL PROPERTY SEGMENT ASSETS AS AT 30 JUNE

	2014	2015	2016
Investment properties	\$1.904bn	\$1.936bn	\$2.046bn
Joint venture assets	\$27.56m	\$21.43m	\$2.54m
Owned land & buildings in New Zealand, Singapore, Slovenia & Australia	\$350.66m	\$358.72m	\$389.80m
Properties held for resale	\$8.85m	\$2.88m	-
Total Property Segment Assets	\$2.29bn	\$2.32bn	\$2.44bn

BREAKDOWN OF OWNED AND LEASED SITES AS AT 30 JUNE 2016

	# of owned sites	# of leased sites	Total
Australia: Franchised complexes	93	99	192
New Zealand	18	20	38
Slovenia	5	-	5
Croatia	-	1	1
Ireland	-	12	12
Northern Ireland	-	2	2
Singapore	-	13	13
Malaysia	-	14	14
Total	116	161	277

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.

DIRECTORS' REPORT (CONTINUED)

During the year ended 30 June 2016, thirty-eight (38) properties in Australia were independently valued, representing 31.1% of the total number of investment properties owned by the consolidated entity and 39.6% of the fair value of all investment properties in Australia.

The balance of the portfolio was reviewed for comparability resulting in the preparation of internal valuations for seventeen (17) additional sites. The valuation for the 30 June 2016 financial year resulted in a net increase of \$47.79 million in Australia and an increase of \$0.57 million in New Zealand.

NET PROPERTY REVALUATION ADJUSTMENTS

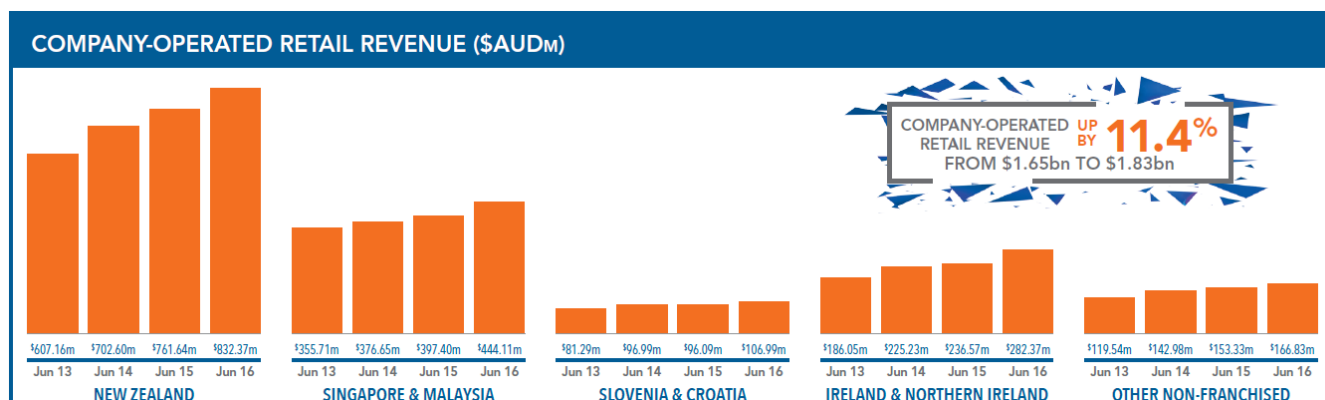
Recorded in the Income Statement:

	2014	2015	2016
Total Australian net property revaluation increment / (decrement)	(\$9.53m)	\$7.604m	\$47.79m
Plus: Overseas controlled entities:			
- New Zealand	(\$0.20m)	-	\$0.57m
- Slovenia	(\$1.92m)	\$1.123m	-
Total net property revaluation increment / (decrement) in the Income Statement	(\$11.65m)	\$8.73m	\$48.36m

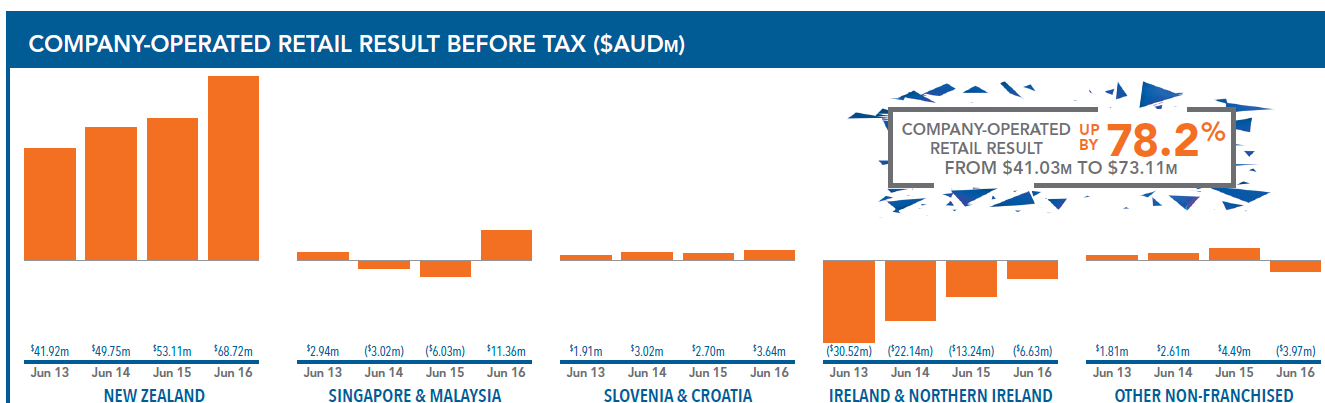
Recorded in Equity (Asset Revaluation Reserve):

	2014	2015	2016
- Australia	\$0.58m	-	-
- New Zealand	\$10.98m	\$3.65m	\$7.61m
- Slovenia	\$0.06m	\$0.26m	\$0.04m
- Singapore	\$5.02m	\$7.15m	\$1.31m
Total net property revaluation increments recorded in Equity (ARR)	\$16.64m	\$11.06m	\$8.96m

The Company-Operated Retail Segment



The result before tax for the company-operated retail segment increased 78.2%, or \$32.08 million, to \$73.11 million in the 2016 financial year, from \$41.03 million in the prior year. This is a record result for this segment both in terms of the strong profits achieved and the rate of growth relative to prior years. Key standouts are the robust operational performance and profitability in New Zealand, Singapore, Malaysia and the Ireland.



DIRECTORS' REPORT (CONTINUED)

New Zealand

Average FX rate: NZD vs. AUD down 1.33%

Sales revenue from the New Zealand company-operated stores **increased by 10.9%, or \$NZ86.62 million, to \$NZ883.75 million** in the 2016 financial year, from \$NZ797.13 million in the prior year. This was partly due to the opening of a store at Westgate in April 2016 and a full year's contribution from the stores at Napier and Hamilton Outlet that opened in the previous year. Sales increased in all key categories as the economy benefited from strong net immigration, construction growth, increased tourism and an accommodative monetary policy. The housing market in Auckland continues to grow at record levels and this has, in turn, positively impacted the retail market. Market share continues to grow in all key categories reflecting our position as a market leader in New Zealand. Translated into Australian dollars, sales revenue **increased 9.4%, or \$69.57 million, to \$810.18 million.**

The retail result in New Zealand **increased 29.4%, or \$15.61 million, to \$68.72 million** for the 2016 financial year, from \$53.11 million in the prior year. The increase in New Zealand dollars was 31.1%. This is a record result for the New Zealand retail segment and a record rate of year-on-year growth for the business. Gross margins increased in key categories as a result of improved supplier relationships and disciplined management of floor gross margins. New Zealand management contained costs effectively, achieving solid operating leverage.

Singapore & Malaysia

Average FX rate: SGD vs. AUD up 8.25%

This segment is comprised of 13 Harvey Norman® stores in Singapore, 14 Harvey Norman® stores in Malaysia and the prestige furniture offering of Space Furniture in Singapore and Malaysia. Despite the net reduction of 2 Harvey Norman® stores, sales revenue **increased 2.6%, or \$S10.92 million, to \$S439.91 million** in the 2016 financial year, from \$S428.99 million in the prior year. This increase also incorporates the sales revenue generated by the Space Furniture store in Malaysia that was previously in the Other Non-Franchised Retail segment during its start-up phase. Translated into Australian dollars, sales actually **increased 11.0%, or \$43.10 million, to \$434.65 million**, from \$391.56 million in the prior year, the growth amplified by the 8.25% appreciation in the Singapore dollar relative to the Australian dollar over the year.

The rise in sales revenue translated to a significant turnaround of \$17.38 million in the profitability of the Harvey Norman® and Space Furniture stores in Singapore and Malaysia, with the segment recording a profit of \$11.36 million for the 2016 financial year from a loss of \$6.03 million in the prior year. The new 100,000 sq feet flagship store at Millenia Walk, Singapore opened in December 2015 replacing the existing 45,000 sq feet store. The store is unrivalled in Asia in terms of store design and premium product offering. Performing to expectations, the Millenia Walk superstore has made a solid contribution to sales growth, more than offsetting the effect of the closure during the year of 3 stores located at Tampines Mart, Funan Centre and Raffles City. In Malaysia, Harvey Norman® sales improved in local currency assisted by the new store that opened in Ioi City Mall in October 2015.

Gross margins have significantly improved as a result of better inventory management. Margin improvement has been assisted by the implementation of the new information technology system in 2014 that has enhanced the effective management of supplier terms. Operating leverage has also been achieved through the effective containment and management of costs.

Ireland & Northern Ireland

Average FX rate: EUR vs. AUD up 6.13%; Average FX rate: GBP vs. AUD up 8.00%

In Ireland, sales revenue from the company owned stores **increased 10.4%, or €16.06 million, to €170.02 million** in the 2016 financial year, from €153.96 million in the prior year, with sales growth across all product categories. Translated into Australian dollars, sales revenue **increased 17.2%, or \$38.03 million, to \$259.14 million.** The Irish business is now in its 5th year of sales growth and the Harvey Norman® brand in Ireland is established as a strong market leader in key categories including bedding, furniture and interiors, electrical and appliances.

In Northern Ireland, the retail operations underwent a significant restructure during the year with the closure of the Newtownabbey store and the opening of a new 60,000 sq feet furniture flagship store on Boucher Road in South Belfast. This move is expected to improve the viability and long-term outlook for the retail operations in the region. Sales revenue from the two company operated stores in Northern Ireland **increased 44.9%, or £2.52 million, to £8.13 million** for the 2016 financial year, from £5.61 million in the prior year. Translated into Australian dollars, sales **increased 56.5%, or \$5.97 million, to \$16.55 million.**

The trading losses of the company-operated stores in Ireland and Northern Ireland halved in the 2016 financial year, improving **49.9%, or \$6.61 million, to \$6.63 million** from \$13.24 million in the prior year.

There has been a successful turnaround of the 12 stores in Ireland. Robust year-on-year sales growth and the maintenance or strengthening of product margins across key categories, saw the Irish business generate a local retail trading profit of €0.54 million compared to a local retail trading loss of €5.28 million in the prior year, a turnaround of €5.82 million during the year.

Against the positive result in Ireland, trading losses have been incurred in Northern Ireland. These losses include costs sustained in the closure of the Newtownabbey store and the opening of the new Boucher Road store. Together, the one-off closure and start-up opening costs amounted to approximately £0.43 million in the 2016 financial year. Excluding these one-off costs, the trading loss in Northern Ireland was similar to the previous year. The restructure in

DIRECTORS' REPORT (CONTINUED)

Northern Ireland is expected to contribute to a significant reduction in losses and a return to profitability in the near-term.

Slovenia and Croatia

Average FX rate: EUR vs. AUD up 6.13%

Sales revenue from the 5 company-operated stores in Slovenia **increased 2.7%, or €1.39 million, to €52.43 million** in the 2016 financial year, from €51.04 million in the prior year. Translated into Australian dollars, sales revenue **increased 9.0%, or \$6.61 million, to \$79.91 million** with the improvement in sales largely achieved in the second half of the financial year.

Sales revenue for the Zagreb, Croatia store **increased 10.8%, or €1.59 million, to €16.37 million** in the 2016 financial year, from €14.77 million in the prior year. Translated into Australian dollars, sales revenue **increased 17.6%, or \$3.73 million, to \$24.94 million**.

The retail result in Slovenia and Croatia **increased by 34.9% to \$3.64 million** for the year ended 30 June 2016, from \$2.70 million for the prior year on the back of sales revenue increases and continued cost containment.

Other Non-Franchised Retail

The non-franchised retail segment consists primarily of retail 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® franchisee. Total revenue for the other non-franchised retail segment **increased 8.8%, or \$13.50 million, to \$166.83 million** for the year ended 30 June 2016, from \$153.33 million in the prior year.

The result for the non-franchised retail segment **was a loss of \$3.97 million** for the 2016 financial year, compared with a profit of \$4.49 million in the prior year. The segment loss for the year included an \$11.56 million write-down in commercial advances made to a retail joint venture in Australia.

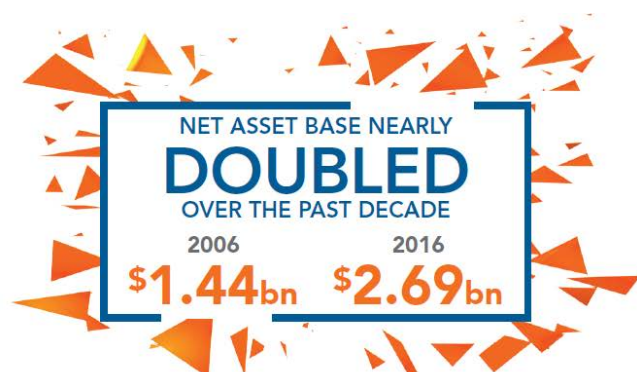
Other Segment

The Other segment is primarily comprised of credit facilities provided to related and unrelated parties and other unallocated income and expense items.

The Other segment recorded a loss of \$18.69 million in the 2016 financial year compared to a loss of \$1.30 million in the prior year, a deterioration of \$17.39 million. The current year includes a write-down of \$11.88 million of commercial advances made to mining camp accommodation joint ventures to reduce the value of the non-trade receivable to the expected recoverable amount.

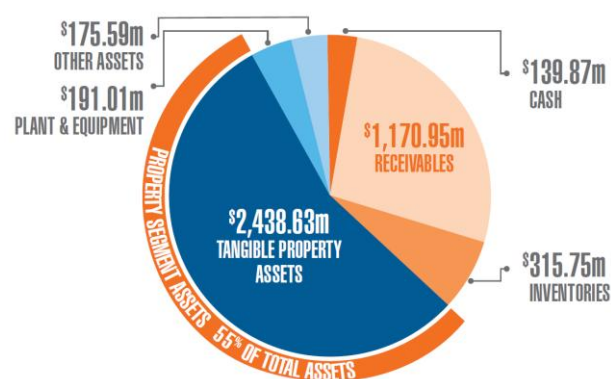
In 2016, the Other segment includes the consolidated entity's 49.9% investment in Coomboona Holdings Pty Limited, comprising dairy farm operations and a pedigree breeding and genetics division in Northern Victoria. The investment offers targeted exposure to the demand for quality agricultural produce forecast to result from increasing urbanisation, particularly in Asia. The transaction amounts to \$34 million, including an investment of \$25 million and a commercial advance of \$9 million, and is consistent with the consolidated entity's investment portfolio strategy to seek growth opportunities and to capitalise on market trends. The equity-accounted start-up losses attributable to the Coomboona dairy joint venture was \$2.71 million for the year ended 30 June 2016.

REVIEW OF THE FINANCIAL POSITION OF THE CONSOLIDATED ENTITY



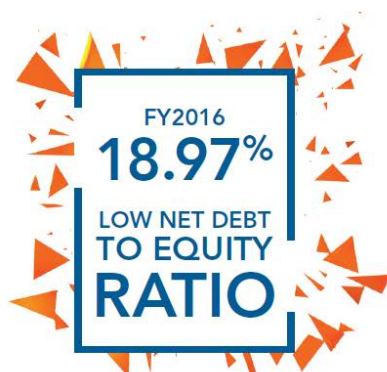
The consolidated entity's strong net asset position has been steadily increasing in recent years and has nearly doubled from \$1.44 billion at 30 June 2006 to \$2.69 billion as at 30 June 2016. Net assets increased 5.2%, or \$131.81 million, to \$2.69 billion at 30 June 2016, from \$2.56 billion in the prior year.

Total assets increased 2.4%, or \$105.14 million, to \$4.43 billion in the 2016 financial year, from \$4.33 billion in the prior year. This increase was largely due to increases of: \$110.36 million (+5.7%) in investment properties attributable to fair value adjustments and increased construction and acquisition activity during the year; \$28.20 million (+5.1%) in property, plant and equipment assets due to new store openings and increased refurbishments of existing franchised complexes in Australia; and \$17.37 million (+5.8%) in inventories of the company-operated retail stores.

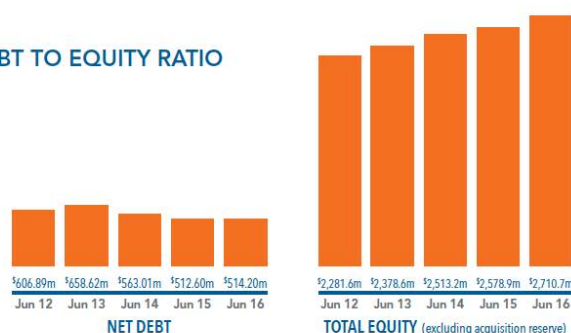
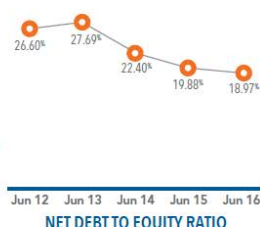


These increases have been offset by decreases in trade and other receivables of \$11.53 million (-1.0%), from \$1.18 billion in the previous year to \$1.17 billion at 30 June 2016. This includes a decrease of \$13.59 million in the aggregate amount of receivables from franchisees. Despite improved cash flows from operating activities, closing cash holdings at balance date has fallen by \$45.97 million compared to the prior year due to more acquisitions and construction of investment properties and refurbishments of existing sites, higher repayments of interest-bearing loans and borrowings and higher dividend payments (net of rights issue proceeds). These cash outflows have been funded through existing cash reserves rather than external debt, thereby improving the net debt to equity ratio relative to prior periods.

Total liabilities reduced by 1.5%, or \$26.68 million, to \$1.74 billion in the 2016 financial year. The decrease was largely due to the reduction in interest-bearing loans and borrowings by \$44.36 million, or 6.4%, to \$654.08 million as at 30 June 2016. Trade and other payables reduced by \$35.10 million, or 4.5%, to \$746.49 million primarily due to effective inventory management.



IMPROVEMENT IN NET DEBT TO EQUITY RATIO DOWN FROM 19.88% TO 18.97%



The overall debt levels of the consolidated entity remain low, resulting in a lowering of the net debt to equity ratio from 19.88% in the prior year to 18.97% as at 30 June 2016.

Net cash flows from operating activities increased \$97.24 million, or 28.6%, to \$437.69 million for the 2016 financial year, from \$340.45 million in the prior year.

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 debt-to-equity target for the consolidated entity of less than 50%.

The capital structure of the consolidated entity consists of: debt, which includes borrowings disclosed in Notes 17 and 20 of this report; Interest-Bearing Loans and Borrowings; 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 23, 24 and 25 respectively.

The consolidated entity's borrowings consist primarily of bank debt provided by a syndicate of four banks (three of which are members of the "Big 4" Australian Banks) trading in Australia. Concentration risk is minimised by staggering facility renewals and utilising a range of maturities. Interest rate risk can be mitigated with interest rate swaps.

BUSINESS STRATEGIES, FUTURE PROSPECTS AND LIKELY DEVELOPMENTS

The OFR provides information to enable shareholders to make an informed assessment of the consolidated entity's future business strategies and prospects. The OFR additionally provides information about, and refers to likely developments in the operations of the consolidated entity, and detail on risks that could give rise to likely material detriment to the consolidated entity. The OFR does not include information that is commercially sensitive, confidential, or which could provide a third party with a commercial advantage.

The objective is to deliver attractive returns to shareholders by growing market share and improving profitability. The consolidated entity seeks to achieve this objective through the execution of the following business strategies:

Omni Channel

The Omni Channel operating model of Harvey Norman® franchisees continues to develop and enhance the service offering to their customers. The seamless experience of the model has been improved over the last 12 months with the introduction of the "Click & Collect" application; the launch of the "Shippit" delivery service which provides same day or scheduled delivery times for consumers and the live chat customer service system which has had further expansion throughout the year with improved customer ratings.

The importance of the mobile channel has been highlighted as a key enabler of a quality customer experience in physical Harvey Norman® complexes, online, or through mobile and/or social media.

Integrated Retail, Franchise, Property and Digital System

The integrated retail, franchise, property and digital system strengthens the consolidated entity's competitive position by offering financial stability. With a balance sheet underpinned by a \$2.44 billion portfolio of property, Harvey Norman®, as franchisor, is able to provide tactical support where necessary to preserve its brand and competitive position.

Through effective property management, the consolidated entity attempts to attract more customers into franchised complexes by ensuring a high quality, cross beneficial tenancy mix.

Customer Service and Engagement

The "Shop with Confidence" customer service model has been supported with increased training by franchisees of their employees and further developments in the "Customer First" program. These programs capture consumer feedback and inform and enhance the approach of franchisees with their customers, regardless of channel.

Franchisees monitor the quality of their service through an ongoing mystery shopper program and by collecting customer feedback. This multi-year program is expected to deliver ongoing process and customer sentiment improvements.



DIRECTORS' REPORT (CONTINUED)

Operational Efficiencies

The consolidated entity invests in systems, technology and processes to improve profitability and to achieve operational efficiencies.

Merchandise, inventory and supplier management:

This year the phased rollout of the merchandise, inventory and supplier management system continued on time and within budget and now encompasses the franchised complexes in Australia and the company-operated stores in New Zealand, Ireland and Northern Ireland.

During the past year, franchisees have seen a significant expansion in the utilisation of a new system facilitating more seamless and effective transactions with suppliers and customers. Franchisees, in key categories, are now able to replenish inventory using the new merchandise, inventory and supplier management system. Franchisees now have increased visibility of transactions to effectively manage supplier terms, promoting proactive and more productive relationships with their suppliers and customers.

Each franchisee now has access to, and can use, enhanced real-time analytical tools to better understand the individual business of that franchisee, including potential insights into floorspace productivity, and to identify further opportunities to streamline and improve the broader Supply Chain process. The information of franchisees is analysed to enable evaluation and monitoring of the performance of each franchisee.

Workforce productivity improvements:

Each franchisee has successfully deployed on time and within budget, a workforce management system, including staff forecasting and roster optimisation.

Each franchisee now has the tools necessary to efficiently roster staff based on forecast customer traffic, expected sales and staff availability. Each franchisee can now plan to have the right staff on the shop floor to effectively service customer demand, while controlling and managing payroll expense.

It is planned to deploy the workforce management system to company-operated stores in New Zealand in 2017.



Outlook

The strategy of an integrated retail, franchise, property and digital model is the foundation of continued success and resilience both in good times and during uncertain or challenging times. It is robust and dependable providing stability when it needs to, yet flexible and swiftly responsive to emerging trends and opportunities in the market place. Harvey Norman® franchisees operate across a diverse range of key product categories which span vast array of markets, mitigating the reliance on a single trading source or exposure to the risks of a single product category.

While macroeconomic conditions in the markets in which we operate may change, housing conditions in Australia remain strong and are likely to remain favourable in the near term.

The emerging lifestyle categories, particularly technology based products, are exhibiting strong demand as consumers automate and connect across their home, work and recreational lives.

After a period of moderate investment, the consolidated entity intends to open a total of seven (7) new stores in the 2017 financial year. Two (2) franchised complexes will be opened in Australia, consisting of one (1) Harvey Norman® franchised complex in Queensland and one (1) Domayne® franchised complex in South Australia, and five (5) Harvey Norman® company-operated stores in overseas markets, consisting of one (1) store in each of New Zealand, Ireland and Singapore and two (2) stores in Malaysia.

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.

(i) *Deterioration in macroeconomic conditions resulting in a fall in 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, economic and political instability and government fiscal, monetary and regulatory policies, that can impact the level of consumer confidence and discretionary retail spending, thereby affecting revenue from sales to customers and franchise fees. The consolidated entity seeks to reduce its exposure to these risks 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.

(ii) *Competition resulting in a loss of market share for franchisees in Australia:*

The integrated retail, franchise, property and digital system, and diverse category mix aid in maintaining the consolidated entity's competitive position. Franchisees operate across a number of categories including the strongly performing Home and Lifestyle market. Diversity mitigates the risk from existing and potential single-category competitors.

(iii) *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 diversity 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 in New Zealand have grown substantially. The digital platform creates 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.

(iv) *Economic downturn in the property sector leading to softening property asset values, falling market rentals and reduction of future capital returns on property assets:*

With a property portfolio of \$2.44 billion, the consolidated entity is exposed to potential reductions in property values within the bulky goods sector. 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.

(v) *Counterparty risks of service providers:*

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

(vi) *Counterparty risk associated with the mining camp accommodation joint ventures:*

Commodity prices are inherently volatile. The provision of services to the mining industry is inherently risky. The consolidated entity has entered into 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.

(vii) *Compliance by franchisees with franchise agreements:*

This risk relates to franchisees not operating their assigned franchise in accordance with 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.

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

This risk relates to potential failure in the 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 either planned or already in place, including an ongoing program of investment in cyber security software; the implementation, maintenance and supervision of operational policies intended to preserve the confidentiality and integrity of IT systems; regular independent audit and review of IT security; and the ongoing review, practise and updating of a disaster/crisis management plan relating to IT systems.

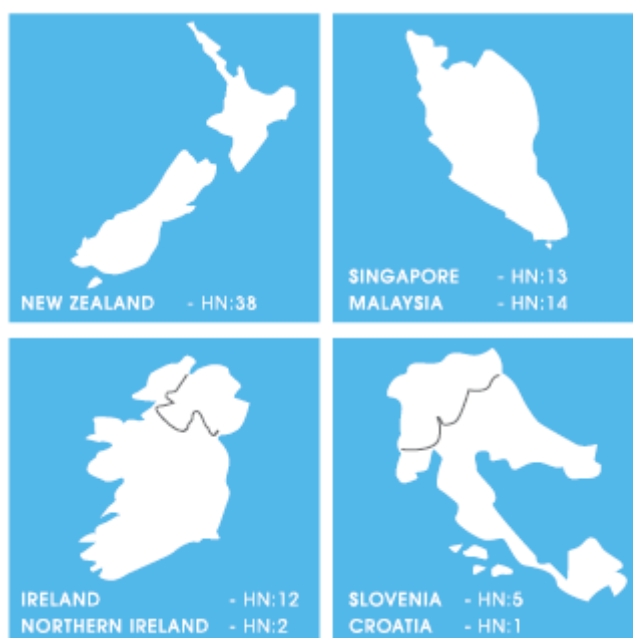
(ix) *Investment in agribusiness:*

This risk relates to the recent volatility in the milk price and corresponding returns from investment in Coomboona Holdings. The market price for milk has declined and the expected returns on milk production may be reduced depending on production volumes. In addition, the future timing and development of the dairy to optimal scale may be impacted by current trends in commodity prices.

The investment in Coomboona Holdings and the development of the corresponding agricultural assets is constantly evaluated and reviewed to ensure appropriate commercial outcomes are achieved. Representation on the board of Coomboona Holding ensures oversight of the investment and enables close monitoring of progress towards the required operational and commercial objectives.

GEOGRAPHIC SPREAD

This diagram displays the geographic spread of the Harvey Norman® ("HN"), Domayne® ("DM") and Joyce Mayne® ("JM") franchised complexes in the Australian market and the Harvey Norman® company-operated stores in New Zealand, Ireland, Northern Ireland, Singapore, Malaysia, Slovenia and Croatia as at 30 June 2016.



192

FRANCHISED
COMPLEXES ACROSS
AUSTRALIA
AND

85

COMPANY OPERATED
STORES IN
OFF-SHORE MARKETS

REMUNERATION REPORT (AUDITED)

Letter from the Chairman of the Remuneration Committee

Dear Shareholders

The consolidated entity has delivered an outstanding result achieving a 30.6% growth in profit before tax and an increase of 5.2% in the net asset base for shareholders. This was achieved through improvements in trading performance, particularly the increased profitability of the franchising operations segment, property portfolio and the company-operated stores in overseas markets, reinforcing the sustainability of the integrated franchising, property, retail and digital business model that has been the backbone of continued success during and following the global financial crisis.

Remuneration Outcomes

This year's achievements are reflected in the remuneration outcomes for this year. Executive directors achieved 92.9% of their 2016 Short Term Incentive ("STI") targets for performance against a balanced scorecard of measures. Return on Net Assets ("RONA") was calculated at 17.56% for the year resulting in a probable vesting of 40% for the long-term incentives granted in respect of the 2016 financial year under the 2016 LTI Plan, subject to cumulative assessment over a three-year measurement period. The sustained long-term performance was also reflected in a revised assessment of achievement of the Long-Term Incentive ("LTI") targets from 70.0% to 90.0% for the 2015 LTI Plan, an award granted in 2014, measured over the 2015, 2016 and 2017 financial years.

Changes to Remuneration

The Board regularly reviews the executive remuneration structure of the consolidated entity to ensure it continues to drive shareholder value and to attract and retain the talent needed to achieve its strategic objectives. To ensure that the remuneration structure of the consolidated entity is aligned to best practice, the Board has decided to adopt changes to executive remuneration arrangements and focus on long-term sustainability of returns. These changes were introduced as outlined below.

FY16 – Introduction of the 2016 Long Term Incentive Plan ("LTI Plan") and the grant of Performance Rights under the LTI Plan

The Board determined that performance rights, rather than a long-term performance cash incentive, were to be granted under a new LTI Plan for awards from FY16 onwards. Performance rights are aligned with the growth profile of the consolidated entity, the challenging market conditions and prevailing Australian market practice.

Shareholders at the AGM held on 24 November 2015 approved the grant of the performance rights, being a right to acquire one ordinary share in the Company at nil exercise price in terms of the 2016 LTI Plan. The performance rights were granted in three tranches as described below, subject to the performance conditions (being exclusively financial conditions based on RONA) and service conditions and are exercisable as follows:

Executive	Tranche 1 FY2016	Tranche 2 FY2017	Tranche 3 FY2018
	Will be granted within five (5) business days after the 2015 AGM	Will be granted within five (5) business days after the 1st anniversary of the 2015 AGM	Will be granted within five (5) business days after the 2nd anniversary of the 2015 AGM
	Exercisable between 1 January 2019 and 30 June 2021	Exercisable between 1 January 2020 and 30 June 2022	Exercisable between 1 January 2021 and 30 June 2023
Gerald Harvey	62,500	62,500	62,500
Kay Lesley Page	112,500	112,500	112,500
John Evyn Slack-Smith	75,000	75,000	75,000
David Matthew Ackery	75,000	75,000	75,000
Chris Mentis	75,000	75,000	75,000
Total	400,000	400,000	400,000

FY16 – Discontinuation of the 2015 LTI Plan for Awards from FY16 Onwards

The approval of the 2016 LTI Plan resulted in the discontinuation of the Second Tranche of the 2015 LTI Plan in respect of FY16. The 2015 LTI Plan will continue to be considered in respect of the LTI award for FY15 but not for any subsequent years. The LTI award for FY15 is to be measured over the three-year period of the 2015, 2016 and 2017 financial years against financial and non-financial performance conditions, subject to the terms and conditions of the 2015 LTI Plan. For awards from FY16 onwards, there will be no transitional provisions between the new 2016 LTI Plan and the discontinued 2015 LTI Plan.

Remuneration Report (Audited) (continued)

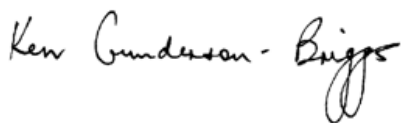
FY16 – Introduction of the 2016 Short Term Incentive Plan ("STI Plan")

The Board adopted a revised executive STI Plan in respect of the 2016 financial year. The STI Plan is subject to both financial conditions (calculated exclusively in respect of RONA) as to a 50% weighting and non-financial conditions as to 50% weighting. The Board resolved to increase the financial weighting of STI awards for FY16 onwards to a minimum of 50% financial performance conditions, from previous awards being 20% financial and 80% non-financial performance conditions.

The Board is confident that the remuneration policies continue to 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



K.W GUNDERSON-BRIGGS
Remuneration Committee Chairman

Contents of the 2016 Remuneration Report

This remuneration report for the year ended 30 June 2016 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 FY16
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 (KMP)
11. Additional disclosures relating to options and shares
12. Loans to key management personnel (KMP) and their related parties
13. Other transactions and balances with KMP 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 2016 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

(i) Executive Directors

Gerald Harvey	Executive Chairman
Kay Lesley Page	Executive Director and Chief Executive Officer
John Eryn Slack-Smith	Executive Director and Chief Operating Officer
David Matthew Ackery	Executive Director
Chris Mentis	Executive Director, Chief Financial Officer and Company Secretary

(ii) Non-Executive Directors

Christopher Herbert Brown OAM	Non-Executive Director
Michael John Harvey	Non-Executive Director
Kenneth William Gunderson-Briggs	Non-Executive Director (Independent)
Graham Charles Paton AM	Non-Executive Director (Independent)

Remuneration Report (Audited) (continued)

Key Management Personnel (continued)

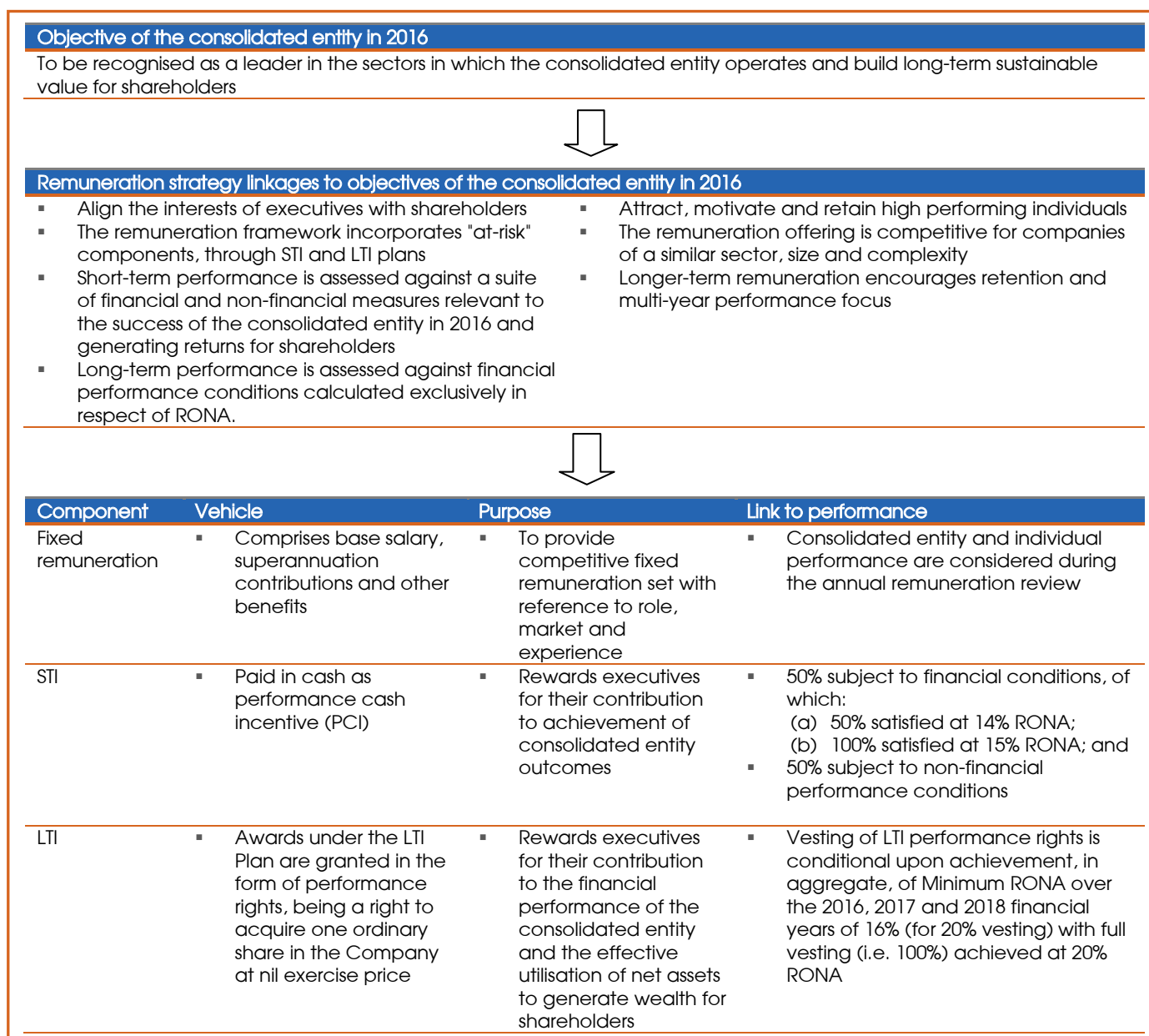
(iii) Senior Executives

Martin Anderson	General Manager – Advertising
Thomas James Scott	General Manager – Property
Gordon Ian Dingwall	Chief Information Officer
Geoff Van Der Vegt	General Manager – Technology and Entertainment
Haydon Ian Myers	General Manager – Home Appliances
Rob Nelson	General Manager – Audio Visual

2. Remuneration Principles and Strategy

The executive remuneration strategy of the consolidated entity in 2016 is designed to attract, motivate and retain high performing individuals and align the interests of executives with shareholders.

The following diagram illustrates how the remuneration strategy of the consolidated entity in 2016 aligns with the strategic direction and links remuneration outcomes to performance.



Where Return on Net Assets ("RONA") means the fraction:

$$\frac{\text{APBT (annual net profit before income tax excluding property revaluation increments or decrements) for the year}}{\text{Net Assets (net assets excluding non-controlling interests) at the close of the preceding financial year}}$$

Remuneration Report (Audited) (continued)

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").

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

The remuneration committee comprises three NEDs, two of whom are independent NEDs. Further information on the committee's role, responsibilities and membership 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, in the form of performance cash incentive ("PCI"), for executive directors.

No director may participate 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

In FY2016, the executive remuneration framework comprised fixed remuneration, STI and LTI as outlined below.

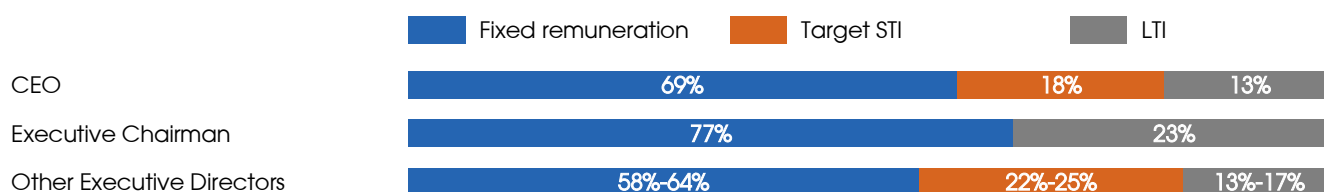
The consolidated entity aims to reward executives with a level and mix of remuneration appropriate to their position and responsibilities, while being market competitive.

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.

In FY2016, 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

2016 STI Plan

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

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

2016 STI PLAN	
Who participates	Executive directors.
How is STI delivered?	<p>STI awards, in the form of a cash bonus or performance cash incentive ("PCI"), 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.</p> <p>The payment of the 2016 STI Plan PCI to an executive under the 2016 STI Plan is to be made on 30 September 2016, or as soon as reasonably practicable after that date, subject to the satisfaction of 2016 STI Plan Performance Conditions and 2016 STI Plan Service Conditions.</p>
What is the STI opportunity?	Executive directors, excluding the Executive Chairman, have a target STI opportunity of between 26% to 43% 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.
How much can executives earn?	<p>For the year ended 30 June 2016, the aggregate maximum amount of 2016 STI Plan PCI, potentially payable, was \$1,850,000 as follows:</p> <ul style="list-style-type: none"> (i) in respect of Gerald Harvey, nil; (ii) in respect of Kay Lesley Page, \$550,000; (iii) in respect of John Evyn Slack-Smith, \$450,000; (iv) in respect of David Matthew Ackery, \$450,000; and (v) in respect of Chris Mentis, \$400,000.
What are the performance conditions for FY2016?	<p>Actual STI payments awarded to each executive depend on the extent to which specific measures, targets, initiatives and conditions for the 2016 financial year ("STI Targets") are met. STI Targets cover financial and non-financial measures of performance.</p> <p>The primary weighting of the 2016 STI Plan Performance Conditions are as follows:</p> <ul style="list-style-type: none"> (a) as to 50% - the Financial Condition; and (b) as to 50% - the Non-Financial Conditions <p>50% Financial Condition: RONA (Aggregate APBT ÷ Aggregate Net Assets) as defined in Section 2 above was selected as the STI performance measure as it:</p> <ul style="list-style-type: none"> ▪ drives profitable use of assets and provides an alignment between comparative shareholder return and reward for executive directors; and ▪ minimises the effects of market cycles <p>The Financial Condition is calculated in respect of the year ended 30 June 2016 and will be:</p> <ul style="list-style-type: none"> (a) 50% satisfied at 14% RONA; (b) 100% satisfied at 15% RONA; (c) There will be no additional STI award for over achievement greater than 15% RONA. <p>50% Non-Financial Conditions: The Non-Financial Conditions are assessed in respect of the year ended 30 June 2016 and include the following non-financial measures in:</p> <ul style="list-style-type: none"> (a) Customer experience (12.50%); (b) Franchisee productivity (12.50%); (c) Franchisee inventory and supply chain management (12.50%); and (d) Franchisee learning, development and growth (12.50%).
How is performance assessed?	<p>On an annual basis, 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.</p> <p>The extent to which the Financial Condition is satisfied will be 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 2016 STI Plan.</p> <p>The Remuneration Committee (acting on behalf of the Company) may at any time, in its absolute discretion, decrease the amount of the PCI which is, or may become, payable to an executive under the 2016 STI Plan by serving a written notice to the relevant executive at any time before the payment date.</p> <p>Details of the 2016 STI Targets and levels of achievement in the 2016 financial year are set out in pages 31 and 32 of this report.</p>
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.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

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.

2016 LTI PLAN																																																	
Who participates?	Executive directors who have an impact on the performance of the consolidated entity against the relevant long-term performance measures.																																																
How is LTI delivered?	In previous years up to the 2015 financial year, the LTI was delivered as a performance cash incentive (PCI). During the year, the Board adopted an executive long-term incentive plan in respect of the 2016 financial year ("2016 LTI Plan"), which replaced the previous LTI Plan terms and conditions in respect of FY2016, and determined that performance rights, rather than a long-term PCI, will be granted under the LTI Plan for awards from FY2016 onwards.																																																
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.																																																
How much can executives earn?	<p>Executive directors have a target LTI opportunity of between 18% to 30% of fixed remuneration.</p> <p>A total of 400,000 performance rights under Tranche 1 of the 2016 LTI Plan were granted to executive directors on 30 November 2015, following Board adoption of the new scheme and shareholder approval of the LTI Plan at the 2015 AGM of the Company.</p> <p>The performance rights were independently valued by Mercer Consulting (Australia) Pty Limited at grant date with a fair value of \$3.52 per entitlement share granted under Tranche 1 on 30 November 2015, based on a share price of \$4.08. 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 1 performance rights amounted to \$1,408,000 in aggregate.</p> <table><tr><th colspan="2">2016 LTI Plan</th><th colspan="2">Tranche 1 Key Dates:</th></tr><tr><td>Grant date</td><td></td><td>30 November 2015</td><td></td></tr><tr><td>Vesting date</td><td></td><td>31 December 2018</td><td></td></tr><tr><td>First exercise date</td><td></td><td>1 January 2019</td><td></td></tr><tr><td>Last exercise date</td><td></td><td>30 June 2021</td><td></td></tr><tr><th>Executive Director</th><th>Number Granted</th><th>Fair Value on Grant Date</th><th>Fair Value of Performance Rights</th></tr><tr><td>Gerald Harvey</td><td>62,500</td><td>\$3.52</td><td>\$220,000</td></tr><tr><td>Kay Lesley Page</td><td>112,500</td><td>\$3.52</td><td>\$396,000</td></tr><tr><td>John Eryn Slack-Smith</td><td>75,000</td><td>\$3.52</td><td>\$264,000</td></tr><tr><td>David Matthew Ackery</td><td>75,000</td><td>\$3.52</td><td>\$264,000</td></tr><tr><td>Chris Mentis</td><td>75,000</td><td>\$3.52</td><td>\$264,000</td></tr><tr><td>Total</td><td>400,000</td><td></td><td>\$1,408,000</td></tr></table>	2016 LTI Plan		Tranche 1 Key Dates:		Grant date		30 November 2015		Vesting date		31 December 2018		First exercise date		1 January 2019		Last exercise date		30 June 2021		Executive Director	Number Granted	Fair Value on Grant Date	Fair Value of Performance Rights	Gerald Harvey	62,500	\$3.52	\$220,000	Kay Lesley Page	112,500	\$3.52	\$396,000	John Eryn Slack-Smith	75,000	\$3.52	\$264,000	David Matthew Ackery	75,000	\$3.52	\$264,000	Chris Mentis	75,000	\$3.52	\$264,000	Total	400,000		\$1,408,000
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Total	400,000		\$1,408,000																																														
What are the performance conditions for Tranche 1 of the 2016 LTI Plan?	<p>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.</p> <p>100% Financial Condition:</p> <p>With the exception of the service condition, the Board has resolved that the conditions in respect of the achievement of Tranche 1 of the 2016 LTI Plan will be all financial, based exclusively on RONA, where Tranche 1 RONA means the fraction:</p> <p>Tranche 1 Aggregate APBT ÷ Tranche 1 Aggregate Net Assets, expressed as a percentage.</p> <p>Where:</p> <ul style="list-style-type: none">▪ Tranche 1 Financial Years means the financial years ending 30 June 2016, 2017 and 2018;▪ Tranche 1 Aggregate APBT means the aggregate amounts of the annual net profit before income tax of the consolidated entity for each of the Tranche 1 Financial Years, but excluding property revaluation increments or decrements;▪ Tranche 1 Aggregate Net Assets means the amounts of the net assets of the consolidated entity, excluding non-controlling interests, as at each of 30 June 2015, 2016 and 2017 as described in the annual report of the consolidated entity in respect of each of the Tranche 1 Financial Years.																																																

Remuneration Report (Audited) (continued)

	<p>Full vesting of the Tranche 1 performance rights is conditional upon achievement, of Tranche 1 RONA of at least 20%, with lesser vesting as set out in the table below:</p> <table data-bbox="432 327 1177 555"> <tr> <th>Tranche 1 RONA Achieved</th><th>Tranche 1 % of Performance Rights that will become exercisable</th></tr> <tr> <td>Less than 16%</td><td>Nil</td></tr> <tr> <td>16%</td><td>20%</td></tr> <tr> <td>17%</td><td>40%</td></tr> <tr> <td>18%</td><td>60%</td></tr> <tr> <td>19%</td><td>80%</td></tr> <tr> <td>20%</td><td>100%</td></tr> </table> <p>Service Conditions: The service condition in respect of a Grantee in respect of performance rights of that Grantee under a Tranche will be deemed satisfied if at the time of exercise of the performance rights:</p> <ul style="list-style-type: none"> (a) the Grantee 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 Grantee 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 Grantee which brings the Company into disrepute. <p>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:</p> <ul style="list-style-type: none"> ▪ 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. 	Tranche 1 RONA Achieved	Tranche 1 % of Performance Rights that will become exercisable	Less than 16%	Nil	16%	20%	17%	40%	18%	60%	19%	80%	20%	100%
Tranche 1 RONA Achieved	Tranche 1 % of Performance Rights that will become exercisable														
Less than 16%	Nil														
16%	20%														
17%	40%														
18%	60%														
19%	80%														
20%	100%														
<p>How is performance assessed?</p>	<p>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.</p> <p>The LTI award for each of the financial years will be measured over a three year period, with Tranche 1 of the 2016 LTI Plan measured over the period for financial years ending 30 June 2016, 30 June 2017 and 30 June 2018.</p>														
<p>When does the LTI vest?</p>	<p>Performance rights granted under Tranche 1 of the 2016 LTI Plan will vest on 31 December 2018, subject to meeting the financial performance conditions in FY2016, FY2017 and FY2018 and service conditions, and will be capable of exercise between 1 January 2019 and 30 June 2021.</p>														
<p>How are potential LTI awards treated on termination?</p>	<p>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).</p> <p>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.</p>														
<p>How are potential LTI awards treated if a change of control occurs?</p>	<p>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.</p>														
<p>Are executive eligible for dividends?</p>	<p>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.</p>														

Remuneration Report (Audited) (continued)

6. Performance and Executive Remuneration Outcomes in FY16

6A. Actual Remuneration Earned by Executives in FY16

The actual remuneration earned by key management personnel in FY16 is set out in Table 1 on page 40 of this Remuneration Report. This provides shareholders with a view of the remuneration actually paid to executives for performance in FY16 and the value of LTIs expensed during the financial year.

6B. Fixed Remuneration

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

The fixed component of the remuneration of executive directors is disclosed in Table 1 on page 40 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 maximum amount of 2016 STI Plan PCI potentially payable was \$1,850,000. 50% of the STI is dependent on the satisfaction of financial performance conditions (exclusively based on RONA) and 50% is measured against the achievement of set non-financial measures. Actual performance against those measures is as follows for FY16:

- (a) 100% achievement of the 50% Financial Condition = \$925,000 payable for FY16
- (b) 85.80% achievement of the 50% Non-Financial Conditions = \$793,650 payable for FY16

The total 2016 STI Plan PCI payable in respect of the 2016 financial year is \$1,718,650, representing a total achievement of 92.9% of the maximum 2016 STI PCI as shown in the tables below. The payment of the 2016 STI Plan PCI is to be made on or before 30 September 2016, or as soon as reasonably practicable after that date, subject to the satisfaction of the 2016 STI Plan Service Conditions.

Achievement of 50% Financial Condition:

Calculation of FY16 RONA:					RONA %	
FY16 APBT (net profit excluding property revals)			\$445.41 million		= 17.56%	
FY15 Net Assets (excluding non-controlling interests)			\$2,537.08 million			
Executive	Maximum 2016 STI PCI	% subject to Financial Conditions	2016 STI PCI Financial Condition	RONA % for FY2016	% Financial Condition Satisfied	2016 STI Payable
Gerald Harvey	Nil		Nil			Nil
Kay Lesley Page	\$550,000	50%	\$275,000	17.56%	100% (50% score)	\$275,000
John Eryn Slack-Smith	\$450,000	50%	\$225,000	17.56%	100% (50% score)	\$225,000
David Matthew Ackery	\$450,000	50%	\$225,000	17.56%	100% (50% score)	\$225,000
Chris Mentis	\$400,000	50%	\$200,000	17.56%	100% (50% score)	\$200,000
Total	\$1,850,000		\$925,000			\$925,000

For the 2016 financial year \$925,000, being 50% of the aggregate maximum 2016 STI Plan PCI of \$1,850,000, was subject to the RONA financial condition. The financial condition will be wholly satisfied at a 15% RONA calculation and 50% satisfied at a 14% RONA result. RONA for the 2016 financial year was 17.56% and therefore 100% of the financial condition in respect of the 2016 STI Plan PCI has been satisfied.

Achievement of 50% Non-Financial Conditions:

For the 2016 financial year \$925,000, being 50% of the aggregate maximum 2016 STI Plan PCI of \$1,850,000, was subject to set non-financial performance measures including:

- Customer experience (12.50%);
- Improve franchisee productivity (12.50%);
- Inventory and supply chain management (12.50%); and
- Learning, development and growth (12.50%)

Executive	Maximum 2016 STI PCI	% subject to Non-Financial Conditions	2016 STI PCI Non-Financial Condition	% Non-Financial Condition Satisfied	2016 STI Payable
Gerald Harvey	Nil		Nil		
Kay Lesley Page	\$550,000	50%	\$275,000	85.8% (42.9% score)	\$235,950
John Eryn Slack-Smith	\$450,000	50%	\$225,000	85.8% (42.9% score)	\$193,050
David Matthew Ackery	\$450,000	50%	\$225,000	85.8% (42.9% score)	\$193,050
Chris Mentis	\$400,000	50%	\$200,000	85.8% (42.9% score)	\$171,600
Total	\$1,850,000		\$925,000		\$793,650

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

Non-Financial Conditions of the 2016 STI Plan

The Remuneration Committee had regard to certificates and reports from officers of the Company, other Board committees and management, including the Performance Report and Internal Audit Report, and noted that 85.8% of the non-financial performance hurdles for the 2016 STI Plan were substantially achieved and, based on a score of 42.9%, 85.8% of the aggregate maximum STI amount attributable to the non-financial performance measures will become payable to executive directors. Achievement of the Non-Financial Performance Conditions for the 2016 STI Plan are set out in the following table.

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.	12.50%	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%) and, in aggregate, customer satisfaction rating of no less than 50% for company-operated stores in New Zealand (expected achievement of 70%).	40%	73.33% Ratings of 64.06% (Aust) 65.28% (NZ)	3.67%
			Each franchisee in Australia and company-operated stores in New Zealand to achieve a reduction in the number of total consumer complaints over the prior year. Full achievement of this initiative is at a 10% reduction in consumer complaints.	40%	10% Decrease of 2% (Aust) Increase of 1.3% (NZ)	0.5%
			Each franchisee and company-operated stores in New Zealand to test Integrated EFTPOS payment terminals to determine whether to proceed with full rollout by 31 March 2016. If proceed, each franchisees and NZ stores to implement full rollout by 30 June 2016.	20%	50% 0% (Aust) 100% (NZ)	1.25%
Productivity	Grant each franchisee licences to use tools to assist franchisees to improve franchisee productivity.	12.50%	Each franchisee to implement the Work Force Management Solution for their franchise by 31 October 2015.	50%	100% The solution live and employees of	6.25%
			Each Electrical franchisee and each Computer franchisee to implement Forecasting & Optimised Rostering for their franchise by 31 May 2016.	50%	franchisees trained by end of Oct 2015. 100% All live by 31 May 2016	6.25%
Inventory & supply chain management	Grant each franchisee licences to use tools to drive improvements in efficiency by each franchisee in franchisee supply chain systems.	12.50%	Each electrical franchisee and each computer franchisee to achieve an average in-stock rate of no less than 90% for identified core range franchisee inventory between 1 February 2016 and 30 June 2016.	50%	100% Average in stock rate of 90%.	6.25%
			Each furniture franchisee and each bedding franchisee to have renegotiated and updated the trading term agreements with, in aggregate, no less than a total of 150 suppliers by 30 June 2016.	50%	100% Finalised 196 agreements by 30 June 2016.	6.25%

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

Measure	Target	Primary Weighting	Initiatives and Conditions	Weighting of Initiatives & Conditions	Achievement	Score
Learning, development & 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 in Australia.	12.50%	Each franchisee to achieve a participation rate of female franchisees-in-training ("FIT") in the FIT Program of that franchisee of no less than 40% for the programs run within the 2016 financial year.	50%	100% Female participation rate 43%	6.25%
			Each franchisee to achieve a successful completion rate of 75% by 30 June 2016 of participants in the FIT Program of that franchisee from 2015 level of 60%.	50%	100% Completion rate 95%	6.25%
TOTAL		50%				42.9%

Service Conditions of the 2015 STI Plan

The 2016 STI Plan Service Conditions will be deemed to be satisfied, if and only if, as at the relevant payment date being 30 September 2016:

- 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.

6D. Actual Performance Against Long-Term Incentive (LTI) Measures for Tranche 1 of the 2016 LTI Plan

With the exception of the service condition, the Board has resolved that the conditions in respect of Tranche 1 of the 2016 LTI Plan will be all financial, based exclusively on RONA, where Tranche 1 RONA means the fraction **Tranche 1 Aggregate APBT ÷ Tranche 1 Aggregate Net Assets**, expressed as a percentage. Tranche 1 of the 2016 LTI Plan will be measured over a three-year period for financial years ending 30 June 2016, 30 June 2017 and 30 June 2018. The financial condition of Tranche 1 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 29 and 30. Tranche 1 will not vest if the RONA is less than 16% on a cumulative basis over the three-year measurement period.

A total of 400,000 performance rights were granted to executive directors on 30 November 2015. 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. The Remuneration Committee had regard to certificates and reports from officers of the Company, other Board committees and management, including the Performance Report and Internal Audit Report, and has estimated, based on the available evidence, that the financial performance condition for the 2016 LTI performance rights 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 1 RONA for the 2016 financial year of 17.56% (see table below for the calculation). A 17.56% RONA for FY16 resulted in a 40% vesting for year 1 of the three-year measurement period and it is presently estimated that this trend may continue into the remaining vesting years of the tranche. A 40% vesting probability will result in an estimated cumulative Tranche 1 fair value of \$563,200 over the vesting period. An amount of \$106,848 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 2016.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

Tranche 1 of 2016 LTI Plan: Achievement of 100% Financial Condition

Calculation of Tranche 1 RONA for FY16:					RONA %	
FY16 APBT (net profit excluding property revals)			\$445.41 million		= 17.56%	
FY15 Net Assets (excluding non-controlling interests)			\$2,537.08 million			

Executive	Number Performance Rights Granted	Fair Value Per Right	Fair Value of Performance Rights	Prob-ability of Vesting %	Estimated Value of Trance 1 2016 LTI Plan to Vest	Tranche 1 Expense In FY2016 @ 18.97%
Gerald Harvey	62,500	\$3.52	\$220,000	40%	\$88,000	\$16,695
Kay Lesley Page	112,500	\$3.52	\$396,000	40%	\$158,400	\$30,051
John Eryn Slack-Smith	75,000	\$3.52	\$264,000	40%	\$105,600	\$20,034
David Matthew Ackery	75,000	\$3.52	\$264,000	40%	\$105,600	\$20,034
Chris Mentis	75,000	\$3.52	\$264,000	40%	\$105,600	\$20,034
Total	400,000		\$1,408,000		\$563,200	\$106,848

Subject to the satisfaction of the financial performance condition and service conditions of the 2016 LTI Plan, Tranche 1 will vest on 31 December 2018. 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 2021 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 the 2015 LTI Plan PCI Performance Conditions and Expense Recognised in FY16

In previous years up to the 2015 financial year, the LTI was delivered as a performance cash incentive (PCI).

The 2015 LTI Plan, adopted by the Board during the 2015 financial year, remains in existence for the assessment of the 2015 LTI award granted to executive directors. The LTI award for FY15 will be measured against financial and non-financial performance conditions measured in FY15 and reassessed in FY16 and FY17, subject to the terms and conditions of the 2015 LTI Plan.

In the 2015 Remuneration Report, the aggregate amount of the 2015 LTI Plan PCI in respect of the 2015 financial year was \$3,700,000. It was previously reported that the probable achievement of the aggregate amount of the 2015 LTI Plan PCI, in accordance with the terms and conditions of the 2015 LTI Plan, was estimated to be 70.0% of the total, being \$2,590,000 in respect of the 2015 financial year.

The Remuneration Committee had regard to certificates and reports from officers of the Company, other Board committees and management, including the Performance Report and Internal Audit Report, and has reassessed the probable achievement of the 2015 LTI Plan PCI from 70.0% to 90.0%, an increase of 20.0%, on the back of the achievement of an aggregate RONA of 16.27% calculated in respect of the years ended 30 June 2015 and 30 June 2016. The revised assessment of 90.0% of the 2015 LTI Plan PCI was as follows:

- probable achievement of 100% of the 50% financial condition (revised score of 50% in FY16 compared to 34% in FY15)
- probable achievement of 80% of the 50% non-financial conditions (revised score of 40% in FY16 compared to 36% in FY15).

A revised assessment of 90.0% vesting probability will result in an estimated cumulative 2015 LTI Plan PCI payable of \$3,330,000 over the vesting period, an increase of \$740,000 from the 2015 estimate of \$2,590,000. An amount of \$1,019,082 has been recognised as remuneration to executive directors in respect of the 2015 LTI Plan PCI and expensed in the income statement on a straight-line basis for the year ended 30 June 2016. The estimated 2015 LTI Plan PCI will be paid on 30 June 2018, subject to the achievement of the 2015 LTI Plan Service Conditions.

Executive	Maximum 2015 LTI Plan PCI	Prob-ability of Vesting % in FY15	FY15 Estimated 2015 LTI PCI Payable	Probability of Vesting % in FY16	FY16 Estimated 2015 LTI PCI Payable	Increase due to Re-Assessment	2015 LTI Expense in FY2016
Gerald Harvey	\$470,000	70.0%	\$329,000	90.0%	\$423,000	\$94,000	\$129,451
Kay Lesley Page	\$880,000	70.0%	\$616,000	90.0%	\$792,000	\$176,000	\$242,376
John Eryn Slack-Smith	\$800,000	70.0%	\$560,000	90.0%	\$720,000	\$160,000	\$220,342
David Matthew Ackery	\$800,000	70.0%	\$560,000	90.0%	\$720,000	\$160,000	\$220,342
Chris Mentis	\$750,000	70.0%	\$525,000	90.0%	\$675,000	\$150,000	\$206,571
Total	\$3,700,000		\$2,590,000		\$3,330,000	\$740,000	\$1,019,082

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

Reassessment of 2015 LTI Plan PCI Financial Condition (50%):

The 2015 LTI Plan PCI financial condition is partly satisfied if the aggregate APBT is 14% or more of the aggregate net assets and wholly-satisfied if the aggregate APBT is 15% or more of the aggregate net assets.

2015 LTI Plan PCI Financial Condition 50%		Aggregate RONA %
Aggregate APBT (aggregate net profit excluding revals for FY15 & FY16)	\$814.77 million	= 16.27%
Aggregate Net Assets (aggregate net assets excl. NCI for FY14 & FY15)	\$5,008.46 million	

Aggregate RONA in respect of the years ended 30 June 2015 and 30 June 2016 is 16.27% and therefore a probable achievement of 100% of the financial condition for the 2015 LTI Plan PCI.

Reassessment of 2015 LTI Plan PCI Non-Financial Condition (50%):

Measure	Target	Primary Weighting	Initiatives and Conditions	Weightings of Initiatives and Conditions	Probable Achievement	Score
Inventory & supply chain management	Improvements in efficiency by each franchisee in franchisee supply chain systems in line with customer service standards throughout the 3-year period.	15%	Each franchisee to successfully implement the merchandise, inventory and supplier management system to deliver no less than 70% of the benefits identified for that franchisee from using the system by 30 June 2017.	100%	66.67%	10%
Digital	Enhance and progress the digital capabilities of Harvey Norman® in key territories throughout the 3-year period.	15%	An external organisation to measure the Omni Channel capabilities of each franchisee in Australia and company-operated stores in New Zealand, with the results to be in the top quartile of retail organisations in each respective market in each of the years ending 30 June 2015, 30 June 2016 and 30 June 2017.	100%	66.67% Awarded the Best eCommerce site for 2016 in Asia-Pacific Gold Stevie Awards. Ranked # 2 in the Top Online Retailers in Australia by Power Retail.	10%
Productivity	Grant each franchisee licences to use tools to assist franchisees to improve franchisee productivity throughout the 3-year period.	20%	Each franchisee to implement all the modules of the Work Force Management Solution (including rostering & forecasting) in their respective franchise & to deliver the benefits identified for that franchisee, in preparation for the next phase of the franchise customer service "Shop with Confidence" program.	50%	100%	10%
			Each home appliance, audio-visual, entertainment and technology franchisee to implement the Optimised Rostering solution to deliver the benefits identified for that franchisee in preparation for the roll-out of devices as part of the logistics program by 30 June 2017.	50%	100%	10%
TOTAL		50%				40%

A reassessment of the 2015 LTI Plan PCI non-financial conditions for the year ended 30 June 2016 has resulted in a probable achievement of 40% compared to a probable achievement of 36% assessed in the prior year.

Remuneration Report (Audited) (continued)

6F. Expense Recognised in FY16 for the 2014 LTI Plan PCI

The 2014 LTI Plan, adopted by the Board during the 2014 financial year, resulted in the award of an aggregate maximum PCI amount of \$3,700,000 to executive directors in respect of the 2014 financial year. The 2014 LTI Plan PCI was assessed solely in respect of performance in the 2014 financial year and will not be subject to cumulative reassessment prior to payment date.

In the 2014 Remuneration Report, the Remuneration Committee reported that 90.5% of the performance conditions in respect of the 2014 LTI Plan had been achieved. An amount of \$838,844 has been recognised as remuneration to executive directors in respect of the 2014 LTI Plan PCI and expensed in the income statement on a straight-line basis for the year ended 30 June 2016. The estimated 2014 LTI Plan PCI will be paid on 30 June 2017, subject to the achievement of the 2014 LTI Plan Service Conditions.

6G. Expense Recognised in FY16 for the 2012 Employee Option Plan ("EOP")

The 2010 Share Option Plan remains in existence and is comprised of long-term incentive awards in the form of share options issued to executive directors in prior periods. No options were issued pursuant to the 2010 Share Option Plan during the 2016 financial year.

As at 30 June 2015, there were 3,585,000 options over 3,585,000 shares in the Company, comprised of 1,134,000 options from the First Tranche of Options (2010 EOP), 750,000 options from the Second Tranche of Options (2011 EOP) and 1,701,000 options from the Third Tranche of Options (2012 EOP). On 31 December 2015, 1,701,000 options from the Third Tranche of Options vested and are now exercisable up to 30 June 2018. As at 30 June 2016 there were 1,634,000 options over 1,634,000 shares in the Company, a reduction of 1,951,000 due to the exercise of 1,951,000 options during the 2016 financial year.

The fair value of options that were issued in prior periods in respect of the First Tranche of Options, the Second Tranche of Options and the Third Tranche of Options were recognised as remuneration and expensed in the income statement on a straight-line basis over the vesting period of the relevant Tranche. The value recognised as remuneration in the 2016 Remuneration Report attributable to the 2012 EOP, and accrued in the income statement for the year ended 30 June 2016, was \$78,246 as follows:

- (i) in respect of John Evyn Slack-Smith, \$26,082
- (ii) in respect of David Matthew Ackery, \$26,082; and
- (iii) in respect of Chris Mentis, \$26,082.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

6H. Summary of Performance and Executive Remuneration Outcomes in FY16

Remuneration Component	Maximum Amount	Achievement	Score	Amount Payable	Vesting Period	2016 Remuneration Amount	2015 Remuneration Amount
2016 STI Plan PCI:							
▪ financial (50%)	\$925,000	100%	50%	\$925,000	1 year	\$925,000	-
▪ non-financial (50%)	\$925,000	85.8%	42.9%	\$793,650		\$793,650	-
TOTAL 100%	\$1,850,000		92.9%	\$1,718,650			
2015 STI Plan PCI:							
▪ financial (20%)	Awarded in					-	\$340,000
▪ non-financial (80%)	FY2015					-	\$1,480,000
TOTAL Short-Term PCI						\$1,718,650	\$1,820,000
2016 LTI Plan Perform. Rights:					Year 1 of 4 year period		
▪ financial (100%)	\$1,408,000	40%*	40%	\$563,200		\$106,848	-
▪ non-financial (0%)	-	n/a	n/a	-		-	-
TOTAL LTI Performance Rights	\$1,408,000		40%	\$563,200		\$106,848	-
2015 LTI Plan PCI:					Year 2 of 4 year period		
▪ financial (50%)	\$1,850,000	100%*	50%	\$1,850,000		\$611,348	\$314,285
▪ non-financial (50%)	\$1,850,000	80%*	40%	\$1,480,000		\$407,734	\$332,771
TOTAL 100%	\$3,700,000		90%	\$3,330,000		\$1,019,082	\$647,056
2014 LTI Plan PCI:					Year 3 of 4 year period		
▪ financial (20%)	Awarded in					\$111,228	\$167,310
▪ non-financial (80%)	FY2014					\$727,616	\$669,242
TOTAL 100%						\$838,844	\$836,552
Total LTI Performance Cash Incentive						\$1,857,926	\$1,483,608
2010 Share Option Plan:	Awarded in						
▪ First Tranche	FY2011,					-	-
▪ Second Tranche	FY2012 &					-	\$62,677
▪ Third Tranche	FY 2013					\$78,246	\$155,216
TOTAL Value of Options						\$78,246	\$217,893

* probable achievement of the 2016 LTI Plan Performance Rights

*probable achievement of the 2015 LTI Plan Performance Cash Incentive

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 \$3,046,000 comprised of:

- fixed remuneration of \$2,100,000 per annum;
- maximum STI opportunity in respect of the year ended 30 June 2016 of \$550,000; and
- maximum LTI opportunity in respect of the year ended 30 June 2016 of \$396,000.

The CEO's termination provisions are as follows:

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

Remuneration Report (Audited) (continued)

Minimum Shareholding Requirement

There are no minimum shareholding requirements imposed on the CEO.

Other KMPs

All other KMPs have rolling contracts.

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

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 2016 AGM. The base fee for NEDs in respect of the 2017 financial year has increased from \$120,000 p.a. to \$145,000 p.a.

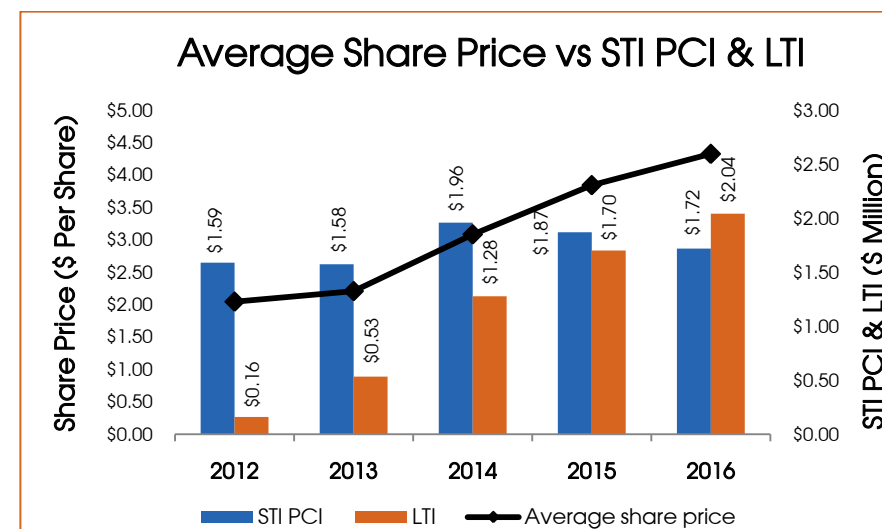
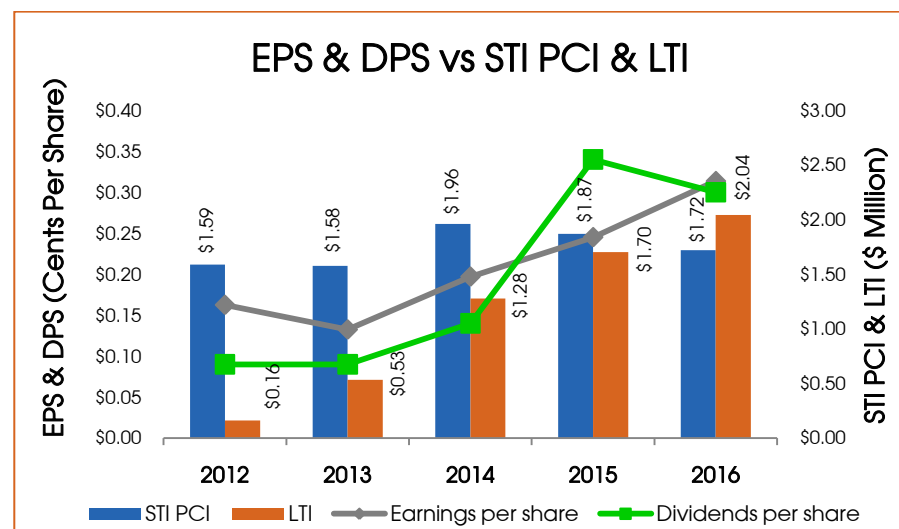
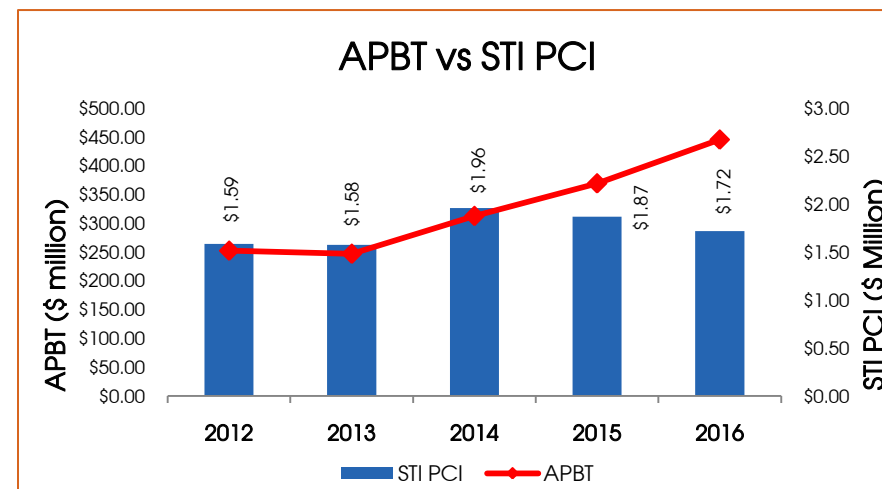
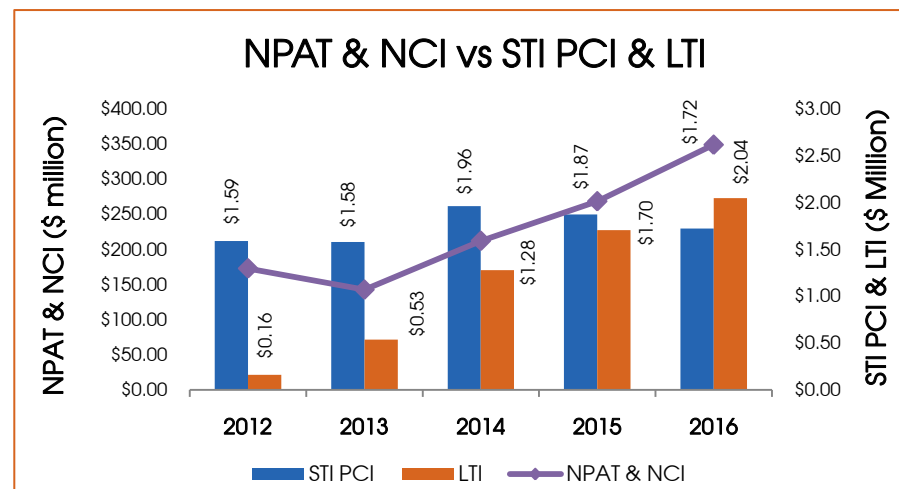
Structure

The remuneration of NEDs consists of directors' fees. NEDs do not receive retirement benefits, nor do they participate in any incentive programs. Each NED receives a fee for being a director of the Company. The structure of NED remuneration is separate and distinct from executive remuneration. The remuneration of NEDs for the year ended 30 June 2016 and 30 June 2015 are disclosed in Table 1 on page 40 of this report.

Remuneration Report (Audited) (continued)

9. Relationship between Remuneration and the Performance of the Company (continued)

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



Where: NPAT & NCI = net profit after tax & non-controlling interests; APBT = net profit before tax excluding property revaluation adjustments; STI PCI = short-term performance cash incentive; LTI = long-term incentive; EPS = earnings per share; DPS = dividends per share

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

10. Compensation of Key Management Personnel

TABLE 1: Compensation of Key Management Personnel for the Year Ended 30 June 2016 - Directors of Harvey Norman Holdings Limited:

		Short Term Benefits				Post-Employment	Long-Term Incentives			Other	TOTAL \$	% of options & performance rights
		Salary & fees \$	Performance Cash Incentive \$	Other Short-Term \$	Non monetary benefits \$	Super-annuation \$	Performance Cash Incentive \$	Performance Rights	Value of Options \$	Long Service Leave (a) \$		
G. Harvey	2016	720,292	-	10,400	-	19,308	236,007	16,695	-	-	1,002,702	1.7%
<i>Executive Chairman</i>	2015	720,816	254,800	10,400	-	18,783	188,458	-	-	-	1,193,257	-
K.L. Page	2016	2,074,633	510,950	-	6,059	19,308	441,885	30,051	-	-	3,082,886	1.0%
<i>Executive Director / CEO</i>	2015	2,081,217	473,200	-	-	18,783	352,858	-	-	-	2,926,058	-
J.E. Slack-Smith	2016	1,230,692	418,050	-	-	19,308	401,714	20,034	26,082	20,512	2,136,392	2.2%
<i>Executive Director / COO</i>	2015	1,231,217	409,500	-	-	18,783	320,780	-	72,631	20,520	2,073,431	3.5%
D.M. Ackery	2016	1,212,692	418,050	18,000	-	19,308	401,714	20,034	26,082	20,512	2,136,392	2.2%
<i>Executive Director</i>	2015	1,213,217	409,500	18,000	-	18,783	320,780	-	72,631	20,520	2,073,431	3.5%
C. Mentis	2016	899,903	371,600	-	30,789	19,308	376,606	20,034	26,082	14,998	1,759,320	2.6%
<i>Executive Director / CFO</i>	2015	876,166	273,000	-	55,051	18,783	300,732	-	72,631	14,603	1,610,966	4.5%
M.J. Harvey	2016	54,795	-	-	-	5,205	-	-	-	-	60,000	-
<i>Non-Executive Director</i>	2015	54,795	-	-	-	5,205	-	-	-	-	60,000	-
C.H. Brown	2016	109,589	-	-	-	10,411	-	-	-	-	120,000	-
<i>Non-Executive Director</i>	2015	109,589	-	-	-	10,411	-	-	-	-	120,000	-
K.W. Gunderson-Briggs	2016	136,986	-	-	-	13,014	-	-	-	-	150,000	-
<i>Non-Executive Director</i>	2015	109,589	-	-	-	10,411	-	-	-	-	120,000	-
G.C. Paton	2016	109,589	-	-	-	10,411	-	-	-	-	120,000	-
<i>Non-Executive Director</i>	2015	109,589	-	-	-	10,411	-	-	-	-	120,000	-
TOTAL	2016	6,549,171	1,718,650	28,400	36,848	135,581	1,857,926	106,848	78,246	56,022	10,567,692	1.8%
TOTAL	2015	6,506,195	1,820,000	28,400	55,051	130,353	1,483,608	-	217,893	55,643	10,297,143	2.1%

(a) Table 1 includes the accrual for long service leave entitlements in respect of the years ended 30 June 2016 and 30 June 2015. 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.

Remuneration Report (Audited) (continued)

11. Additional Disclosures Relating to Options and Shares

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

The table below discloses the number of share options granted to executives as remuneration during the year ended 30 June 2016 as well as the number of options that vested or lapsed during the year.

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

	Options Granted as Remuneration During the Year						Options Vested During the Year		Unvested Options at 30 June 2016		Remaining Unexercised Options at 30 June 2016	
	Grant Date	Grant Number	Value per option \$	Total Value of Options Granted During Year \$	First Exercise Date	Last Exercise Date	Number of Options Vested During Year	Total Value of Options Vested During Year \$	Number of Unvested Options	Total Value of Unvested Options \$	Remaining Unexercised Options	Value of Remaining Unexercised Options \$
J.E. Slack-Smith	-	-	-	-	-	-	567,000	159,894	-	-	817,000	287,394
D.M. Ackery	-	-	-	-	-	-	567,000	159,894	-	-	-	-
C. Mentis	-	-	-	-	-	-	567,000	159,894	-	-	817,000	287,394
TOTAL		-		-			1,701,000	479,682	-	-	1,634,000	574,788

Movement in option holdings during the year ended 30 June 2016:

- There were no share options issued pursuant to the 2010 Share Option Plan during the 2016 financial year.
- 567,000 options over 567,000 shares granted to each of D.M. Ackery, C. Mentis and J.E. Slack-Smith, a total of 1,701,000 options over 1,701,000 shares, previously granted on 29 November 2012 ("Third Tranche of Options"), vested on 31 December 2015. These options were independently valued by Mercer (Australia) Pty Limited at grant date utilising the assumptions underlying the Black-Scholes methodology at \$0.282 per option, totalling \$479,682, and may be exercised from 1 January 2016 to 30 June 2018.
- On 1 September 2015, D.M. Ackery exercised 378,000 options over 378,000 shares representing his full entitlement in respect of the First Tranche of Options, at the exercise price of \$3.0218 per option. The total consideration paid by D.M. Ackery was \$1,142,240.
- On 1 September 2015, C. Mentis exercised 378,000 options over 378,000 shares representing his full entitlement in respect of the First Tranche of Options, at the exercise price of \$3.0218 per option. The total consideration paid by C. Mentis was \$1,142,240.
- On 14 March 2016, D.M. Ackery exercised 250,000 options over 250,000 shares representing his full entitlement in respect of the Second Tranche of Options, at the exercise price of \$2.0267 per option. The total consideration paid by D.M. Ackery was \$506,675.
- On 14 March 2016, D.M. Ackery exercised 567,000 options over 567,000 shares representing his full entitlement in respect of the Third Tranche of Options, at the exercise price of \$1.8270 per option. The total consideration paid by D.M. Ackery was \$1,035,909.
- On 1 April 2016, J.E. Slack-Smith exercised 378,000 options over 378,000 shares representing his full entitlement in respect of the First Tranche of Options, at the exercise price of \$3.0218 per option. The total consideration paid by J.E. Slack-Smith was \$1,142,240.

Remuneration Report (Audited) (continued)

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

TABLE 3: Option Holdings of Key Management Personnel for the Year Ended 30 June 2016

30 June 2016	1 July 2015	Granted as	Options	Net Change	30 June 2016	Vested at 30 June 2016		
	Balance at Beginning of Year				Balance at End of Year	Total	Exercisable	Not Exercisable
G. Harvey	-	-	-	-	-	-	-	-
K.L. Page	-	-	-	-	-	-	-	-
J.E. Slack-Smith	1,195,000	-	(378,000)	-	817,000	817,000	817,000	-
D.M. Ackery	1,195,000	-	(1,195,000)	-	-	-	-	-
C. Mentis	1,195,000	-	(378,000)	-	817,000	817,000	817,000	-
M.J. Harvey	-	-	-	-	-	-	-	-
C.H. Brown	-	-	-	-	-	-	-	-
K.W. Gunderson-Briggs	-	-	-	-	-	-	-	-
G.C. Paton	-	-	-	-	-	-	-	-
Executives								
T.J. Scott	-	-	-	-	-	-	-	-
G.I. Dingwall	-	-	-	-	-	-	-	-
M.L. Anderson	-	-	-	-	-	-	-	-
G. Van Der Vegt	-	-	-	-	-	-	-	-
H.I. Myers	-	-	-	-	-	-	-	-
R. Nelson	-	-	-	-	-	-	-	-
	3,585,000	-	(1,951,000)	-	1,634,000	1,634,000	1,634,000	-

Options Vested as at 30 June 2016:

- First Tranche of Options: 378,000 options over 378,000 shares granted to each of D.M. Ackery, C. Mentis and J.E. Slack-Smith, a total of 1,134,000 options over 1,134,000 shares, previously granted on 29 November 2010 ("First Tranche of Options") vested on 31 December 2013 and were exercisable from 1 January 2014 to 30 June 2016. A total of 1,134,000 options were exercised during the 2016 financial year resulting in the creation of 1,134,000 new shares in the Company. There were no unexercised options remaining as at 30 June 2016 in respect of the First Tranche of Options.
- Second Tranche of Options: 250,000 options over 250,000 shares granted to each of D.M. Ackery, C. Mentis and J.E. Slack-Smith, a total of 750,000 options over 750,000 shares, previously granted on 29 November 2011 ("Second Tranche of Options") vested on 31 December 2014 and are exercisable from 1 January 2015 to 30 June 2017. On 14 March 2016, D.M. Ackery exercised 250,000 options over 250,000 shares in respect of the Second Tranche of Options at the exercise price of \$2.0267 per option. A total of 500,000 options over 500,000 shares in respect of the Second Tranche of Options remain unexercised as at 30 June 2016. These options were independently valued by Mercer (Australia) Pty Limited at grant date utilising the assumptions underlying the Black-Scholes methodology at \$0.51 option, totalling \$255,000.
- Third Tranche of Options: 567,000 options over 567,000 shares granted to each of D.M. Ackery, C. Mentis and J.E. Slack-Smith, a total of 1,701,000 options over 1,701,000 shares, previously granted on 29 November 2012 ("Third Tranche of Options") vested on 31 December 2015 and are exercisable from 1 January 2016 to 30 June 2018. On 14 March 2016, D.M. Ackery exercised 567,000 options over 567,000 shares in respect of the Third Tranche of Options at the exercise price at the exercise price of \$1.8270 per option. A total of 1,134,000 options over 1,134,000 shares in respect of the Third Tranche of Options remain unexercised as at 30 June 2016. These options were independently valued by Mercer (Australia) Pty Limited at grant date utilising the assumptions underlying the Black-Scholes methodology at \$0.282 option, totalling \$319,788.

Remuneration Report (Audited) (continued)

TABLE 4: Shareholdings of Key Management Personnel for the Year Ended 30 June 2016

30 June 2016	Balance at Beginning of Period 1 July 2015	Granted as Remuneration	On Exercise of Options	Net Change Other	Balance at End of Period 30 June 2016
Directors					
G. Harvey	329,191,281	-	-	2,698,168	331,889,449
K.L. Page	17,767,642	-	-	(50,000)	17,717,642
J.E. Slack-Smith	271,818	-	378,000	-	649,818
D.M. Ackery	153,334	-	1,195,000	(328,000)	1,020,334
C. Mentis	19,341	-	378,000	(299,000)	98,341
M.J. Harvey	2,974,897	-	-	-	2,974,897
C.H. Brown	183,323,726	-	-	-	183,323,726
K.W. Gunderson-Briggs	3,137	-	-	-	3,137
G.C. Paton	15,682	-	-	-	15,682
Executives					
T.J. Scott	6,850	-	-	12,150	19,000
G.I. Dingwall	-	-	-	-	-
M.L. Anderson	-	-	-	-	-
G. Van Der Vegt	-	-	-	-	-
H.I. Myers	-	-	-	-	-
R. Nelson	-	-	-	-	-
	533,727,708	-	1,951,000	2,033,318	537,712,026

Movement in shareholdings during the year ended 30 June 2016:

- On 31 August 2015, G. Harvey Nominees Pty Limited, a company associated with G. Harvey, acquired 460,000 shares in the Company, on-market, for an average consideration of \$4.3069 per share or \$1,981,174 in total.
- On 1 September 2015, D.M. Ackery exercised 378,000 options in respect of the First Tranche of Options at the exercise price of \$3.0218 per option or \$1,142,240 in total. 378,000 new shares in the Company were issued pursuant to this transaction. On 2 September 2015, D.M. Ackery sold 328,000 shares in the Company, on-market, for an average sale price of \$4.1888 per share or \$1,373,926 in total.
- On 1 September 2015, C. Mentis exercised 378,000 options in respect of the First Tranche of Options at the exercise price of \$3.0218 per option or \$1,142,240 in total. 378,000 new shares in the Company were issued pursuant to this transaction. On 2 September 2015, C. Mentis sold 299,000 shares in the Company, on-market, for an average sale price of \$4.1888 per share or \$1,252,451 in total and transferred 79,000 shares in the Company to Prey Mantis Pty Limited (interest held by Prey Mantis Pty Limited as trustee for The Mentis Family Superannuation Fund) on 3 September 2015.
- Between 2 and 29 September 2015, Evitorn Pty Limited, a company associated with G. Harvey, acquired 2,238,168 shares in the Company, on-market, for an average consideration of \$4.0278 per share or \$9,014,830 in total.
- On 4 September 2015, K Page Pty Limited, a company associated with K.L. Page, acquired 150,000 shares in the Company, on-market, for an average consideration of \$3.9674 per share or \$595,110 in total.
- On 14 March 2016, D.M. Ackery exercised 250,000 options in respect of the Second Tranche of Options at the exercise price of \$2.0267 per option or \$506,675 in total. 250,000 new shares in the Company were issued pursuant to this transaction.

DIRECTORS' REPORT (CONTINUED)

Remuneration Report (Audited) (continued)

TABLE 4: Shareholdings of Key Management Personnel for the Year Ended 30 June 2016 (continued)

- (g) On 14 March 2016, D.M. Ackery exercised 567,000 options in respect of the Third Tranche of Options at the exercise price of \$1.8270 per option or \$1,035,909 in total. 567,000 new shares in the Company were issued pursuant to this transaction.
- (h) On 24 March 2016, K Page Pty Limited, a company associated with K.L. Page, sold 200,000 shares in the Company, on-market, for an average sale price of \$4.6988 per share or \$939,767 in total.
- (i) On 1 April 2016 J.E. Slack-Smith exercised 378,000 options in respect of the First Tranche of Options at the exercise price of \$3.0218 per option or \$1,142,240 in total. 378,000 new shares in the Company were issued pursuant to this transaction. On 1 April 2016, J.E. Slack-Smith transferred 378,000 shares in the Company to Whitewood Investments Pty Limited as trustee Whitewoods Trust, entities associated with J.E. Slack-Smith.

TABLE 5: Compensation of Key Management Personnel for the Year Ended 30 June 2016 – Executives of Harvey Norman Holdings Limited

		Short-Term Benefits				Post-Employment	Share-Based Payments	Other			
		Salary & fees \$	Performance Cash Incentive \$	Other Short-Term \$	Non monetary benefits \$	Super-annuation \$	Value of Options & Perf. Rights \$	Long Service Leave \$	Termination Benefits \$	TOTAL \$	
M.L. Anderson	2016	353,909	-	-	25,004	21,087	-	5,898	-	405,898	-
<i>General Manager: Advertising</i>	2015	345,875	-	-	25,200	20,562	-	5,765	-	397,402	-
G.I. Dingwall	2016	419,176	-	-	-	19,308	-	6,986	-	445,470	-
<i>General Manager: IT / CIO</i>	2015	399,700	-	-	-	18,783	-	6,662	-	425,145	-
T.J. Scott	2016	521,467	-	-	-	19,308	-	8,691	-	549,466	-
<i>General Manager: Property</i>	2015	496,992	50,000	-	-	18,783	-	8,283	-	574,058	-
G. Van Der Vegt	2016	406,793	-	-	40,185	19,308	-	6,780	-	473,066	-
<i>General Manager: Technology and Entertainment</i>	2015	398,819	-	-	38,200	18,783	-	6,647	-	462,449	-
H.I. Myers	2016	383,359	-	-	42,849	19,308	-	6,389	-	451,905	-
<i>General Manager: Home Appliances</i>	2015	350,789	-	-	41,013	18,783	-	5,846	-	416,431	-
R. Nelson	2016	330,692	-	9,000	-	19,308	-	5,512	-	364,512	-
<i>General Manager: Audio Visual</i>	2015	340,217	-	-	-	18,783	-	5,670	-	364,670	-
TOTAL KEY MANAGEMENT PERSONNEL 2016		2,415,396	-	9,000	108,038	117,627	-	40,256	-	2,690,317	-
TOTAL KEY MANAGEMENT PERSONNEL 2015		2,332,392	50,000	-	104,413	114,477	-	38,873	-	2,640,155	-

Remuneration Report (Audited) (continued)

12. Loans to Key Management Personnel and their Related Parties

There were no loans granted to key management personnel during the year ended 30 June 2016 (2015: nil). There were no loans outstanding from key management personnel as at 30 June 2016 (2015: nil).

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

	CONSOLIDATED	
	2016	2015
	\$	\$
(i) <i>Loans from directors to subsidiaries of Harvey Norman Holdings Limited:</i>		
Derni Pty Limited (a wholly owned subsidiary of Harvey Norman Holdings Limited) borrowed money from entities associated with I.J. Norman Nominees Pty Limited (C.H. Brown), Dimbulu Pty Limited (C.H. Brown), M.J. Harvey and G. Harvey. Interest is payable at commercial rates. These loans are unsecured and repayable at call.	38,134,236	78,971,701
Net amounts (paid to)/received from entities associated with the above mentioned directors and their related parties.	(40,837,465)	37,850,502
Interest paid/payable	1,976,777	2,184,095
(ii) <i>Legal fees paid to a director-related entity:</i>		
Legal fees were paid to the firm of which Mr C.H. Brown is a partner for professional services rendered to the consolidated entity in the normal course of business.	2,459,461	2,250,426
(iii) <i>Lease of business premises from Ruzden Pty Limited:</i>		
The consolidated entity leases business premises at Bundall, Queensland from Ruzden Pty Limited. Mr G. Harvey, Ms K.L. Page, Mr M.J. Harvey 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 is:	4,494,126	4,415,125
(iv) <i>Other income derived by related entities of key management personnel:</i>		
Certain franchises are operated by entities owned or controlled by relatives of key management personnel under normal franchisee terms and conditions. Aggregated net income derived by entities owned or controlled by relatives of key management personnel is:	1,292,505	1,379,049

Remuneration Report (Audited) (continued)

Other Transactions and Balances with KMP and their related parties (continued)

(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 report for the year ended 30 June 2016 this has been accounted for as a joint venture as disclosed in Note 37 to the financial statements. This transaction was executed under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transaction was at arm's length. The property was purchased subject to a lease of part of the property in favour of a subsidiary of Harvey Norman Holdings Limited (the "Lessee"). That lease had been granted by the previous owner of the property on arm's length normal terms and conditions. Gerald Harvey is entitled to one half of the rental paid by the Lessee. The amount of rental and outgoings paid by the Lessee to Gerald Harvey and the subsidiary of Harvey Norman Holdings Limited for the year ended 30 June 2016 was \$2.11 million each (2015: \$2.03 million).

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

By a contract for sale dated 15 May 2002, a company (of which Gerald Harvey was a director) acting in its capacity as trustee of a trust, as to a one half share as tenant in common (the "GH entity"), and a subsidiary of Harvey Norman Holdings Limited, as to a one half share as tenant in common, purchased the Byron at Byron Resort, Spa and Conference Centre (the "Byron Bay JV"). In the financial report for the year ended 30 June 2016, this has been accounted for as a joint venture as disclosed in Note 37. This transaction was executed under terms and conditions no more favourable than those which it is reasonable to expect would have applied if the transaction was at arm's length. Each of the GH entity and a subsidiary of Harvey Norman Holdings Limited received capital distributions in the sum of \$0.35 million (2015: \$0.40 million). A subsidiary of Harvey Norman Holdings Limited held a conference at The Byron at Byron Resort and paid the Byron Bay JV conference fees amounting to \$0.10 million for the year ended 30 June 2016 (2015: \$0.10 million).

(vii) *Gepps Cross Retail Complex*

By a contract for sale dated 18 December 2007, a subsidiary of the Company ("HNHL G.C. Entity") and Axiom Properties Fund Limited ("G.C. Co-Owner") purchased land located in Gepps Cross, South Australia ("G.C. Land") in equal shares as tenants in common, for the purpose of constructing and subsequently managing a retail complex on the G.C. Land ("the Gepps Cross Joint Venture"). In November 2009, HNHL G.C. Entity and the G.C. Co-Owner granted a lease of part of the G.C. Land and retail complex to a subsidiary of the Company ("G.C. Lessee") on arm's length commercial terms ("G.C. Lease"). In August 2010, the G.C. Co-Owner informally advised the Company that the G.C. Co-Owner intended or wished to dispose of its interest in the Gepps Cross Joint Venture, triggering first and last rights of refusal in the HNHL G.C. Entity. At a meeting of the Company held 26 August 2010, it was resolved that the Company not purchase the share of the G.C. Co-Owner in the Gepps Cross Joint Venture (including G.C. Land). On 6 October 2010, HNHL G.C. Entity formally waived the right to purchase the interest of the G.C. Co-Owner in the Gepps Cross Joint Venture (including the G.C. Land).

By a contract for sale dated 23 December 2010, GH Gepps Cross Pty Limited, an entity associated with Gerald Harvey ("Gerald Harvey Entity") and MJH Gepps Cross Pty Limited, an entity associated with Michael Harvey ("Michael Harvey Entity") and, M&S Gepps Cross Pty Limited, purchased the one half share as tenant in common of the G.C. Co-Owner in the G.C. Land and retail complex. The sale was subject to the G.C. Lease. The Gerald Harvey Entity is entitled to one quarter of the rental and outgoings paid by the G.C. Lessee amounting to \$0.73 million for the year ended 30 June 2016 (2015: \$0.70 million). The Michael Harvey Entity is entitled to one eighth of the rental and outgoings paid by the G.C. Lessee amounting to \$0.37 million for the year ended 30 June 2016 (2015: \$0.35 million). The Gepps Cross Joint Venture has been accounted for as equity accounted investment as disclosed in Note 37. The Gerald Harvey Entity is entitled to one quarter of the profits generated by the retail complex on the G.C. Land amounting to \$1.50 million for the year ended 30 June 2016 (2015: \$1.35 million). The Michael Harvey Entity is entitled to one eighth of the profits generated by the retail complex on the G.C. Land amounting to \$0.75 million for the year ended 30 June 2016 (2015: \$0.68 million).

(viii) *Gazal Corporation Limited*

Mr. G.C. Paton is an independent, non-executive director of Gazal Corporation Limited, a public company listed on the Australian Stock Exchange. A wholly-owned subsidiary of the consolidated entity owns 1.0 million shares in Gazal Corporation Limited with a market value of \$2.20 million as at 30 June 2016 (2015: \$2.35 million). The consolidated entity received dividends from Gazal Corporation Limited amounting to \$0.48 million for the year ended 30 June 2016 (2015: \$0.17 million).

During the year ended 30 June 2016, wholly-owned subsidiaries of Harvey Norman Holdings Limited, leased two premises to Gazal Corporation Limited on normal commercial terms amounting to \$0.31 million (2015: \$1.10 million).

Mr G.C. Paton did not direct, manage or otherwise participate in any of the arrangements between the consolidated entity and Gazal Corporation Limited.

Environmental Regulation Performance

The consolidated entity's environmental obligations are regulated under both State and Federal Law. No environmental breaches have been notified to the consolidated entity by any Government agency during the year ended 30 June 2016 and up to the date of this report.

Actions of the Franchisor

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 air conditioning, solar energy and LED lighting:

Air Conditioning

The air conditioning replacement program commenced during the 2015 financial year and is nearing completion. The effect of the replacement of air conditioning plant for thirteen (13) retail complexes, which completed the program prior to 31 December 2015, was an average 5.0% kilowatt per hour saving and an average 6.15% scope 2 CO₂ emissions saving, worth more than 400 tonnes of carbon dioxide equivalent.

Solar Energy

The consolidated entity installed solar panel systems at two (2) owned retail complexes resulting in a 12.85% average energy saving per owned retail complex and a 13.88% average scope 2 CO₂ emissions reduction per owned retail complex. The consolidated entity is in the process of installing solar panel systems at a further five (5) owned retail complexes.

LED Lighting

The consolidated entity has approved funding for a trial of the use of LED lighting in one (1) owned retail complex to take place during the 2017 financial year. The purpose of this trial is to assess the impact LED lighting has on the consumption and demand for electricity and the operating costs of the retail complex in which they will be installed.

Actions of Franchisees

The consolidated entity remains a signatory to the Australian Packaging Covenant ("APC"). The 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. The consolidated entity has taken a product stewardship approach to waste.

Harvey Norman®, Domayne® and Joyce Mayne® franchisees have improved on their waste management performance and offering to customers during the 2016 financial year as follows:

Waste Stream	Percentage Improvement During 2016 Financial Year	Description
e-Waste Recycling	43% increase in recycled volumes	Each franchisee in each franchised complex in Australia carries out e-waste recycling.
Mattress Recycling	No net movement in recycled volumes from prior year	Each franchisee in each franchised complex in Australia carries out mattress recycling.
Polystyrene Recycling	10% increase in recycled volumes	Approximately 80% of franchisees in franchised complexes in Australia separate waste stream.
Cardboard and Plastic Recycling	5% increase in recycled volumes	Each franchisee in each franchised complex in Australia carries out cardboard and plastic recycling.
Recycling as a percentage of franchised complex waste (excluding the above initiatives)	2% increase in recycled volumes to 42%	
Plastic Bag Usage by Customers	No net movement in usage from prior year	

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.

Tax Consolidation

Harvey Norman Holdings Limited and its 100% owned subsidiaries have formed a tax consolidated group. Members of the group have entered into a tax sharing arrangement in order to allocate income tax expense to the wholly owned subsidiaries on a pro-rata basis. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

Rounding of Amounts

The Parent is a Company of the kind specified in the Australian Securities and Investments Commission class order 98/100. In accordance with the class order, amounts in the financial statements and the Directors' Report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

Auditor Independence and Non-Audit Services

During the year, the auditors of Harvey Norman Holdings Limited, Ernst & Young, provided non-audit services to Harvey Norman Group entities. In accordance with the recommendation from the Audit Committee of the Company, the directors are satisfied that the provision of the non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 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 2016 are as follows:

- Tax compliance services \$191,160 (2015: \$189,238);
- Other services \$116,123 (2015: \$129,512)

Auditor Independence and Non-Audit Services

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



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

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

As lead auditor for the audit of Harvey Norman Holdings Limited for the financial year ended 30 June 2016, 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

Katrina Zdrilic
Partner
Sydney
30 September 2016

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Signed in accordance with a resolution of directors.

G. HARVEY
Executive Chairman
Sydney
30 September 2016

K.L. PAGE
Executive Director / Chief Executive Officer
Sydney
30 September 2016

CORPORATE GOVERNANCE STATEMENT

The board of directors of Harvey Norman Holdings Limited ("Company") is responsible for establishing the corporate governance framework of the consolidated entity. The board has benchmarked its practices against the ASX Corporate Governance Council (CGC) published guidelines and the CGC corporate governance principles and recommendations (27 March 2014 edition) ("Principles"). An analysis of compliance by the Company with the Principles is set out below. The directors guide and monitor the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Recommendation		Comply		Reference/ Explanation In Annual Report	ASX Listing Rule/ Recommendation
		Yes	No		
Principle 1 – Lay solid foundations for management and oversight					
1.1	Disclose the respective roles and responsibilities of its board and management and those matters expressly reserved to the board and those delegated to management.	Yes		Pages 52-53	ASX CGC 1.1
1.2	Undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director and provide security holders with all material information relevant to a decision on whether to elect or re-elect a director.	Yes		Page 53	ASX CGC 1.2
1.3	Have a written agreement with each director and senior executive setting out the terms of their appointment.	Yes		Page 37-38	ASX CGC 1.3
1.4	The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.	Yes			ASX CGC 1.4
1.5	Have a diversity policy which includes requirements for the board, or a relevant committee of the board, to set measurable objectives for achieving gender diversity and to assess annually both the objectives and progress in achieving them; disclose this policy, or a summary of it; disclose progress towards achieving them as at the end of each reporting period; disclose the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (and how 'senior executive' has been defined for this purpose).	Yes		Pages 58-59	ASX CGC 1.5
1.6	Have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and, in relation to each reporting period whether a performance evaluation was undertaken in accordance with that process.	Yes		Pages 24-26	ASX CGC 1.6
1.7	Have and disclose a process for periodically evaluating the performance of senior executives and disclose whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Yes		Pages 24-27	ASX CGC 1.7
Principle 2 – Structure the Board to add value					
2.1	Have a nomination committee which:	Yes		Page 54	ASX CGC 2.1
	▪ has at least three members, a majority of whom are independent directors; and	Yes			
	is chaired by an independent director and disclose:	Yes			
	▪ the charter of the committee;	Yes			
	▪ the members of the committee; and	Yes			
	▪ as at the end of the reporting period, the number of times the committee met and the individual attendances of the members at those meetings.	Yes			
2.2	Have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Yes		Refer to Nomination Committee Charter on the website Page 53	ASX CGC 2.2
2.3	Disclose the names of the independent directors, the factors relevant to assessing the independence of a director and the length of service of each director.	Yes		Page 53	ASX CGC 2.3
2.4	A majority of the board should be independent directors.		No	Page 53	ASX CGC 2.4
2.5	The chair of the board should be an independent director and, in particular, should not be the same person as the CEO.		No	Page 53	ASX CGC 2.5

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation		Comply Yes No	Reference/ Explanation In Annual Report	ASX Listing Rule/ Recommendation
2.6	Have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Yes		ASX CGC 2.6
Principle 3 – Act ethically and responsibly				
3.1	Have a code of conduct for its directors, senior executives and employees and disclose that code or a summary of it.	Yes	Refer to the website	ASX CGC 3.1
Principle 4 – Safeguard integrity in corporate reporting				
4.1	Have an audit committee which <ul style="list-style-type: none"> has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and is chaired by an independent director, who is not the chair of the board; and disclose: <ul style="list-style-type: none"> the charter of the committee; the relevant qualifications and experience of the members of the committee; and as at the end of the reporting period, the number of times the committee met and the individual attendances of the members at those meetings. 	Yes Yes Yes Yes Yes Yes	Pages 54-55	ASX CGC 4.1
4.2	Have the board receive before approval of financial statements for a financial period, from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.	Yes	Page 56	ASX CGC 4.2
4.3	Ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Yes	Page 57	ASX CGC 4.3
Principle 5 – Make timely and balanced disclosures				
5.1	Have written policies for complying with its continuous disclosure obligations under the Listing Rules and disclose that policy or a summary of it.	Yes	Refer to the website	ASX CGC 5.1
Principle 6 – Respect the rights of security holders				
6.1	Provide information about itself and its governance to investors via its website.	Yes		ASX CGC 6.1
6.2	Design and implement an investor relations program to facilitate effective two-way communication with investors.	Yes		ASX CGC 6.2
6.3	Disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Yes		ASX CGC 6.3
6.4	Give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Yes		ASX CGC 6.4

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

Recommendation		Comply		Reference/ Explanation In Annual Report	ASX Listing Rule/ Recommendation
		Yes	No		
Principle 7 – Recognise and manage risk					
7.1	Have a committee or committees to oversee risk, each of which:	Yes		Page 55	ASX CGC 7.1
	▪ has at least three members, a majority of whom are independent directors; and		No		
	▪ is chaired by an independent director, and disclose:		No		
	▪ the charter of the committee;	Yes			
	▪ the members of the committee; and	Yes			
	▪ as at the end of the reporting period, the number of times the committee met and the individual attendances of the members at those meetings.	Yes			
7.2	The board or a committee of the board should review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound and disclose, in relation to each reporting period, whether such a review has taken place.	Yes		Page 55	ASX CGC 7.2
7.3	Disclose if it has an internal audit function, how the function is structured and what role it performs.	Yes		Page 56	ASX CGC 7.3
7.4	Disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.	Yes			ASX CGC 7.4
Principle 8 – Remunerate fairly and responsibly					
8.1	Have a remuneration committee, which:	Yes		Pages 56-57	ASX CGC 8.1
	▪ has at least three members, a majority of whom are independent directors; and	Yes			
	▪ is chaired by an independent director, and disclose:	Yes			
	▪ the charter of the committee;	Yes			
	▪ the members of the committee; and	Yes			
	▪ as at the end of the reporting period, the number of times the committee met and the individual attendances of the members at those meetings.	Yes			
8.2	Separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Yes		Pages 24-38 & 56-57	ASX CGC 8.2
8.3	Have a policy for an equity-based remuneration scheme on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme and disclose that policy or a summary of it.	Yes		Pages 24-38	ASX CGC 8.3

				ASX Listing Rule / Recommendation
The corporate governance practices of the Company were in place throughout the year ended 30 June 2016.				ASXLR 4.10.3

Details about corporate governance policies adopted by the Company may be accessed via the website www.harveynormanholdings.com.au ("website").

Board functions

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.

ASX CGC 1.1

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: (i) recommendations on strategic initiatives

ASX CGC 1.1

and developing and implementing corporate strategies; (ii) preparation for approval by the Board of budgets and cash flow forecasts and management of operations within the financial constraints imposed by the Board; (iii) maintenance of effective compliance and risk management frameworks; (iv) evaluation of the performance of key executives, including succession and learning and growth activities; (v) achievement of financial and non-financial key performance indicators as set by the Board; (vi) information to keep the Board and ASX fully informed having regard to continuous disclosure obligations.

The Board has established specialist Audit, Nomination, Remuneration and Risk committees.

The membership and responsibilities of these committees are discussed throughout this corporate governance statement and in the Board charters that may be accessed on the website.

Other functions reserved to the Board include:

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

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report are included in the directors' report. The Board considers that the present board has an appropriate mix of skills and diversity. 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.

ASX CGC 1.2
ASX CGC 2.2

The following directors of the Company are considered to be independent:

ASX CGC 2.3

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

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

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

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

ASX CGC 2.5

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.

Directors may seek independent professional advice at the expense of the Company, subject to procedures agreed by the Board.

The length of service of each director is:

Name	Position	Appointed to Board of Company	ASX CGC 2.3 ASX CGC 2.4
Gerald Harvey	Executive Chairman	1987	
Kay Lesley Page	Executive Director and CEO	1987	
John Eryn Slack-Smith	Executive Director and COO	2001	
David Matthew Ackery	Executive Director	2005	
Chris Mentis	Executive Director and CFO	2007	
Michael John Harvey	Non-Executive Director	1993	
Christopher Herbert Brown	Non-Executive Director	1987	
Kenneth William Gunderson-Briggs	Independent Non-Executive Director	2003	
Graham Charles Paton	Independent Non-Executive Director	2005	

Performance

The performance of the Board and key executives is reviewed regularly against both measurable and qualitative indicators that align with the financial and non-financial objectives of the Company. During the reporting period, the nomination committee conducted performance evaluations of each Board member.

Trading policy

A copy of the Share Trading Policy may be accessed via the website. An executive or director of the Company must not trade in any securities of the Company at any time when he or she is in possession of unpublished, price-sensitive information in relation to those securities.

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

Trading Windows apply during each period of 30 days starting:

- (i) one day following the announcement of the half yearly and full year results as the case may be
- (ii) one day following the holding of the Annual General Meeting.

Approval to trade outside Trading Windows will only be granted in exceptional circumstances.

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

Nomination committee

The Board has established a nomination committee, which meets at least annually, to ensure that the Board continues to operate within the established guidelines, including when necessary, selecting candidates for the position of director. The nomination committee is comprised of non-executive directors, Graham Charles Paton (Chairman), Christopher Herbert Brown and Kenneth William Gunderson-Briggs for the year ended 30 June 2016.

ASX CGC 2.1

The nomination committee recognises the CGC's recommendation that the Chair of the committee should be an independent director. Mr Graham Charles Paton is an independent director.

Details of attendance at meetings of the nomination committee are set out in the directors' report. Additional details regarding the nomination committee, including its charter, may be accessed via the website.

Audit committee

The Board has established an audit committee, which operates under a charter approved by the Board. The Board must ensure that an effective internal control framework exists within the Company. The audit committee assists the Board with supervision of external audit, internal audit and financial reporting functions. The audit committee monitors internal controls that deal with the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, and non-financial considerations such as the benchmarking of operational key performance indicators.

ASX CGC 4.1

All members of the audit committee are non-executive directors.

The members of the audit committee during the year were:

- Graham Charles Paton (Chairman)
- Christopher Herbert Brown
- Kenneth William Gunderson-Briggs

Qualifications of Audit Committee Members

- Graham Charles Paton is an experienced certified practising accountant, a Fellow and Life Member of CPA Australia, and during 23 years as a partner of an international chartered accounting practice was involved in the provision of professional services to the retail industry, and has been an Independent Non-Executive Director of the Company since 2005.
- Christopher Herbert Brown is an experienced solicitor, financially literate and has been a Non-Executive Director of the Company since 1987.
- Kenneth William Gunderson-Briggs is an experienced chartered accountant, a fellow of CAANZ and has been an Independent Non-Executive Director of the Company since 2003.

Details of attendance at meetings of the audit committee are set out in the directors' report.

Additional details about the audit committee, including a copy of its charter, may be accessed via the website.

Risk

The identification and effective management of risk, including calculated risk-taking is viewed as an essential part of the approach of the Company to creating long-term shareholder value.

ASX CGC 7.1

The Board determines the risk profile of the Company and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. The Board has established a separate risk committee, to assist the Board, and has appointed a Chief Risk Officer to collate, monitor, evaluate and report material risks to the Board.

The Board recognises the CGC's recommendation that the Chair should be an independent director and that the committee should consist of a majority of independent directors. The Board considers that the frequent reporting to the Audit Committee by both the Chairman of the risk committee and the Chief Risk Officer (the latter as private reporting) provides an adequate and appropriate level of involvement by the independent directors in the risk management function.

The risk committee is not comprised of a majority of independent directors and is not chaired by an independent director. The risk committee is comprised by four executive directors, including the CEO and CFO. The Chief Risk Officer is required to attend all meetings of the risk committee to inform and assist members of the risk committee to carry out its functions. The chairman of the risk committee and the Chief Risk Officer, both regularly attend meetings of the audit committee to inform members of the audit committee of risk matters considered by the risk committee. The chairman of the risk committee regularly gives reports to the Board about matters considered by the risk committee.

The Board, in conjunction with the Chief Risk Officer, oversees an annual assessment of the effectiveness of risk management and control. The tasks of undertaking and assessing risk management are delegated to the Chief Risk Officer through the CEO, including responsibility for the day to day design and implementation of the risk management system of the Company. The Chief Risk Officer reports to the Board on the key risks of the Company and the extent to which the Chief Risk Officer believes these risks are being adequately managed.

ASX CGC 7.2

The Chief Risk Officer is required by the Board to carry out risk specific management activities in core areas, including strategic risk, operational risk, reporting risk and compliance risk. The Chief Risk Officer is then required to assess risk management and associated internal compliance and control procedures and report to the Board on the efficiency and effectiveness of these efforts by benchmarking performance in substantially accordance with Australian/New Zealand Standard for Risk Management (AS/NZS ISO 31000:2009 Risk Management).

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- (i) Board approval of strategic plans designed to meet stakeholders' needs and manage business risk.
- (ii) implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of financial and non-financial KPIs.

Internal Audit

The internal audit function provides an objective assessment of:

ASX CGC 7.3

- (i) the systems of internal control;
- (ii) the risk and control framework; and
- (iii) generally, compliance by the Company with risk management protocols of the Company.

The Board has appointed a Head of Internal Audit to monitor and assess the internal control environment of the Company. The tasks of undertaking and assessing internal control effectiveness are delegated to the Head of Internal Audit through the Chief Executive Officer, including responsibility for the day to day design and implementation of the internal control system of the Company. The Head of Internal Audit reports to the Board on the key internal controls of the Company and the extent to which the Head of Internal Audit believes these the controls are effective.

In order to ensure the independence of the internal audit function, the Head of Internal Audit meets privately with the audit committee, without management present, on a regular basis. The audit committee is responsible for making the final decision on the head of internal audit's tenure.

Additional details about the risk committee, including a copy of its charter, may be accessed via the website.

The Board has adopted a comprehensive set of policies and procedures directed towards achieving the recognition and management of risks relating to:

- (i) Effectiveness and efficiency in the use of the resources of the Company
- (ii) Compliance with applicable laws and regulations
- (iii) Preparation of reliable published financial information

CEO and CFO certification

The CEO and CFO have provided written statements to the Board in accordance with section 295A of the *Corporations Act 2001*, the CEO and CFO and have also certified to the Board that:

ASX CGC 4.2

- (i) their view provided on the Company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board;
- (ii) the Company's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to 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.

Remuneration

The Company aspires to maximise shareholder value by retaining a high quality Board and executive team. Directors and key executives are remunerated fairly and appropriately with reference to relevant employment market conditions. To assist in achieving this objective, the remuneration committee links the nature and amount of executive directors' and officers' remuneration to the Company's financial and operational performance. The expected outcomes of the remuneration structure are:

ASX CGC 8.1
ASX CGC 8.2

- (i) retention and motivation of key executives.
- (ii) attraction of high quality management to the Company.
- (iii) performance incentives that allow executives to share in the success of Harvey Norman Holdings Limited.

The remuneration report (contained with the directors' report) contains a full discussion of the Company's remuneration philosophy and framework and the remuneration received by directors and executives in the current year.

There is no scheme to provide retirement benefits to non-executive directors.

	ASX Listing Rule/ Recommendation
<p>The Board is responsible for determining and reviewing compensation arrangements for the directors themselves, the chief executive officer and executive team. The Board has established a remuneration committee, comprising three non-executive directors. Members of the remuneration committee throughout the year were Kenneth William Gunderson-Briggs (Chairman), Christopher Herbert Brown and Graham Charles Paton.</p> <p>The remuneration committee recognises the CGC's recommendation that the Chair should be an independent director. Mr Kenneth William Gunderson-Briggs is an independent director.</p> <p>Details of attendance at of meetings of the remuneration committee are set out in the directors' report.</p> <p>Additional details about the remuneration committee, including a copy of its charter, may be accessed via the website.</p>	ASX CGC 8.1
<p>Shareholder communication policy</p> <p>Pursuant to Principle 6, the objective of the Company is to promote effective communication with its shareholders at all times.</p> <p>The Company is committed to:</p> <ul style="list-style-type: none"> (i) ensuring that shareholders and the financial markets are provided with full and timely information about the activities of the Company in a balanced and understandable way; (ii) complying with continuous disclosure obligations contained in applicable the ASX listing rules and the Corporations Act 2001 in Australia; (iii) communicating effectively with its shareholders and making it easier for shareholders to communicate with the Company. <p>To promote effective communication with shareholders and encourage effective participation at general meetings, information is communicated to shareholders:</p> <ul style="list-style-type: none"> (i) through the release of information to the market via the ASX; (ii) through the distribution of the annual report and Notice of Annual General Meeting; (iii) through shareholder meetings and investor relations presentations; (iv) through letters and other forms of communications directly to shareholders; (v) by posting relevant information to the website of the Company. <p>The website has a dedicated Investor Relations section for the purpose of publishing all important company information and relevant announcements made to the market (www.harveynormanholdings.com.au/index.html).</p> <p>The external auditor is required to attend the Annual General Meeting and be available to answer any shareholder questions about the conduct of the audit and preparation of the audit report.</p>	<p>ASX CGC 6.2</p> <p>ASX CGC 6.3</p> <p>ASX CGC 6.3</p> <p>ASX CGC 6.1</p> <p>ASX CGC 4.3</p>

Diversity

In accordance with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations", the Company established a policy concerning diversity. This policy includes requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them. Present measurements are set out below.

Diversity Policies

The Company has a Board Diversity Policy and an Employee Diversity Policy; these policies are published on the website: www.harveynormanholdings.com.au.

The Company recognises the importance of having a diverse workplace and embraces the corporate benefits that a diverse workforce adds to an organisation. The Company believes that increasing diversity in the workplace is essential to producing greater value for its shareholders as it allows the Company to become more innovative, responsive, productive and competitive.

The Company is committed to promoting an environment that embraces and promotes diversity. The Company is committed to the selection of well qualified employees and senior management candidates from diverse backgrounds, experiences and perspectives. The Company recognises that employees of all levels will assume changing domestic responsibilities throughout their careers.

In relation to the Board, the Company recognises the importance of having a diverse Board and embraces the corporate benefits that a Board comprising members of diverse backgrounds, experiences and perspectives brings to an organisation. The Company views increasing diversity at board level as essential to producing greater value for its shareholders as it allows the Company to become more innovative, responsive, productive and competitive.

The Company is committed to promoting an environment that embraces and promotes diversity and that is conducive of the appointment of well qualified candidates to the Board. The Company recognises that members of the Board will assume changing domestic responsibilities throughout their careers.

Present Measurements

The Company presently measures:

- (1) the number of female and male employees;
- (2) The different positions held by female and male employees;
- (3) The number of female and male employees in full time, part time and casual roles;
- (4) The salaries of female and male employees and whether a pay gap exists in the Company; and
- (5) Other measures including the age of employees, the ethnicity of employees and the length of service of employees.

Workforce Gender Profile

As at 30 June 2016 women represent 43.68% of total employees of the Company (2015: 43.06%), 25.89% of employees in senior executive positions (2015: 28.71%) and 11.1% of the Board (2015: 11.1%).

Diversity Measures, Targets and Initiatives

The Company is committed to increasing diversity in the workplace and, in particular, increasing the participation of women in the Company so as to broaden the talent pool from which future leaders of the Company can be drawn.

During the financial year ended 30 June 2016, the following measures, targets and initiatives were undertaken in accordance with the diversity objectives of the consolidated entity:

- (1) The Diversity and Reconciliation Intranet page was reviewed and updated, making information and resources available on Key Diversity Areas including; Gender, Culture, Generational & Mature Age, Disability and Family & Work-life Balance.
- (2) Commencement of the 2016 employee diversity survey with a view to examine the results of that survey to collect and analyse more detailed information regarding the diversity of the composition of the workforce including gender, age, ethnicity and cultural background, with a view to assessing the progress of the Company towards achieving greater diversity in the workplace.
- (3) Continuous review and update of Human Resources ("HR") policies and processes to ensure that these policies are inclusive in nature and do not expressly or implicitly operate in a manner contrary to the Employee Diversity Policy or the Board Diversity Policy.
- (4) Conducted the annual internal audit of the bullying and harassment training completed by employees and the Board to eliminate bullying and harassment in the workplace.
- (5) Membership of the Diversity Council Australia to reinforce the Company's commitment to an inclusive culture and diversity in the workplace and to add value to diversity related initiatives.

Diversity Measures, Targets and Initiatives (continued)

- (6) As part of the annual governance reporting the business continues to create a workplace profile, as at 30 March 2016, and analyses this data to assess whether a gender pay gap exists in the company. Conducted a pay equity audit for the year ended 30 June 2015 and analysed data to assess whether a gender pay gap exists.
- (7) Continued development of the Learning Management System ("LMS") which assists managers to identify skill gaps of employees and monitors whether compulsory online sexual harassment training has been completed by employees, to eliminate sexual harassment in the workplace.
- (8) Conducted the annual "Taste of Harmony" event in March 2016 to raise awareness of cultural diversity in the workplace. In addition, 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".
- (9) The business participated in "NRL All Stars Youth Summit" in February 2016 with a view to continue to develop and grow relationships with younger members of the indigenous community and assist in their journey of attaining education and employment.
- (10) In 2012 the consolidated entity committed to the ideals of Reconciliation Australia and commenced a Reconciliation Action Plan ("RAP") to help close the gap in Aboriginal and Torres Strait Islander people's life expectancy. As part of this Plan, this year the consolidated entity has continued to work closely with Australian Indigenous Mentoring Experience ("AIME") to provide financial assistance and offer employment opportunities to Indigenous Australians through regular communication of vacant career opportunities, having key management personnel attend mentoring events, issuing career booklets to students as well as supporting student contributions by attending student events and showcases.
- (11) Continue to develop systems to enable regular reporting and assessment of progress towards the adopted gender diversity objectives.
- (12) Wherever possible include:
 - (a) At least one female on a short list of all applicants for all senior management roles; and
 - (b) At least one female in the selection panel for all senior management roles.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

		CONSOLIDATED	
	NOTE	June 2016 \$000	June 2015 \$000
Current Assets			
Cash and cash equivalents	28(a)	139,874	185,840
Trade and other receivables	6	1,096,572	1,110,668
Other financial assets	7	26,204	26,148
Inventories	8	315,746	298,381
Other assets	9	26,703	23,072
Intangible assets	10	448	476
Total current assets		1,605,547	1,644,585
Non-Current Assets			
Trade and other receivables	11	74,382	71,815
Investments accounted for using equity method	37	24,828	21,425
Other financial assets	12	18,751	16,570
Property, plant and equipment	13	580,805	552,603
Investment properties	14	2,046,295	1,935,936
Intangible assets	15	81,192	83,727
Total non-current assets		2,826,253	2,682,076
Total Assets		4,431,800	4,326,661
Current Liabilities			
Trade and other payables	16	746,489	781,591
Interest-bearing loans and borrowings	17	453,035	408,438
Income tax payable		42,711	34,807
Other liabilities	18	8,080	2,870
Provisions	19	28,697	23,490
Total current liabilities		1,279,012	1,251,196
Non-Current Liabilities			
Interest-bearing loans and borrowings	20	201,042	290,000
Provisions	19	14,710	12,249
Deferred income tax liabilities	5(d)	226,254	198,728
Other liabilities	22	22,108	17,628
Total non-current liabilities		464,114	518,605
Total Liabilities		1,743,126	1,769,801
NET ASSETS		2,688,674	2,556,860
Equity			
Contributed equity	23	385,296	380,328
Reserves	24	155,814	113,290
Retained profits	25	2,125,186	2,043,463
Parent entity interests		2,666,296	2,537,081
Non-controlling interests	26	22,378	19,779
TOTAL EQUITY		2,688,674	2,556,860

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

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	CONSOLIDATED	
		June 2016 \$000	June 2015 \$000
Sales revenue	3	1,795,759	1,617,151
Cost of sales		(1,231,933)	(1,126,894)
Gross profit		563,826	490,257
Revenues and other income items	3	1,230,484	1,116,829
Distribution expenses		(34,554)	(34,287)
Marketing expenses		(385,664)	(370,124)
Occupancy expenses	4	(232,002)	(229,081)
Administrative expenses	4	(511,182)	(447,198)
Other expenses		(112,795)	(124,082)
Finance costs	4	(28,706)	(32,872)
Share of net profit of joint venture entities	37	4,356	8,658
Profit before income tax		493,763	378,100
Income tax expense	5(a) & 5(c)	(142,423)	(109,186)
Profit after tax		351,340	268,914
Attributable to:			
Owners of the parent		348,605	268,095
Non-controlling interests		2,735	819
		351,340	268,914
Earnings Per Share:			
Basic earnings per share (cents per share)	27	31.36 cents	24.51 cents
Diluted earnings per share (cents per share)	27	31.33 cents	24.48 cents
Dividends per share (cents per share)	25	30.0 cents	20.0 cents
Special dividend per share (cents per share)		-	14.0 cents

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

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2016

	CONSOLIDATED	
	June 2016 \$000	June 2015 \$000
Profit for the year	351,340	268,914
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Foreign currency translation	29,742	(3,560)
Net fair value gains on available-for-sale investments	1,101	1,302
Net movement on cash flow hedges	3,978	4,699
Income tax effect on net movement on cash flow hedges	(1,193)	(1,406)
<i>Items that will not be reclassified subsequently to profit or loss:</i>		
Fair value revaluation of land and buildings	12,777	13,115
Income tax effect on fair value revaluation of land and buildings	(3,499)	(2,055)
Other comprehensive income for the year (net of tax)	42,906	12,095
Total comprehensive income for the year (net of tax)	394,246	281,009
Total comprehensive income attributable to:		
- Owners of the Parent	390,938	278,433
- Non-controlling interests	3,308	2,576
	394,246	281,009

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 2016

	Attributable to Equity Holders of the Parent								Non-controlling Interests	TOTAL EQUITY
	Contributed Equity	Retained Profits	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve	Acquisition Reserve		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2015	380,328	2,043,463	102,244	18,529	8,581	(2,817)	8,804	(22,051)	19,779	2,556,860
Other comprehensive income:										
Revaluation of land and buildings	-	-	8,955	-	-	-	-	-	323	9,278
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	2,817	-	-	-	2,817
Currency translation differences	-	-	-	29,492	-	-	-	-	250	29,742
Fair value of forward foreign exchange contracts	-	-	-	-	-	(32)	-	-	-	(32)
Fair value of available for sale financial assets	-	-	-	-	1,101	-	-	-	-	1,101
Other comprehensive income	-	-	8,955	29,492	1,101	2,785	-	-	573	42,906
Profit for the year	-	348,605	-	-	-	-	-	-	2,735	351,340
Total comprehensive income for the year	-	348,605	8,955	29,492	1,101	2,785	-	-	3,308	394,246
Cost of share based payments	-	-	-	-	-	-	191	-	-	191
Shares issued	4,968	-	-	-	-	-	-	-	-	4,968
Acquisition of non-controlling interest	-	-	-	-	-	-	-	-	100	100
Dividends paid	-	(266,882)	-	-	-	-	-	-	(66)	(266,948)
Distribution to members	-	-	-	-	-	-	-	-	(743)	(743)
At 30 June 2016	385,296	2,125,186	111,199	48,021	9,682	(32)	8,995	(22,051)	22,378	2,688,674

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016 (CONTINUED)

	Attributable to Equity Holders of the Parent								Non-controlling Interests	TOTAL EQUITY
	Contributed Equity	Retained Profits	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Available for Sale Reserve	Cash Flow Hedge Reserve	Employee Equity Benefits Reserve	Acquisition Reserve		
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
At 1 July 2014	259,610	2,109,032	91,184	23,846	7,279	(6,110)	8,587	(22,051)	19,729	2,491,106
Other comprehensive income:										
Revaluation of land and buildings	-	-	11,060	-	-	-	-	-	-	11,060
Reverse expired or realised cash flow hedge reserves	-	-	-	-	-	12	-	-	-	12
Currency translation differences	-	-	-	(5,317)	-	-	-	-	1,757	(3,560)
Fair value of interest rate swaps	-	-	-	-	-	3,255	-	-	-	3,255
Fair value of forward foreign exchange contracts	-	-	-	-	-	26	-	-	-	26
Fair value of available for sale financial assets	-	-	-	-	1,302	-	-	-	-	1,302
Other comprehensive income	-	-	11,060	(5,317)	1,302	3,293	-	-	1,757	12,095
Profit for the year	-	268,095	-	-	-	-	-	-	819	268,914
Total comprehensive income for the year	-	268,095	11,060	(5,317)	1,302	3,293	-	-	2,576	281,009
Cost of share based payments	-	-	-	-	-	-	217	-	-	217
Shares issued pursuant to Renounceable Rights Offer	120,718	-	-	-	-	-	-	-	-	120,718
Dividends paid	-	(333,664)	-	-	-	-	-	-	(60)	(333,724)
Distribution to members	-	-	-	-	-	-	-	-	(2,466)	(2,466)
At 30 June 2015	380,328	2,043,463	102,244	18,529	8,581	(2,817)	8,804	(22,051)	19,779	2,556,860

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	CONSOLIDATED	
		June 2016 \$000	June 2015 \$000
Cash Flows from Operating Activities		Inflows/(Outflows)	
Net receipts from franchisees		949,242	830,844
Receipts from customers		1,932,417	1,710,628
Payments to suppliers and employees		(2,267,638)	(2,059,483)
Distributions received from joint ventures		10,565	13,905
GST paid		(52,207)	(43,258)
Interest received		7,595	8,657
Interest and other costs of finance paid		(28,829)	(33,059)
Income taxes paid		(115,535)	(89,284)
Dividends received		2,081	1,498
Net Cash Flows From Operating Activities	28(b)	437,691	340,448
Cash Flows used in Investing Activities			
Payments for purchases of property, plant and equipment and intangible assets		(68,155)	(55,012)
Payments for purchase of investment properties		(64,338)	(15,828)
Proceeds from sale of property, plant and equipment and properties held for resale		9,051	7,152
Payments for purchase of units in unit trusts and other investments		(636)	(395)
Payments for purchase of equity accounted investments		(25,349)	(4)
Proceeds from sale of listed securities		116	1,477
Payments for purchase of listed securities		(146)	(4,048)
Loans to joint venture entities, joint venture partners and unrelated entities		(30,396)	(15,145)
Net Cash Flows Used In Investing Activities		(179,853)	(81,803)
Cash Flows used in Financing Activities			
Proceeds from Renounceable Rights Offer		-	120,718
Proceeds from share issue		4,968	-
Repayments of Syndicated Facility		-	(52,000)
Dividends paid		(266,882)	(184,940)
Special dividend paid		-	(148,724)
Loans (repaid to) / received from related parties		(45,862)	37,153
Proceeds from other borrowings		349	7,196
Net Cash Flows Used In Financing Activities		(307,427)	(220,597)
Net (Decrease) / Increase in Cash and Cash Equivalents		(49,589)	38,048
Cash and Cash Equivalents at Beginning of the Year		153,220	115,172
Cash and Cash Equivalents at End of the Year	28(a)	103,631	153,220

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, listed shares held for trading and available-for-sale investments, which have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and are otherwise carried at cost, are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$000) unless otherwise stated under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the class order applies.

The consolidated financial statements of the Company and its subsidiaries (the "consolidated entity") for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 29 September 2016.

(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 2016. For details on the impact of future accounting standards, refer to page 78.

(d) 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.

(II) Significant accounting judgements, estimates and assumptions

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

Significant accounting judgements:

Control

In determining whether the consolidated entity has control over an entity (investee) and should 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.

Assets, liabilities and the results of each franchisee in Australia are not consolidated by the consolidated entity on the basis that the consolidated entity does not control any franchisee. The equity and voting rights in respect of each franchisee is held by an independent third party and the consolidated entity has no interest in the equity or voting rights in respect of that franchisee. The assessment of whether Harvey Norman®, as Franchisor, controls a franchisee or the operations of that franchisee, involves judgment in assessing whether the Franchisor has sufficient power through its rights under the franchise agreement to direct the relevant activities of the franchisee that most significantly affect the returns of the franchisee.

Operating lease commitments – consolidated entity as lessor

The entity has entered into commercial property leases on 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Significant accounting judgements (continued):

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 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.

Revaluation of investment properties

The consolidated entity values investment properties at fair value. The valuations are determined by independent external valuers or reviewed internally by the Property Review Committee and the directors of the Company. 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 key assumptions used to determine the fair value of the investment properties, and the relevant sensitivity analysis, is disclosed in Note 14.

Revaluation of property, plant and equipment

The consolidated entity values land and buildings at fair value. 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, is disclosed in Note 13.

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 14.

Impairment of financial assets

The consolidated entity assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments or the probability that they will enter bankruptcy.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement.

Further details on the significant judgements considered by management relating to impairment of financial assets are disclosed in Note 6.

Impairment of equity-accounted investments

The consolidated entity assesses the carrying value of equity-accounted investments at each reporting period. If an impairment trigger exists, the recoverable amount of the asset is determined. Impairment exists when the carrying value of an asset or cash generating unit (CGU) exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use.

The key assumptions used to determine the recoverable amount are disclosed and further explained in Note 37: Investments Accounted for Using Equity Method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Significant accounting estimates and assumptions (continued):

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted.

Make good provisions

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 19.

Onerous lease provisions

The provision for onerous lease costs represents the present value of the future lease payments that the consolidated entity is presently obligated to make in respect of onerous lease contracts under non-cancellable operating lease agreements. This obligation may be reduced by the revenue expected to be earned on the lease including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable. The related carrying amounts are disclosed in Note 19.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms or beyond the terms specified in the loan agreement, the likelihood of recovery of these receivables is assessed by management.

Due to the large number of debtors, trade receivables are assessed based on supportable past collection history and historical bad debt write-offs. Non-trade debts receivable are assessed on an individual basis if impairment indicators are present. The impairment loss is disclosed in Note 6.

(iii) 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.

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(iv) Investment in associates and joint ventures (continued)

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.

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

Joint venture land and building assets, primarily relating to the joint ownership of shopping complexes, resort operations and residential/convention developments, are directly owned by each joint venturer as tenants in common in their respective shares. Joint venture land and buildings assets are classified as joint venture operations and the consolidated entity's share of land and building assets are proportionately consolidated in the consolidated financial statements within investment properties.

(v) 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 rate of exchange prevailing at balance date.

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

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

The functional currency of overseas subsidiaries is the currency commonly used in their respective countries. As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of 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.

(vi) Property, plant and equipment

Plant and equipment assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Land and buildings are measured at fair value less accumulated depreciation on buildings and leasehold land and any impairment losses recognised at the date of the revaluation. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued 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 10 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 are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and leasehold land 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. Owner-occupied properties, upon any revaluation, are valued at fair value, determined by independent licensed valuers, or directors' valuations where necessary.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(vi) Property, plant and equipment (continued)

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.

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

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

Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected 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) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised as an expense when incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(viii) Investment properties

Investment properties

Initially, investment properties, which is property held to earn rentals and / or for capital appreciation are measured at cost including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the balance date. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognition of an investment property are recognised in the income statement in the period of derecognition.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the ending of owner-occupation, commencement of an operating lease to another party or ending of construction or development. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sale.

Properties 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 for an initial term of 30 days, thereafter terminable at will. The fair value in respect of each investment property has been calculated using the 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 used for all valuations. A discounted cash flow valuation or a direct sale comparison valuation is undertaken in respect of all properties as a secondary check method of the capitalisation

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(viii) Investment properties (continued)

approach, excluding property for development. There were no material differences between the capitalisation method result, the discounted cash flow method result and the direct sale comparison method result.

Investment properties for development

Investment properties for development are valued at fair value if fair value can be reliably determined. The direct sale comparison method was used for investment property for development.

(ix) Intangible assets

Intangible assets, consisting of capitalised computer software assets, capitalised development costs 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 nine and a half (9.5) 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.

(x) Impairment of non-financial assets

At each reporting date, the consolidated entity assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the consolidated entity estimates the asset's recoverable amount.

Impairment

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 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 cash-generating unit (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, quoted share prices 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.

For assets excluding goodwill, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(xi) Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets. The consolidated entity determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date that the consolidated entity commits to purchase the asset. Regular way purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the market place.

The consolidated entity's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables, quoted financial instruments and derivative financial instruments.

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

- Financial assets at fair value through profit or loss
- Held-to-maturity investments
- Loans and receivables
- Available-for-sale financial assets

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term with the intention of making a profit. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by AASB 139.

The consolidated entity has not designated any financial assets at fair value through profit or loss. 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 presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the income statement.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the consolidated entity has the positive intention and ability to hold to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest rate (EIR), less impairment. 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 income in the income statement. The losses arising from impairment are recognised in the income statement as finance costs.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. 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 income in the income statement. The losses arising from impairment are recognised in the income statement as finance costs for loans and in cost of sales or other operating expenses for receivables.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are neither classified as held for trading nor designated at fair value through profit or loss. After initial recognition, available-for-sale financial assets are measured at fair value with gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the available-for-sale reserve to the income statement in finance costs. The fair values of investments that are actively traded in organised financial markets are determined by reference to quoted market bid prices at the close of business at balance date. For investments with no active market, fair values are determined using valuation techniques. Dividends on available-for-sale equity instruments are recognised in the income statement when the consolidated entity's right to receive the dividends is established.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- The rights to receive cash flows from the asset have expired.
- The consolidated entity has transferred its rights to receive cash flows from the asset or has transferred substantially all the risks and rewards of the asset.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(xi) Financial assets (continued)

Impairment of financial assets

The consolidated entity assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments or the probability that they will enter bankruptcy.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the consolidated entity. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited in the income statement.

For available-for-sale financial investments, the consolidated entity assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired. In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the income statement – is removed from other comprehensive income and recognised in the income statement. Impairment losses on equity investments are not reversed through the income statement; increases in their fair value after impairment are recognised directly in other comprehensive income.

(xii) Financial liabilities

Financial liabilities are classified 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. The consolidated entity determines the classification of its financial liabilities at initial recognition.

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, loans and borrowings and derivative financial instruments.

The measurement of financial liabilities depends on their classification, described as follows:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on liabilities held for trading are recognised in the income statement. Financial liabilities designated upon initial recognition at fair value through profit and loss only if the criteria of AASB 139 are satisfied. The consolidated entity has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings:

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the income statement 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 in finance costs in the income statement.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the income statement.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(xiv) Cash and cash equivalents

Cash and short-term deposits 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.

(xv) Provisions

Provisions are recognised when the consolidated entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows, at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost, in the income statement.

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

(xvi) Employee benefits

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

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the consolidated entity in respect of services provided by employees up to reporting date. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

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

Defined contribution plans

Contributions to defined contribution superannuation plans are expensed when incurred.

(xvii) 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 equity (other capital reserves), 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 statement of profit or loss 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

(xviii) *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

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

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

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as the lease income. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Lease incentives

Financial incentive contributions received from lessors of certain stores are recognised at their fair value on receipt as a liability in the financial statements.

The liability is reduced and recognised as income, by offsetting against occupancy expenses in the income statement over the period the consolidated entity expects to derive a benefit from the incentive contribution. Lease incentives are normally amortised to the income statement on a straight-line basis over the term of the lease.

(xix) *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the consolidated entity and the revenue can be reliably measured regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred, or to be incurred, in respect of the transaction can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer. Lay-by sales are recognised after the final payment is received from the customer.

Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

Interest

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as AFS, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(xix) Revenue (continued)

Rental Income

Rental income arising on investment properties is accounted for on a straight-line basis over the lease terms and is included in revenue due to its operating nature. Contingent rental income is recognised as income in the periods in which it is earned.

Franchisee Income

Revenue attributable to franchise fees is brought to account only when the franchise fees have been earned, or where franchise fees are unpaid but recovery is certain.

(xx) Taxes

Current income tax

Current income tax assets and liabilities for the current and prior years 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.
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

Deferred 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
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred 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 purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(xx) Taxes (continued)

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, are classified as operating cash flows.

(xxi) Derivative financial instruments and hedge accounting

The consolidated entity uses derivative financial instruments such as foreign currency contracts to hedge its risks associated with foreign currency fluctuations and interest rate swaps to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are stated at fair value. The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swaps is calculated with reference to current interest rates for contracts with similar maturity profiles.

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

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction.

At the inception of a hedge relationship, the consolidated entity formally designates and documents the hedge relationship to which the consolidated entity wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Fair value hedges

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as a finance cost. 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 a finance cost. 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. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. 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 and loss. The consolidated entity uses foreign currency contracts to manage the exposure of changes in the fair value of its receivables or payables that are denominated in foreign currencies.

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. 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 in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income or expenses.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedge instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in other comprehensive income remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

(xxii) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(xxiii) 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.

(xxix) 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 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

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

(e) Future Accounting Standards

Certain Australian Accounting Standards have recently been issued or amended but are not yet effective and have not been adopted by the consolidated entity for the year ended 30 June 2016.

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
AASB 9	Financial Instruments	<p>AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking 'expected loss' impairment model and a substantially reformed approach to hedge accounting.</p> <p>AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.</p>	1 January 2018	The consolidated entity is in the process of assessing the impact on the consolidated entity's financial statements and disclosures.	1 July 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
		<p>AASB 9 includes requirements for a simpler approach for classification and measurement of financial assets compared with the requirements of AASB 139. Changes include:</p> <p><i>Financial assets</i></p> <p>a. Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.</p> <p>b. Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.</p> <p>c. Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.</p> <p><i>Financial liabilities</i></p> <p>Changes introduced by AASB 9 in respect of financial liabilities are limited to the measurement of liabilities designated at fair value through profit or loss (FVPL) using the fair value option. Where the fair value option is used for financial liabilities, the change in fair value is to be accounted for as follows:</p> <p>a. The change attributable to changes in credit risk are presented in other comprehensive income (OCI)</p> <p>b. The remaining change is presented in profit or loss.</p> <p>AASB 9 also removes the volatility in profit or loss that was caused by changes in the credit risk of liabilities elected to be measured at fair value. This change in accounting means that gains or losses attributable to changes in the entity's own credit risk would be recognised in OCI. These amounts recognised in OCI are not recycled to profit or loss if the liability is ever repurchased at a discount.</p>			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
		<p><i>Impairment</i></p> <p>The final version of AASB 9 introduces a new expected-loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new Standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.</p> <p><i>Hedge accounting</i></p> <p>Amendments to AASB 9 (December 2009 & 2010 editions and AASB 2013-9) issued in December 2013 included the new hedge accounting requirements, including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.</p>			
AASB 15	Revenue from Contracts with Customers	<p>AASB 15 Revenue from Contracts with Customers replaces the existing AASB 111 Construction Contracts, AASB 118 Revenue and related Interpretations (Interpretation 13 Customer Loyalty Programmes, Interpretation 15 Agreements for the Construction of Real Estate, Interpretation 18 Transfers of Assets from Customers, Interpretation 131 Revenue - Barter Transactions Involving Advertising Services).</p> <p>AASB 15 specifies accounting treatment for revenue arising from contracts with customers (except for contracts within the scope of other accounting standards such as leases or financial instruments). The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:</p> <p>Step 1: Identify the contract(s) with a customer</p> <p>Step 2: Identify the performance obligations in the contract</p> <p>Step 3: Determine the transaction price</p> <p>Step 4: Allocate the transaction price to the performance obligations in the contract</p>	1 January 2018	The consolidated entity is in the process of assessing the impact on the consolidated entity's financial statements and disclosures.	1 July 2018

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Reference	Title	Summary	Application date of standard*	Impact on Group financial report	Application date for Group*
		Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.			
AASB 16	Leases	<p>AASB 16 supersedes:</p> <ul style="list-style-type: none"> a. AASB 117 Leases b. Interpretation 4 Determining whether an Arrangement contains a Lease c. SIC-15 Operating Leases - Incentives d. SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease <p>The key features of AASB 16 are as follows:</p> <p><i>Lessee accounting</i></p> <ul style="list-style-type: none"> a. Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. b. A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities. c. Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. d. AASB 16 contains disclosure requirements for lessees. <p><i>Lessor accounting</i></p> <ul style="list-style-type: none"> a. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. b. AASB 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. 	1 January 2019	The consolidated entity is in the process of assessing the impact on the consolidated entity's financial statements and disclosures.	1 July 2019

*designates the beginning of the applicable annual reporting period

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Operating Segments

Operating Segment Revenue: 30 June 2016	June 2016 \$000		Segment Revenue
	Sales to Customers Outside the Consolidated Entity	Other Revenues from Outside the Consolidated Entity	
FRANCHISING OPERATIONS	2,624	937,326	939,950
Retail – New Zealand	810,185	22,182	832,367
Retail – Singapore & Malaysia	434,653	9,458	444,111
Retail – Slovenia & Croatia	104,859	2,127	106,986
Retail – Ireland & Northern Ireland	275,692	6,674	282,366
Other Non-Franchised Retail	162,694	4,137	166,831
TOTAL RETAIL	1,788,083	44,578	1,832,661
Retail Property	135	271,125	271,260
Property Developments for Resale	2,750	8,739	11,489
TOTAL PROPERTY	2,885	279,864	282,749
Equity Investments	-	2,554	2,554
Other	2,167	16,900	19,067
Inter-company eliminations	-	(50,738)	(50,738)
Total Segment Revenue	1,795,759	1,230,484	3,026,243
Operating Segment Revenue: 30 June 2015	June 2015 \$000		Segment Revenue
	Sales to Customers Outside the Consolidated Entity	Other Revenues from Outside the Consolidated Entity	
FRANCHISING OPERATIONS	2,869	868,050	870,919
Retail – New Zealand	740,618	21,026	761,644
Retail – Singapore & Malaysia	391,555	5,840	397,395
Retail – Slovenia & Croatia	94,519	1,568	96,087
Retail – Ireland & Northern Ireland	231,690	4,875	236,565
Other Non-Franchised Retail	150,208	3,125	153,333
TOTAL RETAIL	1,608,590	36,434	1,645,024
Retail Property	119	230,268	230,387
Property Developments for Resale	5,573	173	5,746
TOTAL PROPERTY	5,692	230,441	236,133
Equity Investments	-	3,102	3,102
Other	-	17,532	17,532
Inter-company eliminations	-	(38,730)	(38,730)
Total Segment Revenue	1,617,151	1,116,829	2,733,980

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Operating Segments (continued)

Operating Segment Result: 30 June 2016	June 2016 \$'000				Segment Result Before Tax
	Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense	Amortisation & Impairment Expense	
FRANCHISING OPERATIONS	315,833	(5,631)	(27,639)	(14,412)	268,151
Retail – New Zealand	76,313	(1)	(7,428)	(168)	68,716
Retail – Singapore & Malaysia	18,958	(199)	(6,433)	(967)	11,359
Retail – Slovenia & Croatia	6,008	(410)	(1,798)	(157)	3,643
Retail – Ireland & Northern Ireland	(520)	(2,457)	(3,656)	-	(6,633)
Other Non-Franchised Retail	10,769	(1,764)	(1,302)	(11,677)	(3,974)
TOTAL RETAIL	111,528	(4,831)	(20,617)	(12,969)	73,111
Retail Property	195,031	(16,466)	(9,252)	(7,535)	161,778
Retail Property Under Construction	(4)	(2)	-	-	(6)
Property Developments for Resale	7,728	(214)	-	-	7,514
TOTAL PROPERTY	202,755	(16,682)	(9,252)	(7,535)	169,286
Equity Investments	2,086	(186)	-	-	1,900
Other	1,969	(1,970)	(4,914)	(13,770)	(18,685)
Inter-company eliminations	(594)	594	-	-	-
Total Segment Result Before Tax	633,577	(28,706)	(62,422)	(48,686)	493,763

Operating Segment Result: 30 June 2015	June 2015 \$'000				Segment Result Before Tax
	Segment Result Before Interest, Taxation, Depreciation, Impairment & Amortisation	Interest Expense	Depreciation Expense	Amortisation & Impairment Expense	
FRANCHISING OPERATIONS	251,207	(8,511)	(30,800)	(11,535)	200,361
Retail – New Zealand	61,401	(30)	(8,141)	(123)	53,107
Retail – Singapore & Malaysia	765	(67)	(5,869)	(854)	(6,025)
Retail – Slovenia & Croatia	5,070	(483)	(1,752)	(135)	2,700
Retail – Ireland & Northern Ireland	(8,349)	(1,960)	(2,929)	-	(13,238)
Other Non-Franchised Retail	7,812	(1,855)	(1,376)	(94)	4,487
TOTAL RETAIL	66,699	(4,395)	(20,067)	(1,206)	41,031
Retail Property	162,181	(18,491)	(8,835)	(580)	134,275
Property Developments for Resale	989	(74)	-	-	915
TOTAL PROPERTY	163,170	(18,565)	(8,835)	(580)	135,190
Equity Investments	3,040	(223)	-	-	2,817
Other	5,190	(1,792)	(4,697)	-	(1,299)
Inter-company eliminations	(614)	614	-	-	-
Total Segment Result Before Tax	488,692	(32,872)	(64,399)	(13,321)	378,100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. Operating Segments (continued)

Operating Segment Assets and Liabilities: 30 June 2016	June 2016 \$'000					
	Segment Assets		Segment Assets After Eliminations	Segment Liabilities		Segment Liabilities After Eliminations
	Segment Assets	Inter-company Eliminations		Segment Liabilities	Inter-company Eliminations	
FRANCHISING OPERATIONS	3,502,370	(2,224,685)	1,277,685	1,074,776	(321,256)	753,520
Retail – New Zealand	237,556	-	237,556	77,522	(3,028)	74,494
Retail – Singapore & Malaysia	143,946	(1,135)	142,811	105,602	(40,145)	65,457
Retail – Slovenia & Croatia	42,058	(2,920)	39,138	38,566	(774)	37,792
Retail – Ireland & Northern Ireland	163,316	(98,886)	64,430	361,229	(252,349)	108,880
Other Non-Franchised Retail	114,669	(32,237)	82,432	159,423	(102,514)	56,909
TOTAL RETAIL	701,545	(135,178)	566,367	742,342	(398,810)	343,532
Retail Property	2,433,033	(23,742)	2,409,291	1,910,356	(1,577,051)	333,305
Retail Property Under Construction	295	(7)	288	339	(303)	36
Property Developments for Resale	29,050	-	29,050	30,673	(26,819)	3,854
TOTAL PROPERTY	2,462,378	(23,749)	2,438,629	1,941,368	(1,604,173)	337,195
Equity Investments	42,328	-	42,328	3,357	-	3,357
Other	165,640	(58,849)	106,791	154,779	(118,222)	36,557
Total Segment Assets / Liabilities Before Tax Assets / Tax Liabilities	6,874,261	(2,442,461)	4,431,800	3,916,622	(2,442,461)	1,474,161

Operating Segment Assets and Liabilities: 30 June 2015	June 2015 \$'000					
	Segment Assets		Segment Assets After Eliminations	Segment Liabilities		Segment Liabilities After Eliminations
	Segment Assets	Inter-company Eliminations		Segment Liabilities	Inter-company Eliminations	
FRANCHISING OPERATIONS	3,457,782	(2,092,646)	1,365,136	1,085,758	(230,690)	855,068
Retail – New Zealand	201,139	-	201,139	72,321	(3,451)	68,870
Retail – Singapore & Malaysia	125,717	(1,135)	124,582	92,527	(37,923)	54,604
Retail – Slovenia & Croatia	42,469	(2,790)	39,679	38,609	(1,185)	37,424
Retail – Ireland & Northern Ireland	157,317	(98,377)	58,940	340,864	(242,265)	98,599
Other Non-Franchised Retail	110,293	(31,849)	78,444	157,889	(106,245)	51,644
TOTAL RETAIL	636,935	(134,151)	502,784	702,210	(391,069)	311,141
Retail Property	2,329,837	(27,117)	2,302,720	1,885,087	(1,555,642)	329,445
Property Developments for Resale	16,239	-	16,239	10,249	(9,098)	1,151
TOTAL PROPERTY	2,346,076	(27,117)	2,318,959	1,895,336	(1,564,740)	330,596
Equity Investments	40,565	-	40,565	3,452	-	3,452
Other	125,374	(26,157)	99,217	129,581	(93,572)	36,009
Total Segment Assets / Liabilities Before Tax Assets / Tax Liabilities	6,606,732	(2,280,071)	4,326,661	3,816,337	(2,280,071)	1,536,266

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 franchisee.
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 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 do not include any operations of Harvey Norman®, Domayne® and Joyce Mayne® franchisees.
Retail Property	Consists of land and buildings for each site that is fully operational or is ready and able to be tenanted. The revenue and results of this segment consists of rental income, outgoings recovered and the net property revaluation increments and/or decrements recognised in the Income Statement for each site that is owned by the consolidated entity which is fully operational (or ready for operations) as at balance date. 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 and facilitating the expansion and operation of the franchising operations.
Property Developments for Resale	Consists of land and buildings acquired by the consolidated entity, to be developed, or currently under development, for the sole purpose of resale at a profit.
Equity Investments	This segment refers to the trading of, and investment in, listed securities.
Other	This segment primarily relates to credit facilities provided to related and unrelated parties, other unallocated income and expense items and the new joint venture investment in Coomboona Holdings Pty Limited.

	CONSOLIDATED	
	June 2016 \$000	June 2015 \$000
3. Revenues		
Sales revenue:		
Revenue from the sale of products	1,795,759	1,617,151
Revenues and other income items:		
<i>Gross revenue from franchisees:</i>		
- Franchise fees	772,476	709,299
- Rent	230,146	229,868
- Interest	27,597	24,643
Total revenue received from franchisees	1,030,219	963,810
<i>Gross revenue from other unrelated parties:</i>		
- Rent received from external tenants	76,501	73,081
- Interest received from financial institutions and other parties	7,595	8,657
- Dividends received	2,554	1,884
Total revenue from other unrelated parties	86,650	83,622
<i>Other Income Items:</i>		
- Net property revaluation increment on Australian investment properties	47,790	7,604
- Property revaluation adjustment for overseas controlled entity	568	1,123
- Net profit on the revaluation of equity investments to fair value	-	1,218
- Net foreign exchange gains	1,561	220
- Other revenue	63,696	59,232
Total other income items	113,615	69,397
Total revenues and other income items	1,230,484	1,116,829
4. Expenses and Losses		
Tactical support:		
Tactical support (Included in other expenses line in the Income Statement)	69,159	81,353
Employee benefits expense:		
- Wages and salaries	246,102	223,896
- Workers' compensation	579	1,017
- Superannuation contributions	13,247	12,216
- Payroll tax	9,081	8,730
- Share-based payments	191	218
- Other employee benefits	11,751	9,308
Total employee benefits expense	280,951	255,385
Minimum lease payments	164,261	159,802

	CONSOLIDATED	
	June 2016 \$000	June 2015 \$000
4. Expenses and Losses (continued)		
Finance costs:		
Interest paid or payable:		
- Loans from directors and director-related entities	2,354	2,519
- Bank interest paid to financial institutions	25,257	29,100
- Other	1,095	1,253
Total finance costs	28,706	32,872
Depreciation, amortisation and impairment:		
Depreciation of:		
- Buildings	8,629	8,154
- Plant and equipment	53,793	56,245
Amortisation of:		
- Computer software	15,820	12,742
- Software licences	305	305
Impairment of non-current assets (Included in administrative expenses line in the Income Statement)	1,883	-
Impairment of non-trade debts receivable from related parties (a) (Included in administrative expenses line in the Income Statement)	23,443	-
Impairment of equity-accounted investments (b) (Included in administration expenses line in the Income Statement)	7,235	274
Total depreciation, amortisation and impairment	111,108	77,720
(a) As at 30 June 2016, non-trade debts receivable with a carrying value of \$93.38 million (2015: \$70.81 million) was assessed for impairment and the consolidated entity recognised an impairment loss of \$23.44 million in the Income Statement (2015: nil) to increase the value of the provision for doubtful debts to \$29.31 million as at 30 June 2016 (2015: \$5.87 million). The non-trade debts receivable relate to several mining camp accommodation joint ventures and other commercial loans in Australia.		
(b) The significant downturn in the mining sector resulted in an impairment review of the equity-accounted investments held in mining camp accommodation joint ventures. This impairment review resulted in a full write-down of these investments totalling \$7.24 million as at 30 June 2016 (2015: \$0.27 million).		
5. Income Tax		
(a) Income tax recognised in the Income Statement:		
The major components of income tax expense are:		
<i>Current income tax:</i>		
Current income tax charge	123,761	102,838
Adjustments in respect of current income tax of previous years	(33)	(538)
Support payments provided to Harvey Norman Holdings (Ireland) Limited as agreed under the terms of an Advance Pricing Arrangement with the Australian Taxation Office dated 6 February 2012	-	(2,160)
<i>Deferred income tax:</i>		
Relating to the origination and reversal of temporary differences	18,695	9,046
Total income tax expense reported in the Income Statement	142,423	109,186
(b) Income tax recognised in the statement of changes in equity		
The following deferred amounts were charged directly to equity during the year:		
Deferred income tax:		
Net (loss) / gain on revaluation of cash flow hedges	1,193	1,406
Net gain on revaluation of land and buildings	3,499	2,055
Total income tax expense reported in equity	4,692	3,461

	CONSOLIDATED	
	2016	2015
	\$000	\$000
5. Income Tax (continued)		
<i>(c) Reconciliation between income tax expense and prima facie income tax:</i>		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the consolidated entity's applicable income tax rate is as follows:		
Accounting profit before tax	493,763	378,100
At the statutory income tax rate of 30% (2015: 30%)	148,129	113,430
<i>Adjustments to arrive at total income tax expense recognised for the year:</i>		
Support payments provided to Harvey Norman Holdings (Ireland) Limited as agreed under the terms of an Advance Pricing Arrangement with the Australian Taxation Office dated 6 February 2012	-	(2,160)
Adjustments in respect of current income tax of previous years	(33)	(538)
Share-based payment expenses	57	65
Expenditure not allowable for income tax purposes	469	737
Income not assessable for income tax purposes	(3,890)	(4,043)
Unrecognised tax losses	1,647	4,169
Utilisation of tax losses	(199)	(182)
Tax concession for research and development expenses	(863)	(1,268)
Difference between tax capital gain and accounting profit on asset sales	(88)	(13)
Non-allowable building and motor vehicle depreciation	440	227
Receipt of fully franked dividends	(802)	(599)
Sundry items	(546)	(689)
Effect of different rates of tax on overseas income and exchange rate differences	(1,898)	50
Total adjustments	(5,706)	(4,244)
Total income tax expense reported in the income statement	142,423	109,186

The consolidated entity has not recognised deferred tax assets relating to tax losses of \$212.16 million (2015: \$207.13 million) which are available for offset against taxable profits of the companies in which the losses arose.

At 30 June 2016, there is no recognised or unrecognised deferred income tax liability (2015: nil) for taxes that would be payable on the unremitted earnings of certain subsidiaries, associates or joint ventures, as the consolidated entity has no liability for additional taxation should such amounts be remitted.

Tax consolidation

Harvey Norman Holdings Limited and its 100% owned Australian resident subsidiaries are members of a tax consolidated group. Harvey Norman Holdings Limited is the head entity of the tax consolidated group. Members of the group have entered into a tax sharing agreement which provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote.

Wholly owned companies of the tax consolidated group have entered into a tax funding agreement. The funding agreement provides for the allocation of current and deferred taxes on a modified standalone basis in accordance with the principles as outlined in UIG 1052 Tax Consolidation Accounting.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in the subsidiaries' inter-company accounts with the tax consolidated entity Head Company Harvey Norman Holdings Limited.

5. Income Tax (continued)

	STATEMENT OF FINANCIAL POSITION		INCOME STATEMENT	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
<i>(d) Deferred income tax assets and liabilities:</i>				
Deferred income tax at 30 June relates to the following:				
Deferred tax liabilities:				
Revaluations of investment properties to fair value	(116,814)	(102,961)	13,224	2,138
Revaluations of owner-occupied land and buildings to fair value	(30,677)	(25,710)	-	-
Non-allowable building depreciation due to a legislative change in New Zealand	(17,798)	(17,678)	(1,300)	(1,053)
Reversal of building depreciation expense for investment properties	(70,085)	(59,250)	11,324	10,283
Differences between accounting carrying amount and tax cost base of computer software assets	(479)	(1,156)	-	(100)
Research and development	(17,053)	(15,643)	1,410	2,144
Other items	(2,361)	-	2,224	-
	(255,267)	(222,398)		
Deferred tax assets:				
Employee provisions	7,745	5,962	(1,644)	(545)
Unused tax losses and tax credits	2,021	3,682	1,755	(1,627)
Other provisions	11,426	4,418	(7,654)	(1,784)
Provision for lease makegood	18	-	(18)	123
Provision for deferred lease expenses	1,690	1,729	39	(73)
Lease incentives	1,483	414	(1,069)	78
Provision for executive remuneration	1,825	1,427	(398)	(633)
Revaluations of owner-occupied land and buildings to fair value	908	908	-	-
Finance leases	1,056	1,451	395	449
Discount interest-free receivables	15	15	-	-
Equity-accounted investments	84	75	-	-
Provisions for onerous leases	180	229	49	49
Revaluation of interest rate swaps to fair value	59	1,216	-	-
Lease surrender	503	861	358	(15)
Other items	-	1,283	-	(388)
	29,013	23,670		
Total deferred tax	(226,254)	(198,728)	18,695	9,046

	CONSOLIDATED	
	2016	2015
	\$000	\$000
6. Trade and Other Receivables		
Receivables from franchisees (a)	942,934	956,525
Trade receivables (b)	106,435	119,245
Consumer finance loans (c)	2,215	2,049
Provision for doubtful debts (b) (c)	(862)	(875)
Trade receivables and receivables from franchisees, net	1,050,722	1,076,944
Amounts receivable in respect of finance leases (d)	9,223	10,797
Provision for doubtful debts (d)	(5,897)	(5,897)
Finance leases, net	3,326	4,900
Non-trade debts receivable from: (e)		
- Related parties (including joint ventures and joint venture partners)	28,391	23,673
- Unrelated parties	15,120	6,479
Provision for doubtful debts (e)	(987)	(1,328)
Non-trade debts receivable, net	42,524	28,824
Total trade and other receivables (current)	1,096,572	1,110,668

(a) *Receivables from franchisees*

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

When Derni accepts a financial accommodation request from a franchisee, Derni receives a payment direction from that franchisee in relation to whom Derni should pay the proceeds of this financial accommodation. This payment direction to Derni could include, without limitation, a direction to Derni to pay:

- suppliers, for the purchase of inventory by the franchisee;
- other creditors of the franchisee, for the unpaid operating expenses of the franchisee;
- a wholly-owned subsidiary of Harvey Norman Holdings Limited (Franchisor) for unpaid franchise fees;
- a wholly-owned subsidiary of Harvey Norman Holdings Limited (Lessor) for unpaid rent; and
- other wholly-owned subsidiaries of Harvey Norman Holdings Limited for accrued but unpaid interest on loans.

The receivables from franchisees are classified as current and neither past due nor impaired as at 30 June 2016. The indebtedness of a franchisee to Derni is reduced on a daily basis by an automated funds transfer process. Under this process, a franchisee directs their financial institution to transfer the net cash receipts in the bank account of the franchisee to Derni.

The \$942.93 million current receivables from Franchisees as at 30 June 2016 is the aggregate balance due from all franchisees arising from:

- (i) the aggregate amount of financial accommodation provided to franchisees of \$594.93 million for the payment to suppliers for inventory received by franchisees, other working capital of the franchisee and unpaid franchise fees, rent and interest; and
- (ii) committed commercial advances to franchisees of \$348.50 million, being amounts Derni had committed to make available to franchisees to be drawn down to pay third party suppliers of those franchisees for inventory received by the franchisee.

The terms and conditions of the GSD requires that the franchisee shall pay the amount owing to Derni on the date fixed for payment and is generally collected within 90 days or, if there is no fixed payment date, on demand. The GSD also provides certain instances where the amount owing to Derni may become immediately due and payable on the occurrence of any event of default.

6. Trade and Other Receivables (Current) (continued)

(b) Trade receivables and provision 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 \$1.87 million (2015: \$1.49 million) has been recognised by the consolidated entity in the current year for the current 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:

- \$93.05 million of the trade receivables balance as at 30 June 2016 (2015: \$100.83 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.
- \$13.35 million of the trade receivables balance as at 30 June 2016 (2015: \$17.86 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 2016 (2015: nil).
- \$0.84 million of the trade receivables balance as at 30 June 2016 (2015: \$0.86 million) are past due and impaired which have been fully provided for. See below for the movements in the provision for doubtful debts for trade receivables.

	Neither past due nor Impaired	Past due but not impaired			Past due and impaired			Total
		31-60 Days	61-90 Days	+90 Days	31-60 Days	61-90 Days	+90 Days	
2016 (\$000)	93,047	7,090	2,477	3,779	-	16	826	107,235
2015 (\$000)	100,833	7,106	5,066	5,688	6	11	839	119,549

		CONSOLIDATED	
		2016	2015
		\$000	\$000
Reconciled to:			
Trade receivables (Current)		106,435	119,245
Trade receivables (Non-Current – Note 11)		800	304
Total trade receivables		107,235	119,549

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

		CONSOLIDATED	
		2016	2015
		\$000	\$000
At 1 July		856	779
Charge for the year		1,868	1,488
Foreign exchange translation		44	18
Amounts written off		(1,926)	(1,429)
At 30 June		842	856

(c) Consumer finance loans and provision for doubtful debts

The majority of 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:

- \$2.29 million of the consumer finance loans at 30 June 2016 (2015: \$2.04 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. \$0.37 million of the consumer finance loans balance as at 30 June 2016 (2015: \$0.42 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.
- \$0.02 million of the consumer finance loans at 30 June 2016 (2015: \$0.02 million) are past due and impaired which have been fully provided for.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. Trade and Other Receivables (Current) (continued)

(c) Consumer finance loans and provision for doubtful debts (continued)

	Neither past due nor impaired	Past due but not impaired			Past due and impaired			Total
		31-60 Days	61-90 Days	+90 Days	31-60 Days	61-90 Days	+90 Days	
2016 (\$000)	2,285	100	30	240	-	-	24	2,679
2015 (\$000)	2,040	216	36	163	-	-	23	2,478

		CONSOLIDATED	
		2016	2015
		\$000	\$000
Reconciled to:			
Consumer finance loans (Current)		2,215	2,049
Consumer finance loans (Non-current - Note 11)		464	429
Total consumer finance loans		2,679	2,478

(d) Finance lease receivables and provision for doubtful debts

Finance lease receivables are reconciled to amounts receivable in respect of finance leases as follows:

	CONSOLIDATED	
	2016	2015
	\$000	\$000
Aggregate of minimum lease payments and guaranteed residual values:		
Not later than one year	9,345	11,040
Later than one year but not later than five years	1,256	1,495
	10,601	12,535
Future finance revenue:		
Not later than one year	(122)	(243)
Later than one year but not later than five years	(49)	(147)
Net finance lease receivables	10,430	12,145
Reconciled to:		
Amounts receivable in respect of finance leases (Current)	9,223	10,797
Amounts receivable in respect of finance leases (Non-current - Note 11)	1,207	1,348
	10,430	12,145

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 (2015: nil).

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

- \$1.80 million of the finance lease receivable balance as at 30 June 2016 (2015: \$2.60 million) are neither past due nor impaired.
- \$2.73 million of the finance lease receivable balance as at 30 June 2016 (2015: \$3.65 million) are past due but not impaired. Any risk of default in repayment by customers was minimised by the secured leased assets held as collateral by the consolidated entity. As at balance date, there were no events that required the consolidated entity to sell or re-pledge the secured leased assets.
- \$5.90 million of the finance lease receivable balance as at 30 June 2016 (2015: \$5.90 million) are past due and impaired which have been fully provided for.

6. Trade and Other Receivables (Current) (continued)

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

Non-trade debts receivable are generally interest-bearing and are normally payable at call. \$114.44 million of the non-trade debts receivable balance as at 30 June 2016 (2015: \$98.56 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.

\$30.30 million of the non-trade debts receivable balance as at 30 June 2016 (2015: \$6.28 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			Past due and impaired			Total
		31-60 Days	61-90 Days	+90 Days	31-60 Days	61-90 Days	+90 Days	
2016 (\$000)	50,367	-	-	64,072	-	-	30,300	144,739
2015 (\$000)	30,072	-	-	68,490	-	-	6,283	104,845

		CONSOLIDATED	
		2016 \$000	2015 \$000
Reconciled to:			
Non-trade debts receivable (Current)		43,511	30,152
Non-trade debts receivable (Non-current – Note 11)		101,228	74,693
		144,739	104,845

Movements in the provision for doubtful debts for non-trade debts receivable were as follows:		
At 1 July	6,283	965
Charge for the year (i) (ii)	24,189	914
Reclassified from other liability	-	4,955
Amounts written off	(172)	(551)
At 30 June	30,300	6,283

(i) *Impairment of a non-trade receivable from a retail joint venture:*

The consolidated entity has made a commercial advance to a retail joint venture amounting to \$61.82 million as at 30 June 2016 (2015: \$36.69 million). The commercial advance was used to assist with the working capital of the start-up operations of the retail joint venture. An impairment assessment was conducted resulting in the recognition of an expense of \$11.56 million (2015: nil) in the 2016 financial year.

The present value of future cash flows as at 30 June 2016 was assessed for a five-year period, based on financial budgets and assets held as security for the loan. The effective interest rate of 7.5% was applied to the cash flow projections. Cash flow projections were limited to five years due to the start-up nature of the retail joint venture.

Each of the key assumptions in the impairment assessment is subject to judgement including the future trading performance of the retail joint venture. Judgement has been applied based on available information to assess the recoverable amount of the non-trade receivables as at balance date.

(ii) *Impairment of the non-trade receivables to mining camp joint ventures:*

The consolidated entity has made commercial advances to the mining camp joint ventures totalling \$31.56 million (2015: \$37.47 million) in aggregate as at 30 June 2016. Falling commodity prices and the sharp slowdown in the mining sector over the past year has resulted in a significant deterioration in the trading performance of the mining camp joint ventures. Consequently, the recoverable amount of non-trade receivables advanced to the mining camp joint ventures has been assessed. An impairment loss of \$11.88 million was recognised during the current year (2015: \$0.91 million) to reduce the carrying amount of the non-trade receivable to the recoverable amount.

The recoverable amount for these loans have been determined based on the present value of estimated cash flow projections as at 30 June 2016 for a five-year period, based on financial budgets and the assets held as security for the loan. 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 is subject to significant judgement 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 applied, based on available information, to each of these variables to assess the recoverable amount of the non-trade receivables as at balance date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

		CONSOLIDATED	
		2016	2015
		\$000	\$000
7. Other Financial Assets (Current)			
Listed shares held for trading at fair value	24,512	24,734	
Derivatives receivable	-	64	
Other current financial assets	1,692	1,350	
Total other financial assets (current)	26,204	26,148	
8. Inventories (Current)			
Finished goods at cost	321,307	301,062	
Provision for obsolescence	(5,561)	(5,563)	
Finished goods at cost, net	315,746	295,499	
Finished goods at net realisable value	-	2,882	
Total current inventories at the lower of cost and net realisable value	315,746	298,381	
9. Other Assets (Current)			
Prepayments	15,578	13,841	
Other current assets	11,125	9,231	
Total other assets (current)	26,703	23,072	
10. Intangible Assets (Current)			
Net licence property	448	476	
11. Trade and Other Receivables (Non-Current)			
Trade receivables (a)	800	304	
Consumer finance loans (b)	464	429	
Provision for doubtful debts (b)	(4)	(4)	
Trade receivables and consumer finance loans, net	1,260	729	
Amounts receivable in respect of finance leases (c)	1,207	1,348	
Non-trade debts receivable from (d):			
- Related parties (including joint ventures)	93,179	68,712	
- Unrelated parties	8,049	5,981	
Provision for doubtful debts (d)	(29,313)	(4,955)	
Non-trade debts receivable, net	71,915	69,738	
Total trade and other receivables (non-current)	74,382	71,815	
(a) <i>Trade receivables</i>			
For terms and conditions and provision for doubtful debts for trade receivables refer to Note 6 (b).			
(b) <i>Consumer finance loans</i>			
For terms and conditions and provision for doubtful debts for consumer finance loans refer to Note 6 (c).			
(c) <i>Finance lease receivables</i>			
For terms and conditions and provision for doubtful debts for finance lease receivables refer to Note 6 (d).			
(d) <i>Non-trade debts receivable</i>			
For terms and conditions and provision for doubtful debts for non-trade debts receivable refer to Note 6 (e).			
12. Other Financial Assets (Non-Current)			
Listed shares held for trading at fair value	2,200	2,350	
Listed shares held as available for sale	15,616	13,481	
Units in unit trusts held as available for sale	221	216	
Other non-current financial assets	714	523	
Total other financial assets (non-current)	18,751	16,570	

	CONSOLIDATED	
	2016	2015
	\$000	\$000

13. Property, Plant and Equipment (Non-Current)

Summary

Land at fair value	166,399	148,734
Buildings at fair value	223,401	209,983
Net land and buildings at fair value	389,800	358,717
Plant and equipment		
At cost	772,179	751,037
Accumulated depreciation	(583,817)	(558,486)
Net plant and equipment	188,362	192,551
Lease make good asset		
At cost	5,526	5,093
Accumulated depreciation	(2,883)	(3,758)
Net lease make good asset	2,643	1,335
Total plant and equipment	191,005	193,886
Total property, plant and equipment		
Land and buildings at fair value	389,800	358,717
Plant and equipment at cost	777,705	756,130
Total property, plant and equipment	1,167,505	1,114,847
Accumulated depreciation and amortisation	(586,700)	(562,244)
Total written down amount	580,805	552,603

Reconciliations of the carrying amounts of property, plant and equipment are as follows:

Land at fair value:

Opening balance	148,734	129,609
Additions	3,922	232
Increase resulting from revaluation	7,319	15,533
Depreciation of leasehold land (a)	(683)	(539)
Net foreign currency differences arising from foreign operations	7,107	3,899
Closing balance	166,399	148,734

(a) The depreciation charge relates to leasehold land located in Singapore.

Buildings at fair value:

Opening balance	209,983	221,047
Additions	4,023	566
Increase / (decrease) resulting from revaluation	5,381	(1,280)
Depreciation for the year	(7,918)	(7,590)
Net foreign currency differences arising from foreign operations	11,932	(2,760)
Closing balance	223,401	209,983

Had the consolidated entity's land and buildings (other than land and buildings classified as investment properties) been measured on a historical cost basis, the net book value of land and buildings would have been \$230.80 million (2015: \$220.70 million).

13. Property, Plant and Equipment (Non-Current) (continued)
Reconciliations (continued)

	CONSOLIDATED	
	2016	2015
	\$000	\$000
Plant and equipment at cost:		
Opening balance	750,898	769,366
Additions	51,727	50,454
Disposals	(35,103)	(45,269)
Transfers to investment property	(5,223)	(24,245)
Net foreign currency differences arising from foreign operations	8,413	592
Closing balance	770,712	750,898
Accumulated Depreciation		
Opening balance	558,463	552,806
Depreciation for the year	53,074	55,133
Disposals	(30,068)	(35,649)
Transfers to investment property	(2,877)	(14,909)
Net foreign currency differences arising from foreign operations	5,153	1,082
Closing balance	583,745	558,463
Net book value	186,967	192,435
Leased Plant and Equipment at cost:		
Opening balance	139	-
Additions	1,328	139
Closing balance	1,467	139
Accumulated Depreciation		
Opening balance	23	-
Depreciation for the year	49	23
Closing balance	72	23
Net book value	1,395	116

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	CONSOLIDATED	
	2016	2015
	\$000	\$000
Lease make good asset at cost:		
Opening balance	5,093	4,850
Additions	2,005	504
Disposals	(1,592)	(660)
Net foreign currency differences arising from foreign operations	20	399
Closing balance	5,526	5,093
Accumulated Depreciation		
Opening balance	3,758	3,009
Depreciation for the year	670	1,089
Disposals	(1,549)	(612)
Net foreign currency differences arising from foreign operations	4	272
Closing balance	2,883	3,758
Net book value	2,643	1,335
Total plant and equipment	191,005	193,886
Total property, plant and equipment	580,805	552,603

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

(a) Reconciliation of owner occupied properties – land and buildings at fair value

	New Zealand	Slovenia		Singapore			Australia	Total	Total
	Retail \$000	Retail \$000	Warehouse \$000	Retail \$000	Warehouse \$000	Office \$000	Retail \$000	2016 \$000	2015 \$000
At 1 July	190,824	69,022	2,994	63,830	17,681	8,182	6,184	358,717	350,656
Additions	7,945	-	-	-	-	-	-	7,945	798
Fair value adjustments	10,500	-	-	-	1,949	251	-	12,700	14,253
Depreciation for the year	(5,247)	(1,268)	(37)	(999)	(964)	(20)	(66)	(8,601)	(8,129)
Net foreign currency differences	14,435	1,747	75	1,983	543	256	-	19,039	1,139
At 30 June	218,457	69,501	3,032	64,814	19,209	8,669	6,118	389,800	358,717

(b) Fair value measurement, valuation techniques and inputs

Class of property	Fair value hierarchy	Fair value 30 June 2016 \$000	Valuation technique	Key unobservable inputs	Range of unobservable inputs
Retail	Level 3	358,890	Income capitalisation Discounted cash flow	Net market rent per sqm p.a. Capitalisation rate Terminal yield Discount rate	\$117 - \$773 per sqm p.a. 4.3% - 9.0% 4.4% - 7.9% 8.5% - 9.4%
Warehouse	Level 3	22,241	Income capitalisation Direct sale comparison	Net market rent per sqm p.a. Capitalisation rate Price per sqm of lettable area	\$95 per sqm p.a. 9.0% \$1,393 per sqm
Office	Level 3	8,669	Direct sale comparison	Price per sqm of lettable area	\$8,482 - \$10,029 per sqm
Total		389,800			

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

(b) *Fair value measurement, valuation techniques and inputs (continued)*

The income capitalisation method of valuation was used for the valuation of all retail properties in New Zealand and one (1) retail owner-occupied property in Australia. A discounted cash flow ("DCF") valuation was undertaken in respect of the same properties as a secondary check method of the capitalisation approach. 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 all retail and warehouse properties in Slovenia. The income capitalisation method of valuation was used for the valuation of the flagship Space showroom in Singapore. The direct sale comparison method was used for the warehouse and office properties located 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 their 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.

13. Property, Plant and Equipment (Non-Current) (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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Investment Properties (Non-Current)

(a) Reconciliation

	New Zealand		Australia				TOTAL	
	Retail \$000	Ware- house \$000	Retail \$000	Ware- house \$000	Office \$000	Property for develop- ment \$000	June 2016 \$000	June 2015 \$000
At 1 July	907	2,000	1,772,335	122,758	33,400	4,536	1,935,936	1,903,504
Additions	-	-	64,995	528	-	13	65,536	16,156
Transfers from property, plant and equipment	-	-	2,117	229	-	-	2,346	9,336
Change in class of property	-	-	(46,421)	23,821	(3,400)	26,000	-	-
Fair value adjustments*	293	275	38,552	4,950	5,500	(1,212)	48,358	7,604
Disposals	-	-	(6,174)	-	-	-	(6,174)	(497)
Depreciation for the year	(23)	(5)	-	-	-	-	(28)	(23)
Net foreign currency differences	156	165	-	-	-	-	321	(144)
At 30 June	1,333	2,435	1,825,404	152,286	35,500	29,337	2,046,295	1,935,936

* Fair value adjustments totalling \$48.36 million in aggregate for the year ended 30 June 2016 are included in other income.

(b) Fair value measurement, valuation techniques and inputs

Class of property	Fair value hierarchy	Fair value 30 June 2016 \$000	Valuation technique	Key unobservable inputs	Range of unobservable inputs
Retail	Level 3	1,826,737	Income capitalisation	Net market rent per sqm p.a.	\$80 - \$274 per sqm p.a.
			Discounted cash flow	Capitalisation rate	7.2% - 10.3%
				Terminal yield	6.0% - 10.3%
				Discount Rate	6.8% - 11.0%
			Direct sale comparison	Price per sqm of lettable area	\$88 - \$2,885 per sqm
Warehouse	Level 3	154,721	Income capitalisation	Net market rent per sqm p.a.	\$68 - \$140 per sqm p.a.
			Discounted cash flow	Capitalisation rate	7.5% - 10.0%
				Terminal yield	8.0% - 10.0%
				Discount Rate	8.5% - 11.0%
			Direct sale comparison	Price per sqm of lettable area	\$580 - \$1,881 per sqm
Office	Level 3	35,500	Income capitalisation	Net market rent per sqm p.a.	\$158 - \$391 per sqm p.a.
			Discounted cash flow	Capitalisation rate	7.2% - 7.8%
				Terminal yield	6.3% - 7.8%
				Discount Rate	6.3% - 8.3%
			Direct sale comparison	Price per sqm of lettable area	\$2,151 - \$5,216 per sqm
Property for development	Level 3	29,337	Direct sale comparison	Price per sqm of site area	\$147 - \$2,338 per sqm
Total		2,046,295			

14. Investment Properties (Non-Current) (continued)

(b) *Fair value measurement, valuation techniques and inputs*

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 for an initial term of 30 days, thereafter terminable at will. The fair value in respect of each investment property has been calculated predominantly 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 Franchisees and external tenants
- adaptive reuse of buildings
- the specific circumstances of the property not included in any of the above points
- non-reliance on turnover rent

The income capitalisation method of valuation was primarily used for the valuation of all Retail, Warehouse and Office properties in Australia and one (1) investment property in New Zealand. Either a discounted cash flow valuation or a direct sale comparison valuation was undertaken in respect of all properties, excluding property for development in Australia, as a secondary check method of the income capitalisation approach. 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 13 (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, at least 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.

The selection of properties 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 properties 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 properties. For those similarly affected properties, 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 properties to have varied significantly from the previously recorded fair value. For properties where variations exist, a director's valuation is performed and adjustment made to the value accordingly.

For the year ended 30 June 2016, the consolidated entity obtained independent valuations in respect of thirty-eight (38) properties. Based on the results of the independent valuations, a further seventeen (17) properties were identified for further review. The seventeen (17) properties 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. Investment Properties (Non-Current) (continued)

(d) *Sensitivity information*

The sensitivity information is provided in Note 13 (d).

(e) *Rent received and operating expenses of investment properties*

Included in rent received from franchisees and rent received from other third parties as disclosed in Note 3 is rent received from investment properties of \$196.67 million for the year ended 30 June 2016 (2015: \$191.76 million). Operating expenses recognised in the income statement in relation to investment properties amounted \$40.94 million for the year ended 30 June 2016 (2015: \$39.50 million).

	CONSOLIDATED	
	2016	2015
	\$000	\$000
15. Intangible Assets (Non-Current)		
Computer Software (summary)		
At cost	170,560	157,600
Accumulated amortisation and impairment	(93,748)	(77,993)
Net computer software	76,812	79,607
Computer Software (a):		
Net of accumulated amortisation and impairment		
Opening balance	79,607	73,609
Additions	14,969	18,527
Disposals	(245)	(373)
Impairment	(1,883)	-
Amortisation	(15,820)	(12,742)
Net foreign currency differences arising from foreign operations	184	586
Net book value	76,812	79,607
Licence property		
Net book value	4,108	4,120
Other intangible assets		
Net book value	272	-
Total intangible assets	81,192	83,727

(a) *Computer Software*

Computer software is carried at cost less accumulated amortisation and accumulated impairment losses. The intangible asset has been assessed as having a finite life and is amortised using the straight-line method over a period of no greater than 9.5 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	
	2016	2015
	\$000	\$000
16. Trade and Other Payables (Current)		
Trade creditors	625,821	650,783
Accruals	47,277	43,808
Other creditors	73,391	87,000
Total trade and other payables (current)	746,489	781,591

	CONSOLIDATED	
	2016	2015
	\$000	\$000
17. Interest-Bearing Loans and Borrowings (Current)		
Secured:		
Non trade amounts owing to:		
- Bank overdraft (a)	36,243	32,620
- Commercial bills payable (b)	9,750	9,750
- Syndicated Facility Agreement (c)	260,000	170,000
- Other short-term borrowings (d)	102,110	101,808
- Lease liabilities	364	139
Unsecured:		
Derivatives payable	325	4,104
Non trade amounts owing to:		
- Directors (e)	38,134	78,972
- Related parties (e)	5,932	10,956
- Unrelated persons	177	89
Total interest-bearing loans and borrowings (current)	453,035	408,438

(a) *Bank Overdraft*

Of the total bank overdraft of \$36.24 million as at 30 June 2016:

- a total of \$36.22 million relates to a fully-drawn 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 17(c).
- a total of \$0.02 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 17(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 17(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 2015, the Amending Deed (No. 3) to the Syndicated Facility Agreement was executed with the effect of extending the repayment date of Tranche A1 of the Facility totalling \$170 million to 4 December 2016 and the repayment date of Tranche A2 of the Facility totalling \$200 million to 4 December 2017.

The aggregate value of the Syndicated Facility Agreement remained at \$610 million. The utilised amount of the Syndicated Facility Agreement as at 30 June 2016 was \$460 million, \$260 million of which was classified as current interest-bearing loans and borrowings and \$200 million 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; and
- 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 2016 (\$170 million utilised at 30 June 2016);
- in respect of Tranche A2 totalling \$200 million on 4 December 2017 (\$200 million utilised at 30 June 2016);
- in respect of Tranche B totalling \$240 million on 22 December 2016 (\$90 million utilised at 30 June 2016);
- 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:

17. 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 \$102.11 million:

- a total of \$48.98 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 2 December 2016.
- a total of \$39.89 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 30 November 2016.
- a total of \$11.47 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 \$1.17 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 \$0.60 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.

(e) Directors and Other Related Parties

Interest is payable at normal commercial bank bill rates. The loans are unsecured and repayable at call.

(f) Defaults and Breaches

During the current and prior years, there were no defaults or breaches on any of the interest-bearing loans and borrowings referred to in this note and Note 21.

	CONSOLIDATED	
	2016	2015
	\$000	\$000
18. Other Liabilities (Current)		
Lease incentives	3,164	2,025
Unearned revenue	4,916	845
Total other liabilities (current)	8,080	2,870
19. Provisions		
Current:		
Employee entitlements (Note 29)	25,174	19,596
Lease make good	1,684	2,161
Deferred lease expenses	1,243	983
Onerous lease costs	596	750
Total provisions (current)	28,697	23,490
Non-Current:		
Employee entitlements (Note 29)	6,134	4,295
Lease make good	3,859	2,948
Deferred lease expenses	4,717	5,006
Total provisions (non-current)	14,710	12,249

19. Provisions (continued)

Movements in the provisions for the year are as follows:

CONSOLIDATED	Make Good Provision \$000	Deferred Lease Expenses \$000	Onerous Lease Costs \$000	Total \$000
At 1 July 2015	5,109	5,989	750	11,848
Arising during the year	1,987	1,066	617	3,670
Utilised	(1,577)	(1,099)	(771)	(3,447)
Exchange rate variance	24	4	-	28
At 30 June 2016	5,543	5,960	596	12,099
Current 2016	1,684	1,243	596	3,523
Non-current 2016	3,859	4,717	-	8,576
Total provisions 2016	5,543	5,960	596	12,099
Current 2015	2,161	983	750	3,894
Non-current 2015	2,948	5,006	-	7,954
Total provisions 2015	5,109	5,989	750	11,848

Make good provision

In accordance with certain lease agreements, the consolidated entity is obligated to restore certain leased premises to a specified condition at the end of the lease term. The balance of the make good provision as at 30 June 2016 was \$5.54 million representing 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.

Onerous lease costs

The provision for onerous lease costs represents the present value of the future lease payments that the consolidated entity is presently obligated to make in respect of onerous lease contracts under non-cancellable operating lease agreements. This obligation may be reduced by the revenue expected to be earned on the lease including estimated future sub-lease revenue, where applicable. The estimate may vary as a result of changes in the utilisation of the leased premises and sub-lease arrangements where applicable.

	CONSOLIDATED	
	2016	2015
	\$000	\$000

20. Interest-Bearing Loans and Borrowings (Non-Current)

Secured:

Non trade amounts outstanding:

Other borrowings

- Syndicated Facility Agreement (refer to note 17(c))

- Lease liabilities

200,000	290,000
1,042	-

Total interest-bearing loans and borrowings (non-current)	201,042	290,000
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(a) *Defaults and Breaches*

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

21. Financing Facilities Available

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

	CONSOLIDATED	
	2016	2015
	\$000	\$000
Total facilities:		
- Bank overdraft	44,260	47,406
- Other borrowings	130,461	113,877
- Commercial bank bills	9,750	9,750
- Syndicated Facility Agreement	610,000	610,000
Total Available Facilities	794,471	781,033
Facilities used at reporting date:		
- Bank overdraft	36,243	32,620
- Other borrowings - current	102,110	101,808
- Commercial bank bills - current	9,750	9,750
- Syndicated Facility Agreement - current	260,000	170,000
- Syndicated Facility Agreement - non-current	200,000	290,000
Total Used Facilities	608,103	604,178
Facilities unused at reporting date:		
- Bank overdraft	8,017	14,786
- Other borrowings	28,351	12,069
- Syndicated Facility Agreement	150,000	150,000
Total Unused Facilities	186,368	176,855

Refer to Note 17 Interest-Bearing Loans and Borrowings (Current) and Note 20 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.

22. Other Liabilities (Non-Current)

Lease incentives	17,553	14,238
Unearned revenue	4,555	3,390
Total other liabilities (non-current)	22,108	17,628

23. Contributed Equity

Ordinary shares	385,296	380,328
Total contributed equity	385,296	380,328
	2016	2015
	Number	Number
Ordinary shares issued and fully paid	1,112,554,911	1,110,603,911

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

23. Contributed Equity (continued)

	CONSOLIDATED	
	Number	\$000
Movements in ordinary shares on issue		
At 1 July 2015	1,110,603,911	380,328
Issue of shares under executive share option plan	1,951,000	4,968
At 30 June 2016	1,112,554,911	385,296

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. Reserves

CONSOLIDATED \$000	Asset revaluation reserve	Foreign currency translation reserve	Available for sale reserve	Cash flow hedge reserve	Employee equity benefits reserve	Acquisition reserve	Total
At 1 July 2014	91,184	23,846	7,279	(6,110)	8,587	(22,051)	102,735
Revaluation of land and buildings	13,115	-	-	-	-	-	13,115
Tax effect of revaluation of land and buildings	(2,055)	-	-	-	-	-	(2,055)
Unrealised gain on available-for-sale investments	-	-	1,302	-	-	-	1,302
Net gain on interest rate swap	-	-	-	4,650	-	-	4,650
Tax effect of net gain on swap	-	-	-	(1,395)	-	-	(1,395)
Reverse expired or realised cash flow hedge reserves	-	-	-	13	-	-	13
Net gain on forward foreign exchange contracts	-	-	-	36	-	-	36
Tax effect of net gain on forward foreign exchange contracts	-	-	-	(11)	-	-	(11)
Currency translation differences	-	(5,317)	-	-	-	-	(5,317)
Share based payment	-	-	-	-	217	-	217
At 30 June 2015	102,244	18,529	8,581	(2,817)	8,804	(22,051)	113,290
At 1 July 2015	102,244	18,529	8,581	(2,817)	8,804	(22,051)	113,290
Revaluation of land and buildings	12,454	-	-	-	-	-	12,454
Tax effect of revaluation of land and buildings	(3,499)	-	-	-	-	-	(3,499)
Unrealised gain on available-for-sale investments	-	-	1,101	-	-	-	1,101
Reverse expired or realised cash flow hedge reserves	-	-	-	2,817	-	-	2,817
Net loss on forward foreign exchange contracts	-	-	-	(46)	-	-	(46)
Tax effect of net gain on forward foreign exchange contracts	-	-	-	14	-	-	14
Currency translation differences	-	29,492	-	-	-	-	29,492
Share based payment	-	-	-	-	191	-	191
At 30 June 2016	111,199	48,021	9,682	(32)	8,995	(22,051)	155,814

(a) 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 on the same asset previously recognised in equity.

(b) Foreign currency translation reserve

This reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

(c) Available for sale reserve

This reserve is used to record fair value changes on available-for-sale investments.

(d) 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.

(e) Employee equity benefits reserve

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

(f) Acquisition reserve

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

	CONSOLIDATED	
	June 2016 \$000	June 2015 \$000

25. Retained Profits and Dividends

Movements in retained earnings were as follows:

Balance 1 July	2,043,463	2,109,032
Profit for the year	348,605	268,095
Dividends paid	(266,882)	(333,664)
Balance at end of the year	2,125,186	2,043,463

Dividends declared and paid during the year:

Dividends on ordinary shares:

Final franked dividend for 2015: 11.0 cents (2014: 8.0 cents)	122,250	84,986
Special fully-franked dividend pursuant to Renounceable Rights Offer in December 2014: 14.0 cents	-	148,724
Interim franked dividend for 2016: 13.0 cents (2015: 9.0 cents)	144,632	99,954

Total dividends paid	266,882	333,664
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The final dividend of \$122.25 million, fully-franked, for the year ended 30 June 2015 was paid on 1 December 2015. The special dividend of \$148.72 million, fully-franked, pursuant to the Renounceable Rights Offer was paid on 30 December 2014.

The interim dividend of \$144.63 million, fully-franked, for the year ended 30 June 2016 was paid on 2 May 2016.

The final dividend of 17.0 cents per share totalling \$189.13 million, fully-franked, for the year ended 30 June 2016 will be paid on 1 December 2016. No provision has been made in the Statement of Financial Position for the payment of this final dividend.

Franking credit balance

The amount of franking credits available for the subsequent financial years are:

- franking account balance as at the end of the financial year at 30%	588,411	607,620
- franking credits that will arise from the payment of income tax payable as at the end of the financial year	34,254	29,182
- franking credits that will be utilised in the payment of proposed final dividend	(81,058)	(52,357)

The amount of franking credits available for future reporting periods	541,607	584,445
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26. Non-Controlling Interests

Interest in:

- Ordinary shares	2,691	2,591
- Reserves	14,011	13,440
- Retained earnings	5,676	3,748

Total non-controlling interests	22,378	19,779
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	CONSOLIDATED	
	June 2016 \$000	June 2015 \$000
27. Earnings Per Share		
Basic earnings per share (cents per share)	31.36c	24.51c
Diluted earnings per share (cents per share)	31.33c	24.48c
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Profit after tax	351,340	268,914
Profit after tax attributable to non-controlling interests	(2,735)	(819)
Profit after tax attributable to the Parent	348,605	268,095
	NUMBER OF SHARES	
	June 2016	June 2015
Weighted average number of ordinary shares used in calculating basic earnings per share (a)	1,111,563,813	1,093,626,019
Effect of dilutive securities (b):	1,155,320	1,490,785
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	1,112,719,133	1,095,116,804

(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 1,951,000 ordinary shares in the company issued during the year pursuant to the options issued under the Executive Option Plan granted on 29 November 2010, 29 November 2011 and 29 November 2012, weighted on a pro-rata basis from issue date to 30 June 2016.

(b) Effect of Dilutive Securities

On 29 November 2010, the consolidated entity issued 3,000,000 unlisted options to certain executive directors (the "First Tranche"). These options are capable of exercise from 1 January 2014 to 30 June 2016 at an exercise price of \$3.02 per option and a fair value of \$0.87 per option at grant date. On 1 September 2015, a total of 756,000 options over 756,000 shares in respect of the First Tranche were exercised reducing the unexercised portion to 378,000 options. On 1 April 2016, the remaining 378,000 options over 378,000 shares were exercised.

On 29 November 2011, the consolidated entity issued 3,000,000 unlisted options to certain executive directors (the "Second Tranche"). These options are capable of exercise from 1 January 2015 to 30 June 2017 at an exercise price of \$2.03 per option and a fair value of \$0.51 per option at grant date. On 29 November 2012, the consolidated entity announced that a total of 2,250,000 options over 2,250,000 shares in respect of the Second Tranche had lapsed and will never be exercisable by the participants. On 14 March 2016, a total of 250,000 options over 250,000 shares in respect of the Second Tranche were exercised reducing the unexercised portion to 500,000 options.

On 29 November 2012, the consolidated entity issued 3,000,000 unlisted options to certain executive directors (the "Third Tranche"). These options are capable of exercise from 1 January 2016 to 30 June 2018 at an exercise price of \$1.83 per option and a fair value of \$0.282 per option at grant date. On 14 November 2013, the consolidated entity announced that a total of 1,299,000 options over 1,299,000 shares in respect of the Third Tranche had lapsed and will never be exercisable by the participants. On 14 March 2016, a total of 567,000 options over 567,000 shares in respect of the Third Tranche were exercised reducing the unexercised portion to 1,134,000 options.

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 30 June 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 Tranche 1 performance rights amounted to \$1,408,000 in aggregate.

Options issued pursuant to the Second and Third Tranches and the performance rights issued under Tranche 1 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 other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date.

	CONSOLIDATED	
	June 2016 \$000	June 2015 \$000

28. Cash and Cash Equivalents

(a) Reconciliation to Cash Flow Statement:

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

Cash at bank and on hand	99,909	169,694
Short term money market deposits	39,965	16,146
	139,874	185,840
Bank overdraft (Note 17)	(36,243)	(32,620)
Cash and cash equivalents at end of the year	103,631	153,220

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

Profit after tax	351,340	268,914
Adjustments for:		
Net foreign exchange gains	(1,561)	(220)
Bad and doubtful debts	26,058	2,785
Provision for inventory obsolescence	(2)	1,258
Share of net profit from joint venture entities	(4,356)	(8,657)
Depreciation of property, plant and equipment	62,422	64,399
Amortisation	16,125	13,047
Impairment of non-current assets	1,883	-
Impairment of equity-accounted investments	7,235	274
Revaluation of investment properties	(47,790)	(7,604)
Property revaluation adjustment for overseas controlled entities	(568)	(1,123)
Deferred lease expenses	(131)	244
Provision for onerous leases	617	667
Executive remuneration expenses	3,628	4,246
Transfers to provisions:		
- Employee entitlements	5,394	2,662
Loss on disposal and revaluation of:		
- Property, plant and equipment, and listed securities	490	2,271
Changes in assets and liabilities net of effects from purchase and sale of controlled entities:		
(Increase)/decrease in assets:		
Receivables	17,709	(77,953)
Inventory	(17,362)	(1,970)
Other current assets	(3,631)	(62)
Increase/(decrease) in liabilities:		
Payables and other current liabilities	12,287	66,604
Income tax payable	7,904	10,666
Net cash from operating activities	437,691	340,448

29. Employee Benefits

	CONSOLIDATED	
	2016	2015
	Number	Number
The number of full-time equivalent employees employed as at 30 June are:	5,158	5,025
	2016	2015
	\$000	\$000
The aggregate employee benefit liability is comprised of:		
Accrued wages, salaries and on-costs	12,877	10,272
Provisions (Current – Note 19)	25,174	19,596
Provisions (Non-current – Note 19)	6,134	4,295
Total employee benefit provisions	44,185	34,163

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

Share Options

Harvey Norman Holdings Limited

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

Grant Date	Expiry Date	Exercise Price	Number of Options Outstanding		Number of Options Vested	
			2016	2015	2016	2015
29/11/2010	30/06/2016	\$3.02	-	-	-	1,134,000
29/11/2011	30/06/2017	\$2.03	-	-	-	750,000
29/12/2012	30/06/2018	\$1.827	-	1,701,000	1,701,000	-
			-	1,701,000	1,701,000	1,884,000

Refer to Table 2 of the Remuneration Report on page 41 for further information.

30. Remuneration of Auditors

Amounts received or due and receivable by Ernst & Young for:

	CONSOLIDATED	
	2016	2015
	\$	\$
- an audit or review of the financial report of the entity and any other entity in the consolidated entity	1,709,834	1,545,981
- tax services in relation to the entity and any other entity in the consolidated entity	191,160	189,238
- other services in relation to the entity and any other entity in the consolidated entity	116,123	129,512
Total received or due and receivable by Ernst & Young	2,017,117	1,864,731

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 Eryn Slack-Smith	Executive Director and Chief Operating Officer	Geoff Van Der Vegt	General Manager – Technology & Entertainment
David Ackery	Executive Director	Gordon Ian Dingwall	Chief Information Officer
Chris Mentis	Chief Financial Officer and Company Secretary	Haydon Ian Myers	General Manager – Home Appliances
Christopher Herbert Brown OAM	Non-Executive Director	Robert Nelson	General Manager – Audio Visual
Michael John Harvey	Non-Executive Director		
Kenneth William Gunderson- Briggs	Non-Executive Director (Independent)		
Graham Charles Paton AM	Non-Executive Director (Independent)		

(b) Compensation of Key Management Personnel

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

	CONSOLIDATED	
	2016	2015
	\$	\$
Short – term	10,865,503	10,896,451
Post employment	253,208	244,830
Long – term	1,964,774	1,483,608
Other – long service leave accrual	96,278	94,516
Share – based payment	78,246	217,893
	13,258,009	12,937,298

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 6 and 11.
The amount of other related party loans at balance date was:
- | | | |
|--|-------------|------------|
| | 121,570,008 | 92,384,889 |
|--|-------------|------------|
- (ii) The consolidated entity has a payable to other related parties at arm's length terms and conditions amounting to the following at balance date:
- | | | |
|--|-----------|------------|
| | 5,931,711 | 10,955,554 |
|--|-----------|------------|

	CONSOLIDATED	
	2016	2015
	\$000	\$000

33. Commitments

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

Not later than one year	27,657	9,682
Total capital expenditure commitments	27,657	9,682

The consolidated entity had contractual obligations to purchase property, plant and equipment and investment properties of \$27.66 million (2015: \$9.68 million). The contractual obligations are mainly for acquisition of new properties, development of new franchised complexes and the refurbishment of existing franchised complexes in Australia. There are no contractual obligations relating to joint venture properties for the year ended 30 June 2016 (2015: nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33. Commitments (continued)

	CONSOLIDATED	
	2016	2015
	\$000	\$000
(b) <i>Lease expenditure commitments – the consolidated entity as lessee:</i>		
(i) <i>Operating lease expenditure contracted for is payable as follows:</i>		
Not later than one year	140,915	143,774
Later than one year but not later than five years	322,981	346,331
Later than five years	129,705	134,928
Total operating lease liabilities	593,601	625,033

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:*

	Australia	New Zealand	Singapore and Malaysia	Ireland and Northern Ireland	Slovenia and Croatia	Total
	\$000	\$000	\$000	\$000	\$000	\$000
30 June 2016						
Not later than one year	86,939	11,472	22,982	17,660	1,862	140,915
Later than one year but not later than five years	185,334	31,136	38,032	61,888	6,591	322,981
Later than five years	50,544	11,723	-	67,383	55	129,705
Total operating lease liabilities	322,817	54,331	61,014	146,931	8,508	593,601
30 June 2015						
Not later than one year	91,468	10,676	21,529	18,314	1,787	143,774
Later than one year but not later than five years	215,795	25,603	42,275	59,955	2,703	346,331
Later than five years	56,783	6,406	3,138	68,159	442	134,928
Total operating lease liabilities	364,046	42,685	66,942	146,428	4,932	625,033

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.

	CONSOLIDATED	
	2016	2015
	\$000	\$000
(c) <i>Lease commitments – the consolidated entity as lessor:</i>		
<i>Future minimum amounts receivable under non-cancellable operating leases are as follows:</i>		
Not later than one year	80,340	83,597
Later than one year but not later than five years	140,599	155,086
Later than five years	27,935	30,235
Minimum lease receivable	248,874	268,918

The consolidated entity has entered into commercial leases in respect of its property portfolio and motor vehicles. All leases on its portfolio include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

34. Contingent Liabilities

Guarantees

As at 30 June 2016, the consolidated entity has guaranteed the performance of a joint venture entity which has entered into a loan facility with other parties totalling \$10.30 million (2015: \$10.30 million).

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 loans and borrowings. The consolidated entity's principal financial assets, other than derivatives, include trade and other receivables, shares held for trading and available for sale investments.

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

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

The main risks arising from the consolidated entity's financial 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, foreign exchange and commodity prices;
- ageing analyses and monitoring of specific credit allowances to manage credit risk; and
- monitoring liquidity risk through the development of future rolling cash flow forecasts.

The Board reviews and endorses policies for managing each of these risks as summarised below:

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

(b) *Market Risk*

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

(i) *Foreign Currency Risk Management*

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

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

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

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

- United States dollars;
- New Zealand dollars;
- Euro;
- British pound;
- Singapore dollars;
- Malaysian ringgit;
- Croatian kuna; and
- Hong Kong dollars

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. Financial Risk Management (continued)

(i) Foreign Currency Risk Management (continued)

At 30 June 2016, the consolidated entity had the following exposure to foreign currency risk that is not denominated in the functional currency of the relevant subsidiary. All amounts have been converted to Australian dollars using applicable rates.

	CONSOLIDATED	
	2016	2015
	\$000	\$000
Financial assets		
Cash and cash equivalents	12,463	8,360
Trade and other receivables	729	2,717
Derivatives receivable	111	64
	13,303	11,141
Financial liabilities		
Trade and other payables	20,482	11,110
Interest bearing loans and borrowings	10,375	10,122
Derivatives payable	325	43
	31,182	21,275
Net exposure	(17,879)	(10,134)

The following sensitivity analysis is calculated based on the foreign currency risk exposures that are not denominated in the functional currency of the relevant subsidiary at balance date. At 30 June 2016, had the various currencies moved, as illustrated in the table below, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

	Post tax profit increase/(decrease)		Other comprehensive income increase/(decrease)	
	2016	2015	2016	2015
	\$000	\$000	\$000	\$000
Consolidated				
Australian subsidiaries				
AUD/EURO + 5% (2015: + 5%)	3	(30)	(92)	(52)
AUD/EURO - 10% (2015: - 10%)	(7)	71	214	121
AUD/USD + 5% (2015: + 20%)	(2)	(16)	(18)	(48)
AUD/USD - 10% (2015: - 10%)	6	11	43	32
Slovenia and Ireland subsidiaries				
EURO/USD + 5% (2015: + 20%)	7	(25)	-	-
EURO/USD - 5% (2015: - 5%)	(7)	8	-	-
EURO/GBP + 5% (2015: + 10%)	(14)	5	-	-
EURO/GBP - 15% (2015: - 5%)	51	(3)	-	-
Croatia subsidiaries				
HRK/EURO + 5% (2015: + 5%)	556	512	-	-
HRK/EURO - 5% (2015: - 5%)	(615)	(566)	-	-
HRK/USD + 5% (2015: + 20%)	1	1	-	-
HRK/USD - 10% (2015: - 5%)	(2)	-	-	-
Singapore and Malaysia subsidiaries				
SGD/USD + 10% (2015: + 10%)	5	14	-	-
SGD/USD - 5% (2015: - 5%)	(3)	(8)	-	-
SGD/EURO + 5% (2015: + 5%)	(101)	(38)	-	-
SGD/EURO - 10% (2015: - 10%)	236	88	-	-
SGD/MYR + 5% (2015: + 10%)	25	(555)	-	-
SGD/MYR - 10% (2015: - 10%)	(59)	678	-	-
SGD/AUD + 5% (2015: + 5%)	8	2	-	-
SGD/AUD - 5% (2015: - 10%)	(9)	(5)	-	-
New Zealand subsidiaries/branches				
NZ/EURO + 5% (2015: + 5%)	(8)	(32)	-	-
NZ/EURO - 10% (2015: - 10%)	18	74	-	-
NZ/USD + 5% (2015: + 20%)	-	2	-	-
NZ/USD - 10% (2015: - 10%)	(1)	(1)	-	-

35. Financial Risk Management (continued)

(i) Foreign Currency Risk Management (continued)

The sensitivity increases and decreases in exchange rates have been selected as this is considered reasonable given the current level of exchange rates and the volatility observed both on a 2-year historical data basis and market expectations for potential future movement. The sensitivities of post tax profit and other comprehensive income in 2016 are comparable to 2015.

(ii) Interest Rate Risk Management

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

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

- Cash and cash equivalents;
- Non-trade debts receivable from related parties and other unrelated parties;
- Bank overdraft;
- Non-trade amounts owing to directors, related parties and other unrelated parties;
- Borrowings; and
- Bills payable.

The consolidated entity manages the interest rate exposure by adjusting the ratio of fixed interest debt to variable interest debt to 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.

30 June 2016	Principal subject to floating interest rate \$000	Fixed interest rate maturing in				Non- interest bearing \$000	Total \$000	Average interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000				Floating	Fixed
Financial assets									
Cash	95,314	32,105	-	-	12,455	139,874	0.01% - 2.75%	0.01% - 3.00%	
Consumer finance loans	-	9	1	-	2,669	2,679	-	9.00%	
Finance lease receivables	-	945	1,207	-	8,278	10,430	-	10.50% - 12.50%	
Receivables from franchisees	-	-	-	-	942,934	942,934	-	-	
Trade debtors	-	-	-	-	107,235	107,235	-	-	
Other financial assets	-	-	-	-	44,955	44,955	-	-	
Non-trade debtors & loans	45,286	16,021	3,979	4,070	75,383	144,739	4.14% - 5.30%	7.00% - 12.00%	
	140,600	49,080	5,187	4,070	1,193,909	1,392,846			
Financial liabilities									
Borrowings (*)	550,641	11,469	-	-	-	562,110	1.14% - 3.97%	1.00% - 1.13%	
Trade creditors	-	-	-	-	746,489	746,489	-	-	
Other loans	44,066	-	-	-	177	44,243	2.89% - 3.65%	-	
Bank overdraft	36,243	-	-	-	-	36,243	1.70% - 6.65%	-	
Bills payable	9,750	-	-	-	-	9,750	1.90% - 2.15%	-	
Finance lease liabilities	-	364	1,042	-	-	1,406	-	5.92% - 9.50%	
Other financial liabilities	-	-	-	-	325	325	-	-	
	640,700	11,833	1,042	-	746,991	1,400,566			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. Financial Risk Management (continued)

(ii) Interest Rate Risk Management (continued)

30 June 2015	Principal subject to floating interest rate \$000	Fixed interest rate maturing in			Non- interest bearing \$000	Total \$000	Average interest rate	
		1 year or less \$000	Over 1 to 5 years \$000	More than 5 years \$000			Floating	Fixed
Financial assets								
Cash	151,752	19,677	-	-	14,411	185,840	0.20%-3.60%	0.01%-4.10%
Consumer finance loans	-	22	5	-	2,451	2,478	-	9.00%
Finance lease receivables	-	1,554	1,348	-	9,243	12,145	-	10.00%-12.00%
Receivables from franchisees	-	-	-	-	956,525	956,525	-	-
Trade debtors	-	-	-	-	119,549	119,549	-	-
Other financial assets	-	-	-	-	42,718	42,718	-	-
Non-trade debtors & loans	15,460	12,870	19,558	18,243	38,714	104,845	4.32%-12.22%	7.00%-12.00%
	167,212	34,123	20,911	18,243	1,183,611	1,424,100		
Financial liabilities								
Borrowings (*)	561,808	-	-	-	-	561,808	0.47%-5.93%	-
Interest rate swaps (notional amount)	-	(200,000)	-	-	-	(200,000)	-	5.21%-5.54%
Net exposure	561,808	(200,000)	-	-	-	361,808		
Trade creditors	-	-	-	-	781,591	781,591		
Other loans	89,928	-	-	-	89	90,017	3.07%-4.22%	-
Bank overdraft	32,620	-	-	-	-	32,620	1.97%-6.68%	-
Bills payable	9,750	-	-	-	-	9,750	2.08%-2.72%	
Finance lease liabilities	-	139	-	-	-	139	-	9.50%
Other financial liabilities	-	4,061	-	-	43	4,104	-	5.21%-5.54%
	694,106	4,200	-	-	781,723	1,480,029		

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

Sensitivity analysis

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

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

At 30 June 2016, if interest rates had moved, with all other variables held constant, post tax profit and other comprehensive income would have been affected as follows:

35. Financial Risk Management (continued)

(ii) Interest Rate Risk Management (continued)

	CONSOLIDATED			
	Post tax profit		Other comprehensive income	
	increase/(decrease)		increase/(decrease)	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
If there was 50 (2015: 50) basis points higher in interest rates with all other variables held constant	(1,865)	(2,034)	-	376
If there was 50 (2015: 50) basis points lower in interest rates with all other variables held constant	1,865	2,034	-	(376)

The movements in post tax profit are due to higher/lower interest costs from variable rate debt and cash balances. The movements in other comprehensive income in 2015 were due to increase/decrease in the fair value of interest rate swap contracts designated as cash flow hedges.

The movements in post tax profit in 2016 are less sensitive than the movements in 2015 because of a decrease in financial liabilities that are subject to variable interest rates.

(iii) Equity Price Risk Management

The consolidated entity is exposed to equity price risk arising from equity investments. Equity investments are held for strategic rather than trading purposes. The consolidated entity does not actively trade these investments. The exposure to the risk of a general decline in equity market values is not hedged as the consolidated entity believes such a strategy is not cost effective. The fair value of the equity investments publicly traded on the ASX was \$26.71 million as at 30 June 2016 (2015: \$27.08 million). The fair value of the equity investments publicly traded on the NZX was \$15.62 million as at 30 June 2016 (2015: \$13.48 million).

As at 30 June 2016, if equity prices had been 10% higher/lower while all other variables are held constant, post tax profit and other comprehensive income would have been affected as follows:

	CONSOLIDATED			
	Post tax profit		Other comprehensive income	
	increase/(decrease)		increase/(decrease)	
	2016 \$000	2015 \$000	2016 \$000	2015 \$000
If there was 10% (2015: 10%) increase movement in equity prices with all other variables held constant	1,901	1,939	1,562	1,348
If there was 10% (2015: 10%) decrease movement in equity prices with all other variables held constant	(1,901)	(1,939)	(1,562)	(1,348)

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

35. Financial Risk Management (continued)

(c) Credit Risk

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

Credit risk arises from the financial assets of the consolidated entity, which comprise 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; and
- For finance lease receivables or non-trade debts receivable from related parties and other unrelated persons, the consolidated entity obtains collateral with a value equal or in excess of the counterparties' obligation to the consolidated entity.

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

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

The 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:

Location of credit risk	CONSOLIDATED	
	2016 \$000	2015 \$000
Australia	1,107,655	1,134,113
New Zealand	36,825	25,133
Singapore and Malaysia	18,892	16,968
Slovenia and Croatia	4,337	3,442
Ireland and Northern Ireland	3,245	2,827
Total	1,170,954	1,182,483

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

35. Financial Risk Management (continued)

(a) Liquidity Risk (continued)

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

Year ended 30 June 2016 CONSOLIDATED	Less than 1 year \$000	1 to 2 years \$000	2 to 5 years \$000	Over 5 years \$000	Total \$000
Non derivative financial assets					
Cash and cash equivalents	139,874	-	-	-	139,874
Receivables from franchisees	942,934	-	-	-	942,934
Trade and other receivables	157,986	5,659	38,588	41,948	244,181
Other financial assets	26,204	-	-	18,751	44,955
Total financial assets	1,266,998	5,659	38,588	60,699	1,371,944
Non derivative financial liabilities					
Trade and other payables	746,489	-	-	-	746,489
Interest bearing loans and borrowings	464,921	202,951	867	-	668,739
Derivative financial liabilities					
Forward currency contracts	325	-	-	-	325
Total financial liabilities	1,211,735	202,951	867	-	1,415,553
Net maturity	55,263	(197,292)	37,721	60,699	(43,609)

Year ended 30 June 2015 CONSOLIDATED	Less than 1 year \$000	1 to 2 years \$000	2 to 5 years \$000	Over 5 years \$000	Total \$000
Non derivative financial assets					
Cash and cash equivalents	185,840	-	-	-	185,840
Receivables from franchisees	956,525	-	-	-	956,525
Trade and other receivables	158,636	7,835	45,647	28,480	240,598
Other financial assets	26,083	-	-	16,570	42,653
Derivative financial assets					
Forward currency contracts	64	-	-	-	64
Total financial assets	1,327,148	7,835	45,647	45,050	1,425,680
Non derivative financial liabilities					
Trade and other payables	781,591	-	-	-	781,591
Interest bearing loans and borrowings	421,447	98,169	202,681	-	722,297
Derivative financial liabilities					
Forward currency contracts	43	-	-	-	43
Interest rate swap contracts	4,061	-	-	-	4,061
Total financial liabilities	1,207,142	98,169	202,681	-	1,507,992
Net maturity	120,006	(90,334)	(157,034)	45,050	(82,312)

For detailed information on financing facilities available as at 30 June 2016 refer to Note 21.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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. Interest rate swap contracts and 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.

Year ended 30 June 2016 CONSOLIDATED	Quoted market price (Level 1) \$000	Valuation technique – market observable inputs (Level 2) \$000	Valuation technique – non market observable inputs (Level 3) \$000	Total \$000
Financial Assets				
Listed investments	42,328	-	-	42,328
Total Financial Assets	42,328	-	-	42,328
Financial Liabilities				
Forward currency contracts	-	325	-	325
Total Financial Liabilities	-	325	-	325
Year ended 30 June 2015 CONSOLIDATED	Quoted market price (Level 1) \$000	Valuation technique – market observable inputs (Level 2) \$000	Valuation technique – non market observable inputs (Level 3) \$000	Total \$000
Financial Assets				
Listed investments	40,565	-	-	40,565
Forward currency contracts	-	64	-	64
Total Financial Assets	40,565	64	-	40,629
Financial Liabilities				
Forward currency contracts	-	43	-	43
Interest rate swaps	-	4,061	-	4,061
Total Financial Liabilities	-	4,104	-	4,104

35. Financial Risk Management (continued)

(e) Fair Value of Financial Assets and Financial Liabilities (continued)

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Forward currency contracts are measured using quoted forward exchange rates. Interest rate swap contracts are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates. These instruments are included in level 2. In the circumstances where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are included in level 3.

(f) Capital Risk Management Policy

When managing capital, 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 borrowings disclosed in Note 17 and 20, cash and cash equivalents disclosed in Note 28(a) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Notes 23, 24 and 25 respectively. None of the consolidated entity's entities are subject to externally imposed capital requirements.

Capital management is monitored through the debt to equity ratio (borrowings / total equity). The target for the consolidated entity's debt to equity ratio is a tolerance level of up to 50%. The debt to equity ratios at 30 June 2016 and 2015 were as follows:

	CONSOLIDATED	
	2016 \$000	2015 \$000
Borrowings (a)	654,077	698,438
Less: Cash and cash equivalents	(139,874)	(185,840)
Net Debt (c)	514,203	512,598
Total equity (b)	2,710,724	2,578,910
Debt to equity ratio ((a)/(b))	24.13%	27.08%
Net debt to equity ratio ((c)/(b))	18.97%	19.88%

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

- Bank overdraft;
- Other short-term borrowings;
- Syndicated facility agreement (current and non-current);
- Commercial bills payable (current);
- Lease liabilities (current and non-current);
- Derivatives payable; and
- Non trade amounts owing to directors, related parties and unrelated parties.

(b) For the purpose of calculating this debt to equity ratio, total equity excludes the negative acquisition reserve of \$22.05 million (2015: \$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	
	2016	2015
	\$000	\$000
Current Assets		
Forward currency contracts – held for trading	-	25
Forward currency contracts – cash flow hedges	-	39
Current Liabilities		
Interest rate swap contracts – cash flow hedges	-	4,061
Forward currency contracts – held for trading	280	41
Forward currency contracts – cash flow hedges	45	2

(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.

	CONSOLIDATED					
	2016		2015			
Currency	Average Exchange Rate 2016	Average Exchange Rate 2015	Buy \$000	Sell \$000	Buy \$000	Sell \$000
Euro (0-12 months)	64.51	68.58	7,306	-	7,487	-
US Dollar (0-12 months)	73.02	77.13	950	-	417	-
Total			8,256	-	7,904	-

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 were \$0.28 million for the consolidated entity (2015: \$0.02 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:

	CONSOLIDATED					
	2016		2015			
Currency	Average Exchange Rate 2016	Average Exchange Rate 2015	Buy \$000	Sell \$000	Buy \$000	Sell \$000
Euro (0-12 months)	66.01	70.50	2,742	-	1,481	-
US Dollar (0-12 months)	73.53	76.30	544	-	403	-
Total			3,286	-	1,884	-

36. Derivative Financial Instruments (continued)

(b) Forward currency contracts – cash flow hedges (continued)

The forward currency contracts are considered to be highly effective hedges as they are matched against forecast inventory purchases and firm committed invoice payments for inventory purchases. During the year the hedges were 100% effective (2015: 100% effective), therefore the gain or loss on the contracts attributable to the hedged risk is taken directly to equity. When the inventory is delivered the amount recognised in equity is adjusted to the inventory account in the statement of financial position.

Movement in the forward currency contract cash flow hedge reserve:

	CONSOLIDATED	
	2016	2015
	\$000	\$000
	Increase/(Decrease)	
Opening balance	25	(13)
Transferred to inventory	(25)	13
Charged to other comprehensive income	(32)	25
Closing balance	(32)	25

(c) Interest rate swap contracts – cash flow hedges

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

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

Outstanding interest rate swap contracts	Average contracted fixed interest rate	Notional principal amount \$000	Fair value loss \$000
30 June 2016	-	-	-
30 June 2015			
Less than 1 year	5.38%	200,000	(4,061)

The floating rate on the Australian interest rate swap contract is the Australian BBSY. The interest rate swap contract settles on a monthly basis and the settlement dates coincide with the dates on which interest is payable on the underlying debt. The interest rate swap is matched directly against the appropriate loan and interest expense and is considered to be highly effective. The interest rate swap is settled on a net basis. The interest rate swap is measured at fair value and the gain or loss attributable to the hedged risk is taken directly to equity and reclassified into profit and loss when the interest expense is recognised.

The \$200.00 million interest rate swap contract expired during the year.

Movement in interest rate swap contract cash flow hedge reserve:

	CONSOLIDATED	
	2016	2015
	\$000	\$000
	Increase/(Decrease)	
Opening balance	(2,842)	(6,097)
Transferred to interest expense	2,842	-
Charged to equity	-	3,255
Closing balance	-	(2,842)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

37. Investments Accounted for Using Equity Method

	CONSOLIDATED Investment		CONSOLIDATED Share of pre tax profit	
	June 2016 \$000	June 2015 \$000	June 2016 \$000	June 2015 \$000
Total joint venture entities accounted for using equity method	24,828	21,425	4,356	8,658
Name and Principal Activities	Ownership Interest		Contribution to Pre Tax Profit / (Loss)	
	June 2016 %	June 2015 %	June 2016 \$000	June 2015 \$000
Noarlunga (Shopping complex)	50%	50%	1,533	1,470
Perth City West (Shopping complex)	50%	50%	3,820	4,344
Warrawong King St (a) (Shopping complex)	62.5%	62.5%	1,056	1,246
Byron Bay (Residential/convention development)	50%	50%	(711)	(706)
Byron Bay – 2 (Resort operations)	50%	50%	596	1,004
Dubbo (Shopping complex)	50%	50%	624	672
Bundaberg (Land held for investment)	50%	50%	(4)	(4)
Gepps Cross (Shopping complex)	50%	50%	2,994	2,708
QCV (b) (Miners residential complex)	50%	50%	(2,844)	(3,630)
Lincoln Junction (New Zealand)	-	50%	-	1,554
KEH Partnership (Retailer)	50%	50%	-	-
Coomboona Dairy (c) (Dairy farming)	49.9%	-	(2,708)	-
			4,356	8,658

- (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:
- a finance facility from ANZ for the amount of \$10.30 million plus interest and costs, with a maturity date of 15 December 2016. HNHL has granted a joint and several guarantee to ANZ in respect of this facility.
 - finance facilities from Network Consumer Finance Pty Limited ("NCF"), a wholly-owned subsidiary of HNHL, for the amount of \$35.37 million plus interest and costs, subject to bi-annual review.
- (c) In September 2015, the consolidated entity acquired, through a wholly-owned subsidiary, 49.9% of Coomboona Holdings Pty Limited comprising dairy farm operations and a pedigree breeding and genetics division in Northern Victoria. The investment offers targeted exposure to the demand for quality agricultural produce forecast to result from increasing urbanisation, particularly in Asia. The transaction amounts to \$34 million, including an investment of \$25 million and a commercial advance provided by NCF of \$9 million, and is consistent with the consolidated entity's investment portfolio mandate to seek growth opportunities and to capitalise on market trends. The consolidated entity incurred a \$2.71 million equity-accounted loss in respect of this new joint venture.

Impairment of equity-accounted investments in mining camp joint ventures:

The recoverability of the equity-accounted investments in the mining camp joint ventures was assessed as at 30 June 2016. Falling commodity prices and the sharp slowdown in the mining sector over the past year has resulted in a deterioration of the trading performance of several mining camp joint ventures. As a result, an impairment loss of \$7.24 million was recognised to reduce the carrying amount of the equity-accounted investment to recoverable amount.

The cash generating unit was determined to be the underlying mining camp joint ventures. The recoverable amount for this cash generating unit has been estimated based on a value in use calculation using cash flow projections as at 30 June 2016 for a five-year period, based on financial budgets and the assets held as security. The pre-tax discount rate applied to the cash flow projections was 15.0%. Cash flows were limited to five years due to the inherent risks associated with the mining industry.

Each of the key assumptions in the impairment assessment is subject to significant judgement about future economic conditions and its impact on the ongoing trading performance of the mining camp ventures and the possible commencement of future projects which are currently out to tender. Judgement has been applied, based on the available information, to each of these variables to assess the recoverable amount of equity accounted investment as at balance date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. Controlled Entities and Unit Trusts Shares held by Harvey Norman Holdings Limited

The following companies are 100% owned by Harvey Norman Holdings Limited and incorporated in Australia unless marked otherwise. The financial years of all controlled entities are the same as that of the Parent Company.

A.C.N. 098 004 570 Pty Limited	Calardu Caringbah (Taren Point) Pty Limited	Calardu Morayfield Pty Limited
ABSC Online Pty Limited ²⁷	Calardu Caringbah Pty Limited	Calardu Morwell Pty Limited
Achiever Computers Pty Ltd	Calardu Chatswood Pty Limited	Calardu Moss Vale Pty Limited
Aloku Pty Limited ²⁸	Calardu Crows Nest Pty Limited	Calardu Mount Isa Pty Limited
Anwarah Pty Limited ²⁸	Calardu Cubitt Pty Limited	Calardu Mt Gambier Pty Limited
Arisit Pty Limited ^{1, 2}	Calardu Darwin Pty Limited	Calardu Mudgee Pty Limited
Arlenu Pty Limited ²⁸	Calardu Devonport Pty Limited	Calardu Munno Para Pty Limited
Armidale Holdings Pty Limited ²¹	Calardu Dubbo Pty Limited	Calardu Noarlunga Pty Limited
Arpayo Pty Limited ²⁸	Calardu Emerald Pty Limited	Calardu Noble Park WH Pty Limited
Aubdirect Pty Limited	Calardu Frankston Pty Limited	Calardu Noosa Pty Limited ²⁸
Australian Business Skills Centre Pty Limited ²³	Calardu Frankston WH Pty Limited	Calardu North Ryde No. 1 Pty Limited
Balwondu Pty Limited ²⁸	Calardu Fyshwick DM Pty Limited	Calardu North Ryde Pty Limited
Barrayork Pty Limited	Calardu Gepps Cross Pty Limited	Calardu Northbridge Pty Limited ²⁸
Becto Pty Limited ²⁸	Calardu Gladstone Pty Limited	Calardu Nowra Pty Limited
Bellevue Hill Pty Limited	Calardu Gordon Pty Limited	Calardu Penrith Pty Limited ²⁸
Bencoolen Properties Pte Limited ^{11, 16}	Calardu Guildford Pty Limited	Calardu Perth City West Pty Limited
Bestest Pty Limited ²⁸	Calardu Gympie Pty Limited	Calardu Port Macquarie Pty Limited ²⁸
Bossee Pty Limited	Calardu Hervey Bay Pty Limited	Calardu Preston Pty Limited ²⁸
Bradiz Pty Limited ²⁸	Calardu Hobart Pty Limited	Calardu Pty Limited ²⁸
Braxpine Pty Limited ²⁸	Calardu Hoppers Crossing Pty Limited	Calardu Queensland Pty Limited ²⁸
Byron Bay Facilities Pty Limited ²⁴	Calardu Horsham Pty Limited	Calardu Raine Square Pty Limited
Byron Bay Management Pty Limited ²⁵	Calardu Innisfail Pty Limited	Calardu Richmond Pty Limited ²⁸
Caesar Mosaics Pty Limited	Calardu Ipswich Pty Limited	Calardu Rockhampton Pty Limited
Calardu Albany Pty Limited	Calardu Jandakot No. 1 Pty Limited	Calardu Rockingham Pty Limited ²⁸
Calardu Albury Pty Limited	Calardu Jandakot Pty Limited	Calardu Roselands Pty Limited
Calardu Alexandria DM Pty Limited ²⁸	Calardu Joondalup Pty Limited ²⁸	Calardu Rothwell Pty Limited
Calardu Alexandria WH Pty Limited	Calardu Kalgoorlie Oswald St Pty Limited	Calardu Rutherford Pty Limited
Calardu Alice Springs Pty Limited	Calardu Kalgoorlie Pty Limited	Calardu Rutherford Warehouse Pty Limited
Calardu Armadale WA Pty Limited	Calardu Karana Downs Pty Limited	Calardu Sale Pty Limited
Calardu Armidale Pty Limited	Calardu Karratha Pty Limited	Calardu Silverwater Pty Limited
Calardu Auburn Pty Limited	Calardu Kawana Waters Pty Limited	Calardu South Australia Pty Limited ²⁸
Calardu Ballarat Pty Limited	Calardu Kemblawarra Pty Limited	Calardu Springvale Pty Limited
Calardu Ballina No. 1 Pty Limited	Calardu Kingaroy Pty Limited	Calardu Surry Hills Pty Limited
Calardu Ballina Pty Limited	Calardu Kotara Pty Limited	Calardu Swan Hill Pty Limited
Calardu Bathurst Pty Limited	Calardu Launceston Pty Limited	Calardu Sylvania Pty Limited
Calardu Beaufort Street Pty Limited	Calardu Lismore Pty Limited	Calardu Taree Pty Limited
Calardu Belrose DM Pty Limited	Calardu Loganholme Pty Limited	Calardu Taren Point Pty Limited
Calardu Berri (SA) Pty Limited	Calardu Mackay No. 1 Pty Limited	Calardu Thebarton Pty Limited
Calardu Berrimah Pty Limited	Calardu Mackay No. 2 Pty Limited	Calardu Toorak Pty Limited
Calardu Broadmeadow Pty Limited	Calardu Maitland Pty Limited	Calardu Toowoomba WH Pty Limited
Calardu Broadmeadows VIC Pty Limited	Calardu Malaga Pty Limited	Calardu Townsville Pty Limited
Calardu Browns Plains No. 1 Pty Limited	Calardu Mandurah Pty Limited	Calardu Tweed Heads Pty Limited ²⁸
Calardu Browns Plains Pty Limited	Calardu Maribyrnong Pty Limited ²⁸	Calardu Tweed Heads Traders Way Pty Limited
Calardu Bunbury (WA) Pty Limited ²⁸	Calardu Marion Pty Limited ²⁸	Calardu Vicfurn Pty Limited
Calardu Bundaberg Pty Limited	Calardu Maroochydore Pty Limited	Calardu Victoria Pty Limited ²⁸
Calardu Bundaberg WH Pty Limited	Calardu Maroochydore Warehouse Pty Limited	Calardu Warrawong (Homestart) Pty Limited
Calardu Bundall Pty Limited	Calardu Marsden Park Pty Limited ⁷	Calardu Warrawong Pty Limited
Calardu Burnie Pty Limited	Calardu Maryborough Pty Limited	Calardu Warrnambool Pty Limited ²⁸
Calardu Cairns Pty Limited	Calardu Melville Pty Limited ²⁸	Calardu Warwick Pty Limited
Calardu Cambridge Pty Limited	Calardu Mentone Pty Limited	Calardu West Gosford Pty Limited
Calardu Campbelltown Pty Limited	Calardu Midland Pty Limited	Calardu Whyalla Pty Limited
Calardu Cannington Pty Limited ²⁸	Calardu Milton Pty Limited	Calardu Wivenhoe Pty Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited

Calardu Wodonga Pty Limited ⁷	D.M. Castle Hill Franchisor Pty Limited	H.N. Albany Creek Franchisor Pty Limited
Cannoneel Recovery Pty Limited	D.M. Castle Hill Leasing Pty Limited	H.N. Albany Creek Leasing Pty Limited
Carlando Pty Limited ²⁸	D.M. Fyshwick Franchisor Pty Limited ²⁸	H.N. Albany Franchisor Pty Limited ²⁸
Cascade Consolidated Sdn. Bhd. ^{13,29}	D.M. Fyshwick Leasing Pty Limited	H.N. Albany Leasing Pty Limited
Charmela Pty Limited ²⁸	D.M. Kotara Franchisor Pty Limited ²⁸	H.N. Albury Franchisor Pty Limited ²⁸
Clambruno Pty Limited ²⁸	D.M. Kotara Leasing Pty Limited	H.N. Albury Leasing Pty Limited
Consolidated Design Group Pty Ltd	D.M. Leicht Franchisor Pty Limited	H.N. Alexandria Franchisor Pty Limited
Contemporary Design Group Pty Limited ^{1,2}	D.M. Liverpool Franchisor Pty Limited ²⁸	H.N. Alexandria Leasing Pty Limited
CP Aspley Pty Limited	D.M. Liverpool Leasing Pty Limited	H.N. Alice Springs Franchisor Pty Limited
CP Belmont Pty Limited	D.M. Maroochydore Franchisor Pty Limited	H.N. Alice Springs Leasing Pty Limited
CP Bendigo Pty Limited	D.M. Maroochydore Leasing Pty Limited	H.N. Ararat Franchisor Pty Limited
CP Braybrook Pty Limited	D.M. North Ryde Franchisor Pty Limited	H.N. Ararat Leasing Pty Limited
CP Bundaberg Leasing Pty Limited	D.M. North Ryde Leasing Pty Limited	H.N. Armadale WA Franchisor Pty Limited ²⁸
CP Bundaberg Pty Limited	D.M. Penrith Franchisor Pty Limited ²⁸	H.N. Armadale WA Leasing Pty Limited
CP Burleigh Waters Pty Limited	D.M. Penrith Leasing Pty Limited	H.N. Armidale Franchisor Pty Limited ²⁸
CP Coburg Pty Limited	D.M. QVH Franchisor Pty Limited ²⁸	H.N. Armidale Leasing Pty Limited
CP Commercial Division Pty Limited	D.M. QVH Leasing Pty Limited	H.N. Aspley Franchisor Pty Limited ²⁸
CP Corporate VIC Pty Limited	D.M. Springvale Franchisor Pty Limited	H.N. Aspley Leasing Pty Limited
CP Dandenong Pty Limited	D.M. Springvale Leasing Pty Limited	H.N. Atherton Franchisor Pty Limited
CP Joondalup Pty Limited	D.M. Warrawong Franchisor Pty Limited ²⁸	H.N. Atherton Leasing Pty Limited
CP Loganholme Pty Limited	D.M. Warrawong Leasing Pty Limited	H.N. Auburn Franchisor Pty Limited ²⁸
CP Macgregor Pty Limited	D.M. West Gosford Franchisor Pty Ltd ²⁸	H.N. Auburn Leasing Pty Limited
CP Mackay Pty Limited	D.M. West Gosford Leasing Pty Ltd	H.N. Ayr Franchisor Pty Limited ²⁸
CP Malvern Pty Limited	Daldere Pty Limited ²⁸	H.N. Ayr Leasing Pty Limited
CP Mandurah Pty Limited	Dandolena Pty Limited ²⁸	H.N. Bairnsdale Franchisor Pty Limited ²⁸
CP Maroochydoore Pty Limited	Derni Pty Limited ^{1,2}	H.N. Bairnsdale Leasing Pty Limited
CP Maryborough Leasing Pty Limited	Divonda Pty Limited ²⁸	H.N. Balgowlah Franchisor Pty Limited ²⁸
CP Maryborough Pty Limited	DM Online Franchisor Pty Limited	H.N. Balgowlah Leasing Pty Limited
CP Midland Pty Limited	DM Online Leasing Pty Limited	H.N. Ballarat Franchisor Pty Limited ²⁸
CP Moonah Pty Limited	Domain Holdings Pty Limited	H.N. Ballarat Leasing Pty Limited
CP Moorabbin Pty Limited	Domayne Furnishing Pty Limited	H.N. Ballina Franchisor Pty Limited
CP Morayfield Pty Limited	Domayne Holdings Limited ^{9, 10}	H.N. Ballina Leasing Pty Limited
CP Mornington Pty Limited	Domayne Online.com Pty Limited	H.N. Batemans Bay Franchisor Pty Limited
CP Mt Druitt Leasing Pty Limited	Domayne P.E.M. Pty Limited ²⁸	H.N. Batemans Bay Leasing Pty Limited
CP Mt Druitt Pty Limited	Domayne Plant & Equipment Pty Limited ²⁸	H.N. Bathurst Franchisor Pty Limited ²⁸
CP O'Connor Pty Limited	Domayne Pty Limited	H.N. Bathurst Leasing Pty Limited
CP Online Pty Limited	Dubbo JV Pty Limited	H.N. Belmont Franchisor Pty Limited ²⁸
CP Osborne Park CL Pty Limited	Durslee Pty Limited ²⁸	H.N. Belmont Leasing Pty Limited
CP Osborne Park Pty Limited	Eastern Audio Pte Ltd ^{11,29}	H.N. Belmont North Franchisor Pty Limited
CP Richmond Pty Limited	E-Creation Sdn. Bhd. ^{13,29}	H.N. Belmont North Leasing Pty Limited
CP Ringwood Pty Limited	Edbrook Everton Park Pty Limited	H.N. Bendigo Franchisor Pty Limited ²⁸
CP Thomastown Pty Limited	Edbrook Pty Limited ^{6,28}	H.N. Bendigo Leasing Pty Limited
CP Victoria Park Pty Limited	Elitetrax Marketing Sdn Bhd ^{13,30}	H.N. Bernoth Franchisor Pty Limited ²⁸
CP Welshpool DC Pty Limited	Energy Incentive Team Pty Limited ³¹	H.N. Bernoth Leasing Pty Limited
Cropp Pty Limited	Farane Pty Limited ²⁸	H.N. Bernoth Plant & Equipment Pty Limited ²⁸
D.M. Alexandria Franchisor Pty Limited ²⁸	Flormonda Pty Limited ²⁸	H.N. Blacktown Franchisor Pty Limited ²⁸
D.M. Alexandria Leasing Pty Limited	Forgetful Pty Limited	H.N. Blacktown Leasing Pty Limited
D.M. Alexandria Licencing Pty Limited	Ganoru Pty Limited ²⁸	H.N. Bondi Junction Franchisor Pty Limited
D.M. Auburn Franchisor Pty Limited ²⁸	Generic Publications Pty Limited	H.N. Bondi Junction Leasing Pty Limited
D.M. Auburn Leasing Pty Limited	Geraldton WA Pty Limited	H.N. Braybrook Franchisor Pty Limited
D.M. Auburn Licencing Pty Limited	Gestco Greensborough Pty Limited ²⁸	H.N. Braybrook Leasing Pty Limited
D.M. Belrose Franchisor Pty Limited	Gestco Pty Limited ²⁸	H.N. Broadmeadow (VIC) Franchisor Pty Limited
D.M. Belrose Leasing Pty Limited	Glo Light Pty Limited ²²	H.N. Broadmeadow (VIC) Leasing Pty Limited
D.M. Bundall Franchisor Pty Limited ²⁸	H.N. Adelaide CK Franchisor Pty Limited ²⁸	H.N. Broadway (Sydney) Franchisor Pty Limited ²⁸
D.M. Bundall Leasing Pty Limited	H.N. Adelaide CK Leasing Pty Limited	H.N. Broadway (Sydney) Leasing Pty Limited

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited

H.N. Broadway on the Mall Franchisor Pty Limited ²⁸	H.N. Coburg Leasing Pty Limited	H.N. Greensborough Leasing Pty Limited
H.N. Broadway on the Mall Leasing Pty Limited	H.N. Coffs Harbour Franchisor Pty Limited ²⁸	H.N. Griffith Franchisor Pty Limited ²⁸
H.N. Broken Hill Franchisor Pty Limited	H.N. Coffs Harbour Leasing Pty Limited	H.N. Griffith Leasing Pty Limited
H.N. Broken Hill Leasing Pty Limited	H.N. Coorparoo Franchisor Pty Limited	H.N. Gunnedah Franchisor Pty Limited
H.N. Brooklyn Franchisor Pty Limited	H.N. Coorparoo Leasing Pty Limited	H.N. Gunnedah Leasing Pty Limited
H.N. Brooklyn Leasing Pty Limited	H.N. Cranbourne Franchisor Pty Limited ²⁸	H.N. Guthrie Street Franchisor Pty Limited
H.N. Browns Plains Franchisor Pty Limited ²⁸	H.N. Cranbourne Leasing Pty Limited	H.N. Guthrie Street Leasing Pty Limited
H.N. Browns Plains Leasing Pty Limited	H.N. Dalby Franchisor Pty Limited ²⁸	H.N. Gympie Franchisor Pty Limited
H.N. Bunbury Franchisor Pty Limited ²⁸	H.N. Dalby Leasing Pty Limited	H.N. Gympie Leasing Pty Limited
H.N. Bunbury Leasing Pty Limited	H.N. Dandenong Franchisor Pty Limited ²⁸	H.N. Hamilton Franchisor Pty Limited ²⁸
H.N. Bundaberg Franchisor Pty Limited ²⁸	H.N. Dandenong Leasing Pty Limited	H.N. Hamilton Leasing Pty Limited
H.N. Bundaberg Leasing Pty Limited	H.N. Darwin Franchisor Pty Limited ²⁸	H.N. Hervey Bay Franchisor Pty Limited ²⁸
H.N. Bundall Franchisor Pty Limited ²⁸	H.N. Darwin Leasing Pty Limited	H.N. Hervey Bay Leasing Pty Limited
H.N. Bundall Leasing Pty Limited	H.N. Deniliquin Franchisor Pty Limited ²⁸	H.N. Hoppers Crossing Franchisor Pty Limited ²⁸
H.N. Burleigh Heads Franchisor Pty Limited ²⁸	H.N. Deniliquin Leasing Pty Limited	H.N. Hoppers Crossing Leasing Pty Limited
H.N. Burleigh Heads Leasing Pty Limited	H.N. Dubbo Franchisor Pty Limited ²⁸	H.N. Horsham Franchisor Pty Limited ²⁸
H.N. Burleigh Waters Franchisor Pty Limited	H.N. Dubbo Leasing Pty Limited	H.N. Horsham Leasing Pty Limited
H.N. Burleigh Waters Leasing Pty Limited	H.N. Edgewater Franchisor Pty Limited	H.N. Hyperdome Franchisor Pty Limited
H.N. Busselton Franchisor Pty Limited ²⁸	H.N. Edgewater Leasing Pty Limited	H.N. Hyperdome Leasing Pty Limited
H.N. Busselton Leasing Pty Limited	H.N. Education Franchisor Pty Limited	H.N. Indooroopilly Franchisor Pty Limited ²⁸
H.N. Cairns Franchisor Pty Limited ²⁸	H.N. Education Leasing Pty Limited	H.N. Indooroopilly Leasing Pty Limited
H.N. Cairns Leasing Pty Limited	H.N. Emerald Franchisor Pty Limited	H.N. Innisfail Franchisor Pty Limited ²⁸
H.N. Cambridge Park Franchisor Pty Limited	H.N. Emerald Leasing Pty Limited	H.N. Innisfail Leasing Pty Limited
H.N. Cambridge Park Leasing Pty Limited	H.N. Energy IP Licensing Pty Limited ²⁸	H.N. Inverell Franchisor Pty Limited ²⁸
H.N. Campbelltown Franchisor Pty Limited ²⁸	H.N. Enfield Franchisor Pty Limited ²⁸	H.N. Inverell Leasing Pty Limited
H.N. Campbelltown Leasing Pty Limited	H.N. Enfield Leasing Pty Limited	H.N. Ipswich Franchisor Pty Limited
H.N. Cannington W.A. Franchisor Pty Limited ²⁸	H.N. Everton Park Franchisor Pty Limited ²⁸	H.N. Ipswich Leasing Pty Limited
H.N. Cannington W.A. Leasing Pty Limited	H.N. Everton Park Leasing Pty Limited	H.N. Joondalup Franchisor Pty Limited ²⁸
H.N. Canonvale Franchisor Pty Limited	H.N. Fortitude Valley Franchisor Pty Limited ²⁸	H.N. Joondalup Leasing Pty Limited
H.N. Canonvale Leasing Pty Limited	H.N. Fortitude Valley Leasing Pty Limited	H.N. Kalgoorlie Franchisor Pty Limited ²⁸
H.N. Capalaba Franchisor Pty Limited	H.N. Frankston Franchisor Pty Limited	H.N. Kalgoorlie Leasing Pty Limited
H.N. Capalaba Leasing Pty Limited	H.N. Frankston Leasing Pty Limited	H.N. Karratha Franchisor Pty Limited ²⁸
H.N. Cards Pty Limited	H.N. Fremantle Franchisor Pty Limited ²⁸	H.N. Karratha Leasing Pty Limited
H.N. Carindale Franchisor Pty Limited ²⁸	H.N. Fremantle Leasing Pty Limited	H.N. Kawana Waters Franchisor Pty Limited ²⁸
H.N. Carindale Leasing Pty Limited	H.N. Fyshwick Franchisor Pty Limited ²⁸	H.N. Kawana Waters Leasing Pty Limited
H.N. Caringbah Franchisor Pty Limited ²⁸	H.N. Fyshwick Leasing Pty Limited	H.N. Kingaroy Franchisor Pty Limited
H.N. Caringbah Leasing Pty Limited	H.N. Geelong Franchisor Pty Limited ²⁸	H.N. Kingaroy Leasing Pty Limited
H.N. Castle Hill Franchisor Pty Limited	H.N. Geelong Leasing Pty Limited	H.N. Knox Towerpoint Franchisor Pty Limited ²⁸
H.N. Castle Hill Leasing Pty Limited	H.N. Gepps Cross Franchisor Pty Limited	H.N. Knox Towerpoint Leasing Pty Limited
H.N. Chadstone Franchisor Pty Limited	H.N. Gepps Cross Leasing Pty Limited	H.N. Lake Haven Franchisor Pty Limited
H.N. Chadstone Leasing Pty Limited	H.N. Geraldton Leasing Pty Limited	H.N. Lake Haven Leasing Pty Limited
H.N. Chatswood Franchisor Pty Limited ²⁸	H.N. Geraldton WA Franchisor Pty Limited ²⁸	H.N. Leichhardt Franchisor Pty Limited ²⁸
H.N. Chatswood Leasing Pty Limited	H.N. Gladstone Franchisor Pty Limited ²⁸	H.N. Leichhardt Leasing Pty Limited
H.N. Chimside Park Franchisor Pty Limited ²⁸	H.N. Gladstone Leasing Pty Limited	H.N. Lismore Franchisor Pty Limited ²⁸
H.N. Chimside Park Leasing Pty Limited	H.N. Gordon Franchisor Pty Limited ²⁸	H.N. Lismore Leasing Pty Limited
H.N. City Cross Franchisor Pty Limited	H.N. Gordon Leasing Pty Limited	H.N. Lithgow Franchisor Pty Limited
H.N. City Cross Leasing Pty Limited	H.N. Gosford Leasing Pty Limited	H.N. Lithgow Leasing Pty Limited
H.N. City West Franchisor Pty Limited ²⁸	H.N. Goulburn Franchisor Pty Limited	H.N. Liverpool Franchisor Pty Limited ²⁸
H.N. City West Leasing Pty Limited	H.N. Goulburn Leasing Pty Limited	H.N. Liverpool Leasing Pty Limited
H.N. Cleveland Franchisor Pty Limited	H.N. Grafton Franchisor Pty Limited ²⁸	H.N. Loganholme Franchisor Pty Limited ²⁸
H.N. Cleveland Leasing Pty Limited	H.N. Grafton Leasing Pty Limited	H.N. Loganholme Leasing Pty Limited
H.N. Cobar Franchisor Pty Limited	H.N. Great Eastern Highway Franchisor Pty Limited	H.N. Loughran Contracting Pty Limited
H.N. Cobar Leasing Pty Limited	H.N. Great Eastern Highway Leasing Pty Limited	H.N. Mac 1 Leasing Pty Limited ⁷
H.N. Coburg Franchisor Pty Limited	H.N. Greensborough Franchisor Pty Limited ²⁸	H.N. Mac 1 Pty Limited ⁷
H.N. Macgregor Franchisor Pty Limited	H.N. Macgregor Leasing Pty Limited	H.N. Mackay Franchisor Pty Limited ²⁸

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited

H.N. Mackay Leasing Pty Limited	H.N. Mt Gravatt Leasing Pty Limited	H.N. Richmond Leasing Pty Limited
H.N. Maddington Franchisor Pty Limited ²⁸	H.N. Mt Isa Franchisor Pty Limited ²⁸	H.N. Ringwood Franchisor Pty Limited
H.N. Maddington Leasing Pty Limited	H.N. Mt Isa Leasing Pty Limited	H.N. Ringwood Leasing Pty Limited
H.N. Maitland Franchisor Pty Limited ²⁸	H.N. Mudgee Franchisor Pty Limited ²⁸	H.N. Riverwood Franchisor Pty Limited
H.N. Maitland Leasing Pty Limited	H.N. Mudgee Leasing Pty Limited	H.N. Riverwood Leasing Pty Limited
H.N. Malaga Franchisor Pty Limited	H.N. Munno Para Franchisor Pty Limited ²⁸	H.N. Rockhampton Franchisor Pty Limited ²⁸
H.N. Malaga Leasing Pty Limited	H.N. Munno Para Leasing Pty Limited	H.N. Rockhampton Leasing Pty Limited
H.N. Mandurah Franchisor Pty Limited ²⁸	H.N. Muswellbrook Franchisor Pty Limited	H.N. Rothwell Franchisor Pty Limited
H.N. Mandurah Leasing Pty Limited	H.N. Muswellbrook Leasing Pty Limited	H.N. Rothwell Leasing Pty Limited
H.N. Maribyrnong Franchisor Pty Limited ²⁸	H.N. Narre Warren Franchisor Pty Limited	H.N. Salamander Bay Franchisor Pty Limited
H.N. Maribyrnong Leasing Pty Limited	H.N. Narre Warren Leasing Pty Limited	H.N. Salamander Bay Leasing Pty Limited
H.N. Marion Franchisor Pty Limited ²⁸	H.N. Newcastle Franchisor Pty Limited ²⁸	H.N. Sale Franchisor Pty Limited ²⁸
H.N. Marion Leasing Pty Limited	H.N. Newcastle Leasing Pty Limited	H.N. Sale Leasing Pty Limited
H.N. Maroochydore CP Franchisor Pty Limited	H.N. Newcastle West Franchisor Pty Limited	H.N. Shepparton Franchisor Pty Limited ²⁸
H.N. Maroochydore CP Leasing Pty Limited	H.N. Newcastle West Leasing Pty Limited	H.N. Shepparton Leasing Pty Limited
H.N. Maroochydore Franchisor Pty Limited ²⁸	H.N. Noarlunga Franchisor Pty Limited ²⁸	H.N. South Tweed Franchisor Pty Limited ²⁸
H.N. Maroochydore Leasing Pty Limited	H.N. Noarlunga Leasing Pty Limited	H.N. South Tweed Leasing Pty Limited
H.N. Martin Place Sydney Franchisor Pty Limited ²⁸	H.N. Noosa Franchisor Pty Limited ²⁸	H.N. Southland Franchisor Pty Limited ²⁸
H.N. Martin Place Sydney Leasing Pty Limited	H.N. Noosa Leasing Pty Limited	H.N. Southland Leasing Pty Limited
H.N. Mentone Franchisor Pty Limited	H.N. Norwest Franchisor Pty Limited	H.N. Springvale Franchisor Pty Limited
H.N. Mentone Leasing Pty Limited	H.N. Norwest Leasing Pty Limited	H.N. Springvale Leasing Pty Limited
H.N. Midland Franchisor Pty Limited ²⁸	H.N. Nowra Franchisor Pty Limited ²⁸	H.N. Sunshine Franchisor Pty Limited
H.N. Midland Leasing Pty Limited	H.N. Nowra Leasing Pty Limited	H.N. Sunshine Leasing Pty Limited
H.N. Mildura Franchisor Pty Limited ²⁸	H.N. Nunawading Franchisor Pty Limited ²⁸	H.N. Swan Hill Franchisor Pty Limited ²⁸
H.N. Mildura Leasing Pty Limited	H.N. Nunawading Leasing Pty Limited	H.N. Swan Hill Leasing Pty Limited
H.N. Mile End Franchisor Pty Limited ⁷	H.N. O'Connor Franchisor Pty Limited ²⁸	H.N. Tamworth Franchisor Pty Limited ²⁸
H.N. Mile End Leasing Pty Limited ⁷	H.N. O'Connor Leasing Pty Limited	H.N. Tamworth Leasing Pty Limited
H.N. Moe Franchisor Pty Limited ²⁸	H.N. Oakleigh CK Franchisor Pty Limited ²⁸	H.N. Taree Franchisor Pty Limited
H.N. Moe Leasing Pty Limited	H.N. Oakleigh CK Leasing Pty Limited	H.N. Taree Leasing Pty Limited
H.N. Moonah Franchisor Pty Limited	H.N. Orange Franchisor Pty Limited ²⁸	H.N. Thomastown Franchisor Pty Limited
H.N. Moonah Leasing Pty Limited	H.N. Orange Leasing Pty Limited	H.N. Thomastown Leasing Pty Limited
H.N. Moorabbin Franchisor Pty Limited ²⁸	H.N. Osborne Park Franchisor Pty Limited ²⁸	H.N. Toowoomba Franchisor Pty Limited ²⁸
H.N. Moorabbin Leasing Pty Limited	H.N. Osborne Park Leasing Pty Limited	H.N. Toowoomba Leasing Pty Limited
H.N. Moorabbin SC Franchisor Pty Limited	H.N. Oxley Franchisor Pty Limited ²⁸	H.N. Townsville Franchisor Pty Limited ²⁸
H.N. Moorabbin SC Leasing Pty Limited	H.N. Oxley Leasing Pty Limited	H.N. Townsville Leasing Pty Limited
H.N. Moore Park Franchisor Pty Limited ²⁸	H.N. Pacific Fair Franchisor Pty Limited	H.N. Traralgon Franchisor Pty Limited ²⁸
H.N. Moore Park Leasing Pty Limited	H.N. Pacific Fair Leasing Pty Limited	H.N. Traralgon Leasing Pty Limited
H.N. Morayfield Franchisor Pty Limited ²⁸	H.N. Parkes Franchisor Pty Limited ²⁸	H.N. Tura Beach Franchisor Pty Limited
H.N. Morayfield Leasing Pty Limited	H.N. Parkes Leasing Pty Limited	H.N. Tura Beach Leasing Pty Limited
H.N. Moree Franchisor Pty Limited	H.N. Penrith Franchisor Pty Limited ²⁸	H.N. Vic/Tas Commercial Project Franchisor Pty Limited
H.N. Moree Leasing Pty Limited	H.N. Penrith Leasing Pty Limited	H.N. Vic/Tas Commercial Project Leasing Pty Limited
H.N. Morley Franchisor Pty Limited ²⁸	H.N. Peppermint Grove Franchisor Pty Limited ²⁸	H.N. Victoria Park Franchisor Pty Limited
H.N. Morley Leasing Pty Limited	H.N. Peppermint Grove Leasing Pty Limited	H.N. Victoria Park Leasing Pty Limited
H.N. Mornington Franchisor Pty Limited	H.N. Port Hedland Franchisor Pty Limited ²⁸	H.N. Wagga Franchisor Pty Limited ²⁸
H.N. Mornington Leasing Pty Limited	H.N. Port Hedland Leasing Pty Limited	H.N. Wagga Leasing Pty Limited
H.N. Morwell Franchisor Pty Limited	H.N. Port Kennedy Franchisor Pty Limited ²⁸	H.N. Wangaratta Franchisor Pty Limited ²⁸
H.N. Morwell Leasing Pty Limited	H.N. Port Kennedy Leasing Pty Limited	H.N. Wangaratta Leasing Pty Limited
H.N. Moss Vale Franchisor Pty Limited ²⁸	H.N. Port Lincoln Franchisor Pty Limited	H.N. Warragul Franchisor Pty Limited ²⁸
H.N. Moss Vale Leasing Pty Limited	H.N. Port Lincoln Leasing Pty Limited	H.N. Warragul Leasing Pty Limited
H.N. Mt Barker Franchisor Pty Limited	H.N. Port Macquarie Franchisor Pty Limited ²⁸	H.N. Warrawong Franchisor Pty Limited ²⁸
H.N. Mt Barker Leasing Pty Limited	H.N. Port Macquarie Leasing Pty Limited	H.N. Warrawong Leasing Pty Limited
H.N. Mt Gambier Franchisor Pty Limited ²⁸	H.N. Preston Franchisor Pty Limited ²⁸	H.N. Warrnambool Franchisor Pty Limited ²⁸
H.N. Mt Gambier Leasing Pty Limited	H.N. Preston Leasing Pty Limited	H.N. Warrnambool Leasing Pty Limited
H.N. Mt Gravatt Franchisor Pty Limited ²⁸	H.N. Richmond Franchisor Pty Limited	H.N. Warwick (WA) Franchisor Pty Limited ²⁸
H.N. Warwick (WA) Leasing Pty Limited	H.N. Warwick Franchisor Pty Limited ²⁸	H.N. Warwick Leasing Pty Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited

H.N. Watergardens Franchisor Pty Limited ²⁸	Harvey Norman Home Loans Pty Limited	Harvey Norman Zagreb d.o.o. ¹⁴
H.N. Watergardens Leasing Pty Limited	Harvey Norman Home Starters Pty Limited	Havrex Pty Limited ^{6,28}
H.N. Waurn Ponds Franchisor Pty Limited ²⁸	Harvey Norman Homemaker Centre Pty Limited	HN Allens Road Leasing Limited ^{10,9}
H.N. Waurn Ponds Leasing Pty Limited	Harvey Norman Launceston Franchisor Pty Limited ²⁸	HN Blenheim Leasing Limited ^{9,10}
H.N. West Gosford Franchisor Pty Limited ²⁸	Harvey Norman Launceston Leasing Pty Limited	HN Botany Leasing Limited ^{10,9}
H.N. West Wyalong Franchisor Pty Limited	Harvey Norman Leasing (Blanchardstown) Limited ^{18,15}	HN Byron No. 2 Pty Limited
H.N. West Wyalong Leasing Pty Limited	Harvey Norman Leasing (Carrickmines) Limited ^{18,15}	HN Byron No. 3 Pty Limited
H.N. Whyalla Franchisor Pty Limited ²⁸	Harvey Norman Leasing (Castlebar) Limited ^{18,15}	HN Commercial Leasing Limited ^{10,9}
H.N. Whyalla Leasing Pty Limited	Harvey Norman Leasing (Cork) Limited ^{18,15}	HN Coomboona Pty Limited
H.N. Wiley Park Franchisor Pty Limited ²⁸	Harvey Norman Leasing (Drogheda) Limited ^{18,15}	HN Downing Street Leasing Limited ^{10,9}
H.N. Wiley Park Leasing Pty Limited	Harvey Norman Leasing (Dublin) Limited ^{18,15}	HN Edmonton Road Leasing Limited ^{10,9}
H.N. Windsor Franchisor Pty Limited ²⁸	Harvey Norman Leasing (Dundalk) Limited ^{18,15}	HN Hamilton Central Leasing Limited ^{9,10}
H.N. Windsor Leasing Pty Limited	Harvey Norman Leasing (Eastgate) Limited ^{18,15}	HN Harris Road Leasing Limited ^{9,10}
H.N. Woden Franchisor Pty Limited ²⁸	Harvey Norman Leasing (Limerick) Limited ^{18,15}	HN Henderson Leasing Limited ^{7,9,10}
H.N. Woden Leasing Pty Limited	Harvey Norman Leasing (Mullingar) Limited ^{18,15}	HN Hornby Leasing Limited ^{10,9}
H.N. Wonthaggi Franchisor Pty Limited ²⁸	Harvey Norman Leasing (N.Z.) Limited ^{9,10}	HN Licensing Pty Limited ⁷
H.N. Wonthaggi Leasing Pty Limited	Harvey Norman Leasing (Naas) Limited ^{18,15}	HN Lincoln Centre Leasing Limited ^{10,9}
H.N. Woodville Franchisor Pty Limited	Harvey Norman Leasing (NI) Limited ^{18,15}	HN Maleme Street Leasing Limited ^{7,9,10}
H.N. Woodville Leasing Pty Limited	Harvey Norman Leasing (Rathfarnham) Limited ^{18,15}	HN Manukau Leasing Limited ^{10,9}
H.N. Young Franchisor Pty Limited ²⁸	Harvey Norman Leasing (Tralee) Limited ^{18,15}	HN Mowbray Street Leasing Limited ^{9,10}
H.N. Young Leasing Pty Limited	Harvey Norman Leasing (Waterford) Limited ^{18,15}	HN Mt Roskill Leasing Limited ^{10,9}
Hardly Normal Discounts Pty Limited ²⁸	Harvey Norman Leasing Pty Limited	HN Napier Leasing Limited ^{9,10}
Hardly Normal Limited ^{9,10}	Harvey Norman Limited ¹⁰	HN Online Franchisor Pty Limited
Hardly Normal Pty Limited ²⁸	Harvey Norman Loughran Plant & Equipment Pty Limited	HN Online Leasing Pty Limited
Harvey Cellars Pty Limited	Harvey Norman Mortgage Service Pty Limited	HN Paraparaumu Leasing Limited ^{9,10}
Harvey Liquor Pty Limited	Harvey Norman Music Pty Limited	HN QCV Benaraby No. 1 Pty Limited
Harvey Norman (ACT) Pty Limited ²⁸	Harvey Norman Net. Works Pty Limited ²⁸	HN QCV Benaraby Pty Limited
Harvey Norman (N.S.W.) Pty Limited	Harvey Norman OFIS Pty Limited ²⁸	HN QCV Blackwater Land Pty Limited
Harvey Norman (QLD) Pty Limited ^{6,28}	Harvey Norman Online.com Pty Limited	HN QCV Bottle Tree Pty Limited
Harvey Norman 2007 Management Pty Limited	Harvey Norman Ossia (Asia) Pte Limited ^{11,16,17}	HN QCV Concepts Pty Limited
Harvey Norman Big Buys Pty Limited	Harvey Norman P.E.M. Pty Limited	HN QCV Fairview Pty Limited
Harvey Norman Burnie Franchisor Pty Limited ²⁸	Harvey Norman Plant and Equipment Pty Limited	HN QCV Injune Pty Limited
Harvey Norman Burnie Leasing Pty Limited	Harvey Norman Properties (N.Z.) Limited ^{9,10}	HN QCV LOR Pty Limited
Harvey Norman CEI d.o.o. ¹²	Harvey Norman Rental Pty Limited	HN QCV Pty Limited
Harvey Norman Commercial Your Solution Provider Pty Ltd	Harvey Norman Retailing Pty Limited ²⁸	HN QCV Sarina Land Pty Limited
Harvey Norman Computer Club Pty Limited	Harvey Norman Rosney Franchisor Pty Limited ²⁸	HN QCV Sarina Pty Limited
Harvey Norman Computer Training Pty Limited	Harvey Norman Rosney Leasing Pty Limited	HN QCV Toowoomba Land Pty Limited
Harvey Norman Contracting Pty Limited	Harvey Norman Security Pty Limited	HN QCV Toowoomba Pty Limited
Harvey Norman Corporate Air Pty Limited	Harvey Norman Shopfitting Pty Limited ²⁸	HN Queenstown Leasing Limited ^{7,9,10}
Harvey Norman CP Pty Limited	Harvey Norman Singapore Pte Limited ^{11,19,16}	HN Rangitikei Street Leasing Limited ^{7,9,10}
Harvey Norman Devonport Franchisor Pty Limited ²⁸	Harvey Norman Stores (N.Z.) Pty Limited ^{1,2}	HN Tauranga Commercial Leasing Limited ^{7,9,10}
Harvey Norman Devonport Leasing Pty Limited	Harvey Norman Stores (W.A.) Pty Limited	HN Tauranga Leasing Limited ^{10,9}
Harvey Norman Education and Training Pty Limited	Harvey Norman Stores Pty Limited ²⁸	HN Tory Street Leasing Limited ^{9,10}
Harvey Norman Europe d.o.o. ¹²	Harvey Norman Superlink Pty Limited	HN Tower Junction Leasing Limited ^{9,10}
Harvey Norman Export Pty Limited ²⁸	Harvey Norman Tasmania Pty Limited	HN Westgate Leasing Limited ^{9,10}
Harvey Norman Fitouts Pty Limited	Harvey Norman Technology Pty Limited ²⁸	HN Whakatane Leasing Limited ^{7,9,10}
Harvey Norman Furnishing Pty Limited	Harvey Norman The Bedding Specialists Pty Limited	HN Wingate Leasing Limited ^{7,9,10}
Harvey Norman Gamezone Pty Limited	Harvey Norman The Computer Specialists Pty Limited	HN Woolston Leasing Limited ^{10,9}
Harvey Norman Glenorchy Franchisor Pty Limited ²⁸	Harvey Norman The Electrical Specialists Pty Limited	HN Zagreb Investment Pty Limited
Harvey Norman Glenorchy Leasing Pty Limited	Harvey Norman The Furniture Specialists Pty Limited	HNL Pty Limited
Harvey Norman Global Pty Limited ⁷	Harvey Norman Trading (Ireland) Limited ^{18,15}	HNM Galaxy Pty Limited
Harvey Norman Hobart Franchisor Pty Limited ²⁸	Harvey Norman Trading d.o.o. ¹²	Hodberg Pty Limited ^{5,28}
Harvey Norman Hobart Leasing Pty Limited	Harvey Norman Ulverstone Franchisor Pty Limited ²⁸	Hodvale Pty Limited ^{5,28}
Harvey Norman Holdings (Ireland) Limited ¹⁵	Harvey Norman Ulverstone Leasing Pty Limited	Home Mart Furniture Pty Limited
Harvey Norman Home Cellars Pty Limited	Harvey Norman Victoria Pty Limited ²⁸	Home Mart Pty Limited

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited

Hoxco Pty Limited ^{6,28}	J.M. West Gosford Franchisor Pty Limited	Lesandu Browns Plains Pty Limited
J.M. Albury Franchisor Pty Limited	J.M. West Gosford Leasing Pty Limited	Lesandu Burleigh Heads Flooring Pty Limited
J.M. Albury Leasing Pty Limited	J.M. Young Franchisor Pty Limited	Lesandu Busselton Pty Limited
J.M. Alexandria Franchisor Pty Limited	J.M. Young Leasing Pty Limited	Lesandu Cambridge Pty Limited
J.M. Alexandria Leasing Pty Limited	Jartoso Pty Limited ²⁸	Lesandu Canberra Pty Limited ⁷
J.M. Auburn Franchisor Pty Limited ²⁸	JM Online Franchisor Pty Limited	Lesandu Cannington Pty Limited
J.M. Ballina Franchisor Pty Limited	JM Online Leasing Pty Limited	Lesandu Cannonvale Pty Limited
J.M. Ballina Leasing Pty Limited	Jondarlo Pty Limited ²⁸	Lesandu Capalaba Pty Limited
J.M. Bennetts Green Franchisor Pty Limited	Joyce Mayne Furnishing Pty Limited	Lesandu Carindale Pty Limited
J.M. Bennetts Green Leasing Pty Limited	Joyce Mayne Home Cellars Pty Limited	Lesandu Castle Hill DM Pty Limited
J.M. Campbelltown Franchisor Pty Limited ²⁸	Joyce Mayne Kotara Leasing Pty Limited	Lesandu Castle Hill Pty Limited
J.M. Campbelltown Leasing Pty Limited	Joyce Mayne Liverpool Leasing Pty Limited	Lesandu Cessnock (JM) Pty Limited
J.M. Caringbah Franchisor Pty Limited ²⁸	Joyce Mayne Penrith Pty Limited	Lesandu Chadstone Pty Limited
J.M. Caringbah Leasing Pty Limited	Joyce Mayne Shopping Complex Pty Limited	Lesandu Charmhaven Pty Limited
J.M. Chancellor Park Franchisor Pty Limited	Kalina Development Pty Limited	Lesandu Chatswood Express Pty Limited
J.M. Chancellor Park Leasing Pty Limited	Kambaldu Pty Limited ²⁸	Lesandu Chatswood Pty Limited
J.M. Contracting Services Pty Limited ²⁸	Kita Pty Limited ²⁸	Lesandu Cheltenham Pty Limited
J.M. Dubbo Franchisor Pty Limited	Kitchen Point Pty Limited	Lesandu Chirnside Park Pty Limited
J.M. Dubbo Leasing Pty Limited	Koodero Pty Limited ²⁸	Lesandu Cleveland Pty Limited
J.M. Leasing Pty Limited	Korinti Pty Limited ²⁸	Lesandu Cobar Pty Limited
J.M. Mackay Franchisor Pty Limited	Lamino Pty Limited ²⁸	Lesandu Coffs Harbour Pty Limited
J.M. Mackay Leasing Pty Limited	Lesandu Adelaide City Pty Limited	Lesandu Coorparoo Pty Limited
J.M. Maitland Franchisor Pty Limited	Lesandu Adelaide CK Pty Limited	Lesandu CP Aspley Pty Limited
J.M. Maitland Leasing Pty Limited	Lesandu Albany Pty Limited	Lesandu CP Bayswater Pty Limited
J.M. Maroochydhore Franchisor Pty Limited	Lesandu Albury Pty Limited	Lesandu CP Belmont Pty Limited
J.M. Maroochydhore Leasing Pty Limited	Lesandu Alexandria (JM) Pty Limited	Lesandu CP Bendigo Pty Limited
J.M. Marrickville Franchisor Pty Limited ²⁸	Lesandu Alexandria DM Pty Limited	Lesandu CP Braybrook Pty Limited
J.M. Marrickville Leasing Pty Limited	Lesandu Alexandria Pty Limited	Lesandu CP Bundaberg Pty Limited
J.M. McGraths Hill Franchisor Pty Limited	Lesandu Alice Springs Pty Limited	Lesandu CP Bundaberg WH 2 Pty Limited
J.M. McGraths Hill Leasing Pty Limited	Lesandu Ararat Pty Limited	Lesandu CP Bundaberg WH Pty Limited
J.M. Morayfield Franchisor Pty Limited	Lesandu Aspley Pty Limited	Lesandu CP Burleigh Waters Pty Limited
J.M. Morayfield Leasing Pty Limited	Lesandu Atherton Pty Limited	Lesandu CP Coburg Pty Limited
J.M. Mudgee Franchisor Pty Limited	Lesandu Auburn Stone Pty Limited	Lesandu CP Dandenong Pty Limited
J.M. Mudgee Leasing Pty Limited	Lesandu Ayr Pty Limited	Lesandu CP Joondalup Pty Limited
J.M. Muswellbrook Franchisor Pty Limited	Lesandu Baimsdale Pty Limited	Lesandu CP Loganholme Pty Limited
J.M. Muswellbrook Leasing Pty Limited	Lesandu Balgowlah Pty Limited	Lesandu CP Macgregor Pty Limited
J.M. Newcastle Franchisor Pty Limited ²⁸	Lesandu Ballina JM Pty Limited	Lesandu CP Macgregor WH Pty Limited
J.M. Nowra Franchisor Pty Limited	Lesandu Batemans Bay Pty Limited	Lesandu CP Mackay Pty Limited
J.M. Nowra Leasing Pty Limited	Lesandu Bathurst Pty Limited	Lesandu CP Malvern Pty Limited
J.M. Plant & Equipment Hire Pty Limited	Lesandu Bella Vista Pty Limited	Lesandu CP Malvern WH Pty Limited
J.M. Rockhampton Franchisor Pty Limited	Lesandu Belmont Pty Limited	Lesandu CP Mandurah Pty Limited
J.M. Rockhampton Leasing Pty Limited	Lesandu Belrose DM Pty Limited	Lesandu CP Maroochydhore Pty Limited
J.M. Share Investment Pty Limited	Lesandu Benalla Pty Limited	Lesandu CP Maroochydhore WH Pty Limited
J.M. Toukley Franchisor Pty Limited	Lesandu Bennetts Green JM Pty Limited	Lesandu CP Maryborough Pty Limited
J.M. Toukley Leasing Pty Limited	Lesandu Bentleigh Pty Limited	Lesandu CP Midland Pty Limited
J.M. Townsville Franchisor Pty Limited	Lesandu Berrimah Pty Limited	Lesandu CP Moonah Pty Limited
J.M. Townsville Leasing Pty Limited	Lesandu Blacktown Pty Limited	Lesandu CP Moorabbin Pty Limited
J.M. Wagga Wagga Franchisor Pty Limited	Lesandu Bondi Junction Pty Limited	Lesandu CP Morayfield Pty Limited
J.M. Wagga Wagga Leasing Pty Limited	Lesandu Brisbane City Pty Limited	Lesandu CP Mornington Pty Limited
J.M. Wallsend Franchisor Pty Limited	Lesandu Brisbane Pty Limited ⁷	Lesandu CP Mt Druitt Pty Limited
J.M. Wallsend Leasing Pty Limited	Lesandu Broadbeach Pty Limited	Lesandu CP O'Connor Pty Limited
J.M. Warners Bay Franchisor Pty Limited	Lesandu Broadway Pty Limited	Lesandu CP Osborne Park CL Pty Limited
J.M. Warners Bay Leasing Pty Limited	Lesandu Broken Hill Pty Limited	Lesandu CP Osborne Park Pty Limited
J.M. Warrawong Franchisor Pty Limited	Lesandu Brooklyn Pty Limited	Lesandu CP Osborne Park WH Pty Limited
J.M. Warrawong Leasing Pty Limited	Lesandu Browns Plains No. 1 Pty Limited	Lesandu CP Richmond CL Pty Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited

Lesandu CP Richmond Pty Limited	Lesandu Maddington Pty Limited	Lesandu S.A. Pty Limited
Lesandu CP Richmond WH Pty Limited	Lesandu Maitland JM Pty Limited	Lesandu Salamander Bay Pty Limited
Lesandu CP Ringwood CL Pty Limited	Lesandu Maitland Pty Limited	Lesandu Sale Pty Limited
Lesandu CP Ringwood Home Pty Limited	Lesandu Malaga Pty Limited	Lesandu Shepparton Pty Limited
Lesandu CP Ringwood Pty Limited	Lesandu Mandurah Pty Limited	Lesandu Silverwater Pty Limited
Lesandu CP Ringwood WH Pty Limited	Lesandu Marion Pty Limited	Lesandu Sippy Downs JM Pty Limited
Lesandu CP Thomastown Pty Limited	Lesandu Maroochydoore JM Pty Limited	Lesandu Southport Pty Limited
Lesandu CP Victoria Park Pty Limited	Lesandu Maroochydoore Flooring Pty Limited	Lesandu Stanmore Pty Limited
Lesandu CP Welshpool WH Pty Limited	Lesandu McGraths Hill (JM) Pty Limited	Lesandu Sunshine Pty Limited
Lesandu Cranbourne Pty Limited	Lesandu Melbourne City DM Pty Limited	Lesandu Swan Hill Pty Limited
Lesandu Dalby Pty Limited	Lesandu Mentone Pty Limited	Lesandu Sydenham Pty Limited
Lesandu Dandenong Pty Limited	Lesandu Midland Pty Limited	Lesandu Sydney City SS Pty Limited
Lesandu Deniliquin Pty Limited	Lesandu Mile End Pty Limited	Lesandu Tamworth Pty Limited
Lesandu Dubbo JM Pty Limited	Lesandu Mitchell Pty Limited	Lesandu Taree Home Mart Pty Limited
Lesandu Dubbo Pty Limited	Lesandu Moe Pty Limited	Lesandu Taree Pty Limited
Lesandu Eden Pty Limited	Lesandu Moorabbin Pty Limited	Lesandu Taren Point Pty Limited
Lesandu Engadine Pty Limited	Lesandu Moore Park Pty Limited	Lesandu Tasmania Pty Limited
Lesandu Erina Flooring Pty Limited	Lesandu Moree Pty Limited	Lesandu Temora Pty Limited
Lesandu Forster Pty Limited	Lesandu Morley Pty Limited	Lesandu Thomastown Pty Limited
Lesandu Fremantle No 2 Pty Limited	Lesandu Mornington Pty Limited	Lesandu Toukley Pty Limited
Lesandu Fremantle Pty Limited	Lesandu Morwell WH Pty Limited	Lesandu Townsville Pty Limited
Lesandu Fyshwick Pty Limited	Lesandu Moss Vale Pty Limited	Lesandu Tura Beach Pty Limited
Lesandu Gaven Pty Limited	Lesandu Mt Barker Pty Limited	Lesandu Tweed Heads Flooring Pty Limited
Lesandu Gepps Cross Pty Limited	Lesandu Mt Gravatt Pty Limited	Lesandu Tweed Heads Pty Limited ²⁸
Lesandu Gladstone Pty Limited	Lesandu Mt Isa Pty Limited	Lesandu Underwood Pty Limited
Lesandu Gordon Pty Limited	Lesandu Munno Para Pty Limited	Lesandu WA Furniture Pty Limited
Lesandu Goulburn Pty Limited	Lesandu Murray Bridge Pty Limited	Lesandu WA Pty Limited ²⁸
Lesandu Graffon Pty Limited	Lesandu Muswellbrook JM Pty Limited	Lesandu Wagga Wagga JM Pty Limited
Lesandu Greensborough Pty Limited	Lesandu Muswellbrook Pty Limited	Lesandu Wagga Wagga Pty Limited
Lesandu Griffith Pty Limited	Lesandu Narrabri Pty Limited	Lesandu Wallsend JM Pty Limited
Lesandu Gunnedah Pty Limited	Lesandu Narre Warren Pty Limited	Lesandu Wangaratta Pty Limited
Lesandu Hamilton (VIC) Pty Limited	Lesandu Newcastle West Pty Limited	Lesandu Warana JM Pty Limited
Lesandu Hamilton Pty Limited	Lesandu Noarlunga Pty Limited	Lesandu Warana Pty Limited
Lesandu Hervey Bay Pty Limited	Lesandu Noosa Pty Limited	Lesandu Warners Bay JM Pty Limited
Lesandu HN Pty Limited	Lesandu North Ryde DM Pty Limited	Lesandu Warragul Pty Limited
Lesandu Horsham Pty Limited	Lesandu Notting Hill Pty Limited	Lesandu Warrarong Pty Limited
Lesandu Indooroopilly Pty Limited ²⁸	Lesandu Nowra Pty Limited	Lesandu Warwick (WA) Pty Limited
Lesandu Ingham Pty Limited ⁷	Lesandu Oakleigh CK Pty Limited	Lesandu Warwick Pty Limited
Lesandu Innisfail Pty Limited	Lesandu O'Connor Pty Limited	Lesandu Waurn Ponds Pty Limited
Lesandu Inverell Pty Limited	Lesandu Orange Pty Limited	Lesandu West Gosford DM Pty Limited
Lesandu Ipswich Pty Limited	Lesandu Osborne Park Pty Limited	Lesandu West Gosford JM Pty Limited
Lesandu Jandakot Pty Limited	Lesandu Oxley Pty Limited	Lesandu West Wyalong Pty Limited
Lesandu Joondalup Pty Limited	Lesandu Penrith DM Pty Limited	Lesandu Wiley Park Pty Limited
Lesandu Kalgoorlie Pty Limited	Lesandu Penrith Pty Limited	Lesandu Windsor Pty Limited
Lesandu Karratha Pty Limited	Lesandu Peppermint Grove Pty Limited	Lesandu Wollongong Pty Limited ⁷
Lesandu Kewdale Pty Limited	Lesandu Perth City West Pty Limited	Lesandu Wonthaggi Pty Limited
Lesandu Knox Towerpoint Pty Limited	Lesandu Port Lincoln Pty Limited	Lesandu Woodville Pty Limited
Lesandu Kotara DM Pty Limited	Lesandu Port Macquarie Pty Limited	Lesandu Young JM Pty Limited
Lesandu Launceston Pty Limited	Lesandu Pty Limited ²⁸	Lexeri Pty Limited ²⁸
Lesandu Leichhardt M Pty Limited	Lesandu Raymond Terrace Pty Limited	Lightcorp Pty Limited
Lesandu Light Street DM Pty Limited	Lesandu Richlands Pty Limited	Lighting Venture Pty Limited ^{22,28}
Lesandu Lismore Pty Limited	Lesandu Richmond (VIC) Pty Limited	Lodare Pty Limited ²⁸
Lesandu Lithgow Pty Limited	Lesandu Riverwood Pty Limited	Loreste Pty Limited ²⁸
Lesandu Loganholme Pty Limited	Lesandu Rockhampton Pty Limited	Malvis Pty Limited ²⁸
Lesandu Mackay Pty Limited	Lesandu Rothwell Pty Limited	Manutu Pty Limited ²⁸

38. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited

Maradoni Pty Limited ²⁸	Pertama Holdings Pte Limited ^{11,16,17}	Superguard Pty Limited
Marinski Pty Limited ²⁸	Pertama Mechandising Pte Ltd ^{11,29}	Swaneto Pty Limited ²⁸
Mega Flooring Depot Pty Limited	Plezero Pty Limited ²⁸	Swanpark Pty Limited ^{6,28}
Misstar Pty Limited	Poliform Pty Limited ²⁶	Tatroko Pty Limited ²⁸
Murray Street Development Pty Limited	R.Reynolds Nominees Pty Limited	Tessera Stones & Tiles Australia Pty Limited
Mymasterpiece Pty Limited ⁵	Recline A Way Franchisor Pty Limited	Tessera Stones & Tiles Pty Limited ^{8,28}
Nedcroft Pty Limited ²⁸	RH Online Pty Limited	The Byron At Byron Pty Limited ²⁸
Network Consumer Finance (Ireland) Limited ^{18,15}	Rosieway Pty Limited ²⁸	Tisira Pty Limited ²⁸
Network Consumer Finance (N.Z.) Limited ^{9,10}	Sarsha Pty Limited ¹	Valecomp Recovery Pty Limited
Network Consumer Finance Pty Limited ²⁸	Setto Pty Limited ²⁸	Ventama Pty Limited ^{4,28}
Nomadale Pty Limited ^{6,28}	Shakespir Pty Limited	Wadins Pty Limited ²⁸
Norman Ross Limited ^{9,10}	Signature Computers Pty Limited	Waggafurn Pty Limited
Norman Ross Pty Limited ²⁸	Solaro Pty Limited ²⁸	Wanalti Pty Limited ²⁸
Oldmist Pty Limited ²⁸	Space Furniture Pte Limited ^{11,16}	Warungi Pty Limited ²⁸
Oslek Developments Pty Limited	Space Furniture Pty Limited ³	Waytango Pty Limited ²⁸
Osraidi Pty Limited ²⁸	Spacepol Pty Limited	Webzone Pty Limited
P & E Crows Nest Pty Limited	Steamstyle Venture Pty Limited	Wytharra Pty Limited ²⁸
P & E Homewest Pty Limited	Stonetess Pty Limited ²⁸	Yoogalu Pty Limited ^{1,2}
P & E Leichhardt Pty Limited	Stores (NZ) Limited ^{9,10}	Zabella Pty Limited ²⁸
P & E Maddington Pty Limited	Stores Securitisation (NZ) Limited ¹⁰	Zavarte Pty Limited ²⁸
P & E Shopfitters Pty Limited	Stores Securitisation Pty Limited	Zirdano Pty Limited ²⁸
Packcom Pty Limited	Strathloro Pty Limited ²⁸	Zirdanu Pty Limited ²⁸
PEM Corporate Pty Limited	Stupendous Pty Limited ^{20,28}	

Notes

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

- 1 Company is a member of the "Closed Group".
- 2 Company is relieved under the Class Order described in Note 39.
- 3 Darni 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 acquired during the year.
- 8 Shares held by Stonetess Pty Limited.
- 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 Harvey Norman Ossia (Asia) Pte Limited holds 49.38% of the shares in Pertama Holdings Pte Limited.
- 18 Shares held by Harvey Norman Holdings (Ireland) Limited.
- 19 Shares held by Setto Pty Limited.
- 20 Shares held by Calardu Pty Limited.
- 21 Shares held by Calardu Armidale Pty Limited.
- 22 Lighting Venture Pty Limited owns 65% of shares in Glolight Pty Limited.
- 23 Yoogalu Pty Ltd holds 50.5% of the shares in Australian Business Skills Centre Pty Limited.
- 24 HN Byron No 3 Pty Limited holds 50% of the shares in Byron Bay Facilities Pty Limited.
- 25 Yoogalu Pty Ltd holds 50% of the shares in Byron Bay Management Pty Limited.
- 26 Darni Pty Ltd holds 1% and Kita Pty Ltd holds 99% of the shares in Poliform Pty Ltd.
- 27 Yoogalu Pty Limited holds 100% of the shares in ABSC Online Pty Limited.
- 28 Effective 29 December 2015 Company released from the obligations under the Deed of Cross Guarantee pursuant to the Revocation Deed lodged with ASIC on 29 June 2015.
- 29 Shares held by Pertama Holdings Pte Limited.
- 30 Shares held by Cascade Consolidated Sdn.Bhd.
- 31 Shares held by Network Consumer Finance Pty Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

A.C.N. 098 004 570 No. 2 Trust	Bunburel No. 2 Trust	Calardu Brickworks (S.A.) Trust
A.C.N. 100 478 402 No. 2 Trust	Bunbury Store No. 2 Trust	Calardu Broadmeadow No. 1 Trust
ABSC Online Trust ***	Bunbury Superstore No. 2 Trust	Calardu Broadmeadow No. 2 Trust
Agabeds No. 2 Trust**	Bunburyavit No. 2 Trust**	Calardu Broadmeadows VIC Trust
Agofurn No. 2 Trust	Bunburyfurn No. 2 Trust	Calardu Brookvale Trust
Albanstore No. 2 Trust	Bundaberg Superstore No. 2 Trust	Calardu Browns Plains No. 1 Trust
Albany Beds No. 2 Trust**	Bundall Bedding No. 2 Trust**	Calardu Browns Plains Trust
Alburfurn No. 2 Trust	Bundalvit No. 2 Trust	Calardu Bunbury Trust
Alexall No. 2 Trust	Bundastore No 2 Trust	Calardu Bundaberg No. 1 Trust
Alexhomewares No. 2 Trust**	Bundavit No. 2 Trust**	Calardu Bundaberg Trust
Alifurn No. 2 Trust	Bundbed No 2 Trust	Calardu Bundaberg WH Trust
Alispravit No. 2 Trust	Bunlet No. 2 Trust**	Calardu Bundall Trust
Allavit No. 2 Trust	Burlavit No. 2 Trust	Calardu Burnie Trust
Annafurn No. 2 Trust	Bussavit No. 2 Trust**	Calardu Cairns Trust
Ariley No. 2 Trust	Bussecom No. 2 Trust	Calardu Cambridge Trust
Armadaeavit No. 2 Trust**	Bussestore No. 2 Trust	Calardu Campbelltown Trust
Armataha No. 2 Trust	Busvit No 2 Trust	Calardu Cannington Trust
Armavit No. 2 Trust	Cairnavit No. 2 Trust**	Calardu Caringbah (Taren Point) Trust
Aspbray Floors No. 2 Trust	Cairnlect No. 2 Trust	Calardu Caringbah Trust
Atheravit No. 2 Trust	Cairns Superstore No 2 Trust	Calardu Coomera Trust
Atherton Store No. 2 Trust**	Cairnstore No. 2 Trust	Calardu Crows Nest Trust
Aubapp No. 2 Trust	Calardu A.C.T. No. 2 Trust	Calardu Cubitt Trust
Aubfurn No.2 Trust**	Calardu ACT Trust	Calardu Darwin Trust
Aublect No. 2 Trust	Calardu Adderley Street Trust	Calardu Devonport Trust
Aubstore No. 2 Trust	Calardu Albany Trust	Calardu Dubbo Trust
Aubtrade No. 2 Trust	Calardu Albury Trust	Calardu Emerald Trust
Australian Business Skills Centre Trust***	Calardu Alexandria DM Trust	Calardu Frankston Trust
Avitalb No. 2 Trust	Calardu Alexandria WH Trust	Calardu Frankston WH Trust
Avitberg No 2 Trust	Calardu Alice Springs No. 1 Trust**	Calardu Fyshwick DM Trust
Avitbury No. 2 Trust	Calardu Alice Springs Trust	Calardu Gepps Cross No 2 Trust
Avitinnis No. 2 Trust	Calardu Armadale WA Trust	Calardu Gepps Cross No. 3 Trust
Avitmaroo No. 2 Trust	Calardu Armidale Trust	Calardu Gepps Cross Trust
Avitroo No. 2 Trust	Calardu Aspley Trust	Calardu Gladstone Trust
Barkeravit No. 2 Trust**	Calardu Auburn No 10 Trust**	Calardu Gordon Trust
Beauforda No. 2 Trust	Calardu Auburn No. 1 Trust	Calardu Guildford Trust
Becto Trust	Calardu Auburn No. 2 Trust	Calardu Gympie Trust
Bedalup No. 2 Trust**	Calardu Auburn No. 3 Trust	Calardu Hervey Bay Trust
Bedebeds No 2 Trust	Calardu Auburn No. 4 Trust	Calardu Hobart Trust
Bedlunga No 2 Trust	Calardu Auburn No. 5 Trust	Calardu Hoppers Crossing Trust
Bedmark No 2 Trust	Calardu Auburn No. 6 Trust	Calardu Horsham Trust
Bedwick No. 2 Trust	Calardu Auburn No. 7 Trust	Calardu Innisfail Trust
Bellbed No. 2 Trust	Calardu Auburn No. 8 Trust	Calardu Ipswich Trust
Belmsuper No. 2 Trust	Calardu Auburn No. 9 Trust	Calardu Jandakot No 1 Trust
Belnorth No 2 Trust	Calardu Ballarat Trust	Calardu Jandakot Trust
Belstore No 2 Trust	Calardu Ballina No. 1 Trust	Calardu Joondalup Trust
Benavit No. 2 Trust	Calardu Ballina Trust	Calardu Kalgoorlie Oswald St Trust
Bergavit No. 2 Trust**	Calardu Bathurst Trust	Calardu Kalgoorlie Trust
Bergstore No. 2 Trust**	Calardu Beaufort Street Trust	Calardu Karana Downs Trust
Bevben No. 2 Trust	Calardu Bellevue Hill Trust	Calardu Karratha Trust
Big Apple Trust	Calardu Belrose DM Trust	Calardu Kawana Waters Trust
Birfurn No. 2 Trust	Calardu Bennetts Green Trust	Calardu Kemblawarra Trust
Boroughavit No. 2 Trust**	Calardu Bennetts Green Warehouse Trust	Calardu Kingaroy Trust
Broadavit No. 2 Trust	Calardu Berri Trust	Calardu Kotara Trust
Broflooding No. 2 Trust	Calardu Berrimah Trust	Calardu Launceston Trust

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. Controlled Entities and Unit Trusts (continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited

Calardu Lismore Trust	Calardu Rutherford Trust	Cellorstore No. 2 Trust
Calardu Loganholme Trust	Calardu Rutherford Warehouse Trust	Cellson No 2 Trust
Calardu Lutwyche Trust	Calardu Sale Trust	Chanavit No. 2 Trust
Calardu Mackay No 1 Trust	Calardu Silverwater Trust	Chancelect No. 2 Trust
Calardu Mackay No 2 Trust	Calardu Springvale Trust	Chancelloravit No. 2 Trust**
Calardu Mackay Trust	Calardu Stapylton Trust	Charmela No. 2 Trust
Calardu Maitland Trust	Calardu Surry Hills Trust	Chatex No. 2 Trust
Calardu Malaga Trust	Calardu Swan Hill Trust	Chatswood Superstore No 2 Trust
Calardu Mandurah Trust	Calardu Sylvania Trust	Chyavit No. 2 Trust**
Calardu Maribyrnong 1995 Trust	Calardu Taree Trust	Chywares No. 2 Trust**
Calardu Maribyrnong Trust	Calardu Taren Point Trust	Ciavit No. 2 Trust**
Calardu Marion No. 1 Trust	Calardu Thebarton Trust	Citiavit No 2 Trust
Calardu Marion Trust	Calardu Thomastown Trust	Citiwestfurn No. 2 Trust
Calardu Maroochydore Trust	Calardu Toorak Trust	Cityware No 2 Trust
Calardu Maroochydore Warehouse Trust	Calardu Toowoomba No. 1 Trust	Clevcom No. 2 Trust
Calardu Marsden Park Trust**	Calardu Toowoomba No. 2 Trust	Clevestore No. 2 Trust
Calardu Maryborough Trust	Calardu Toowoomba Trust	Clevtec No. 2 Trust
Calardu Melville Trust	Calardu Toowoomba WH Trust	Comaub No. 2 Trust
Calardu Mentone Trust	Calardu Townsville Trust	Comcam No. 2 Trust
Calardu Midland Trust	Calardu Tweed Heads No. 1 Trust	Comgos No.2 Trust
Calardu Milton Trust	Calardu Tweed Heads Traders Way Trust	Comhill No. 2 Trust
Calardu Morayfield Trust	Calardu Tweed Heads Trust	Comkaw No. 2 Trust
Calardu Moree Trust**	Calardu Vicfurn Trust	Commcom No. 2 Trust
Calardu Morwell Trust	Calardu Warrawong (Homestarters) No. 1 Trust	Comparoo No. 2 Trust
Calardu Moss Vale Trust	Calardu Warrawong (Homestarters) Trust	Compgrav No. 2 Trust
Calardu Mt Isa Trust	Calardu Warrawong No. 1 Trust	Comroc No. 2 Trust
Calardu Mt. Gambier Trust	Calardu Warrawong No. 2 Trust	Comwick No. 2 Trust
Calardu Mudgee Trust	Calardu Warrawong Trust	Connorfloors No. 2 Trust**
Calardu Munno Para Trust	Calardu Warrnambool Trust	Coorparoo Electrics No. 2 Trust
Calardu No. 1 Trust	Calardu Warwick Trust	Coorparoo Furniture No. 2 Trust
Calardu No. 2 Trust	Calardu West Gosford No. 1 Trust**	Crossavit No 2 Trust
Calardu No. 3 Trust	Calardu West Gosford Trust	CW Superstore No. 2 Trust
Calardu Noarlunga Trust	Calardu Whyalla Trust	Dalavit No. 2 Trust
Calardu Noble Park WH Trust	Calardu Wivenhoe Trust	Dalbavit No 2 Trust
Calardu Noosa Trust	Calardu Wodonga Trust**	Dalbenic No. 2 Trust
Calardu North Ryde No. 1 Trust	Cannavit No 2 Trust	Dalbyavit No. 2 Trust**
Calardu North Ryde No. 2 Trust	Cannfloors No. 2 Trust**	Dallcom No. 2 Trust
Calardu North Ryde No. 3 Trust	Canningfloors No. 2 Trust	Dalltec No. 2 Trust
Calardu North Ryde Trust	Canningtec No. 2 Trust**	Daltel No. 2 Trust
Calardu Northbridge Trust	Cannonel No. 2 Trust	Dandefloor No. 2 Trust**
Calardu Nowra Trust	Cannonfurn No. 2 Trust	Daravit No. 2 Trust
Calardu Oxley Trust	Cannonvale Superstore No 2 Trust	Darwin Superstore No. 2 Trust
Calardu Penrith No. 1 Trust	Cannters No. 2 Trust	Dawnlect No. 2 Trust
Calardu Penrith Trust	Capafloor No 2 Trust	Dayavit No. 2 Trust
Calardu Perth City West Trust	Capalaba Superstore No 2 Trust	Dorebed No. 2 Trust
Calardu Port Macquarie Trust	Capalabed No. 2 Trust**	Dorewares No. 2 Trust
Calardu Preston Trust	Capavit No. 2 Trust	Dorfurn No. 2 Trust**
Calardu Raine Square Trust	Carcom No. 2 Trust	DPBeds No. 2 Trust**
Calardu Richmond Trust	Cardlect No. 2 Trust	Durahavit No. 2 Trust
Calardu Rockhampton No. 2 Trust	Carelect No. 2 Trust**	Eastcentre No. 2 Trust
Calardu Rockhampton Trust	Carinlect No. 2 Trust	Eastore No. 2 Trust
Calardu Rockingham Trust	Carinstore No. 2 Trust**	Edgecentre No. 2 Trust
Calardu Rosebery Trust	Carroll Bedding Centre No 2 Trust	Edgerovic No. 2 Trust
Calardu Roselands Trust	Castore No. 2 Trust	Edgestore No 2 Trust
Calardu Rothwell Trust	CBG Trust	Edgewater Store No. 2 Trust**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. Controlled Entities and Unit Trusts (continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited

Emeravit No. 2 Trust**	Calardu Rosebery Trust	Cellorstore No. 2 Trust
Emerstore No. 2 Trust	Calardu Roselands Trust	Cellson No 2 Trust
Energy Incentive Team Trust	Calardu Rothwell Trust	Chanavit No. 2 Trust
Enfield Flooring No. 2 Trust**	Calardu Rutherford Trust	Chancelect No. 2 Trust
Etonfurn No. 2 Trust	Calardu Rutherford Warehouse Trust	Chancelloravit No. 2 Trust**
Everstore No. 2 Trust**	Calardu Sale Trust	Charmela No. 2 Trust
Fifel No 2 Trust	Calardu Silverwater Trust	Chatex No. 2 Trust
Filfurn No. 2 Trust	Calardu Springvale Trust	Chatswood Superstore No 2 Trust
Flanerton No. 2 Trust	Calardu Stapylton Trust	Chyavit No. 2 Trust**
Floorbury No. 2 Trust	Calardu Surry Hills Trust	Chywares No. 2 Trust**
Floorcom No. 2 Trust	Calardu Swan Hill Trust	Ciavit No. 2 Trust**
Floorington No. 2 Trust**	Calardu Sylvania Trust	Citiavit No 2 Trust
Floorley No 2 Trust	Calardu Taree Trust	Citiwestfurn No. 2 Trust
Floorlog No. 2 Trust	Calardu Taren Point Trust	Cityware No 2 Trust
Floormunno No 2 Trust	Calardu Thebarton Trust	Clevcom No. 2 Trust
Floorox No 2 Trust	Calardu Thomastown Trust	Clevestore No. 2 Trust
Fortley No. 2 Trust	Calardu Toorak Trust	Clevtec No. 2 Trust
Fransohn No. 2 Trust**	Calardu Toowoomba No. 1 Trust	Comaub No. 2 Trust
Fremstore No. 2 Trust	Calardu Toowoomba No. 2 Trust	Comcam No. 2 Trust
Fumba No. 2 Trust	Calardu Toowoomba Trust	Comgos No.2 Trust
Furnhampton No 2 Trust	Calardu Toowoomba WH Trust	Comhill No. 2 Trust
Furnington No. 2 Trust**	Calardu Townsville Trust	Comkaw No. 2 Trust
Furnlunga No. 2 Trust**	Calardu Tweed Heads No. 1 Trust	Commcom No. 2 Trust
Furnmack No. 2 Trust**	Calardu Tweed Heads Traders Way Trust	Comparoo No. 2 Trust
Furnmore No. 2 Trust	Calardu Tweed Heads Trust	Compgrav No. 2 Trust
Furnola No 2 Trust	Calardu Vicfurn Trust	Comroc No. 2 Trust
Furnroc No. 2 Trust	Calardu Warrawong (Homestarters) No. 1 Trust	Comwick No. 2 Trust
Furnwest No 2 Trust	Calardu Warrawong (Homestarters) Trust	Connorfloors No. 2 Trust**
Fyshcom No. 2 Trust	Calardu Warrawong No. 1 Trust	Coorparoo Electrics No. 2 Trust
Gamavit No 2 Trust	Calardu Warrawong No. 2 Trust	Coorparoo Furniture No. 2 Trust
Gambieravit No. 2 Trust	Calardu Warrawong Trust	Crossavit No 2 Trust
Gambierstore No. 2 Trust	Calardu Warrnambool Trust	CW Superstore No. 2 Trust
Gardavit No. 2 Trust**	Calardu Warwick Trust	Dalavit No. 2 Trust
Garden City Store No. 2 Trust**	Calardu West Gosford No. 1 Trust**	Dalbavit No 2 Trust
Gardstore No. 2 Trust	Calardu West Gosford Trust	Dalbenic No. 2 Trust
Garryfurn No. 2 Trust**	Calardu Whyalla Trust	Dalbyavit No. 2 Trust**
GC Avitstore No 2 Trust	Calardu Wivenhoe Trust	Dallcom No. 2 Trust
Gelfurn No. 2 Trust	Calardu Wodonga Trust**	Dalltec No. 2 Trust
Geraldell No. 2 Trust	Cannavit No 2 Trust	Daltel No. 2 Trust
Geraldton WA No. 1 Trust	Cannfloors No. 2 Trust**	Dandefloor No. 2 Trust**
Geraldton WA No. 2 Trust	Canningfloors No. 2 Trust	Daravit No. 2 Trust
Geranfurn No. 2 Trust	Canningtec No. 2 Trust**	Darwin Superstore No. 2 Trust
Gervafurn No. 2 Trust	Cannonel No. 2 Trust	Dawnlect No. 2 Trust
Gladavit No 2 Trust	Cannonfurn No. 2 Trust	Dayavit No. 2 Trust
Gladfurn No. 2 Trust	Cannonvale Superstore No 2 Trust	Dorebed No. 2 Trust
Gladstonavit No. 2 Trust	Cannters No. 2 Trust	Dorewares No. 2 Trust
Gladstores Qld No. 2 Trust	Cellorstore No. 2 Trust**	Dorfurn No. 2 Trust**
Glenorchy Computers No. 2 Trust	Cellson No 2 Trust	DPBeds No. 2 Trust**
Glenorchy Electrics No. 2 Trust	Chanavit No. 2 Trust	Durahavit No. 2 Trust
Calardu Preston Trust	Carelect No. 2 Trust**	Eastcentre No. 2 Trust
Calardu Raine Square Trust	Carinlect No. 2 Trust	Eastore No. 2 Trust
Calardu Richmond Trust	Carinstore No. 2 Trust**	Edgecentre No. 2 Trust
Calardu Rockhampton No. 2 Trust	Carroll Bedding Centre No 2 Trust	Edgerovic No. 2 Trust
Calardu Rockhampton Trust	Castore No. 2 Trust	Edgestore No 2 Trust
Calardu Rockingham Trust	CBG Trust	Edgewater Store No. 2 Trust**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. Controlled Entities and Unit Trusts (continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited

Emeravit No. 2 Trust**	Guthrie Superstore No. 2 Trust**	Kalgoorlie Superstore No 2 Trust
Emerstore No. 2 Trust	Gymavit No 2 Trust	Kalgoostore No. 2 Trust
Energy Incentive Team Trust	Gympiefurn No. 2 Trust	Kalgor No. 2 Trust
Enfield Flooring No. 2 Trust**	Gymsuper No. 2 Trust**	Kalinya Unit Trust
Etonfurn No. 2 Trust	Gymteha No 2 Trust	Karratha Superstore No 2 Trust
Everstore No. 2 Trust**	H.N. Cards Trust	Karrathavit No. 2 Trust**
Fifel No 2 Trust	Hamilcom No. 2 Trust**	Karravit No. 2 Trust
Filfurn No. 2 Trust	Hammastore No. 2 Trust	Kawstore No. 2 Trust
Flanerton No. 2 Trust	Hammikas No. 2 Trust**	Kennavit No. 2 Trust
Floorbury No. 2 Trust	Hampstore No. 2 Trust	Kennyfurn No. 2 Trust
Floorcom No. 2 Trust	Hartlect No. 2 Trust	Kingaroyavit No. 2 Trust**
Floorington No. 2 Trust**	Harvey Norman Burnie Franchisor Unit Trust	Kingavit No 2 Trust
Floorley No 2 Trust	Harvey Norman Devonport Franchisor Unit Trust	Kitgan No. 2 Trust
Floorlog No. 2 Trust	Harvey Norman Discounts No. 1 Trust	Kittick No. 2 Trust**
Floormunno No 2 Trust	Harvey Norman Glenorchy Franchisor Unit Trust	Krukeen No. 2 Trust
Floorox No 2 Trust	Harvey Norman Hobart Franchisor Unit Trust	KW Superstore No. 2 Trust
Fortley No. 2 Trust	Harvey Norman Launceston Franchisor Unit Trust	Lagavit No. 2 Trust
Fransohn No. 2 Trust**	Harvey Norman Lighting Asset Trust	Lamino Investments No. 1 Trust
Fremstore No. 2 Trust	Harvey Norman Lighting No. 1 Trust	Lamino Investments No. 2 Trust
Fumba No. 2 Trust	Harvey Norman Liquor Unit Trust	Lamino Investments No. 3 Trust
Furnhampton No 2 Trust	Harvey Norman No. 1 Trust	Lamino Investments No. 4 Trust
Furnington No. 2 Trust**	Harvey Norman Rosney Franchisor Unit Trust	Lamino Investments No. 5 Trust
Furlunga No. 2 Trust**	Harvey Norman Shopfitting Trust	Lamino Investments No. 6 Trust
Furnmack No. 2 Trust**	Harvey Norman Tasmania Agent Unit Trust	Landfurn No. 2 Trust
Furnmore No. 2 Trust	Harvey Norman Ulverstone Franchisor Unit Trust	Leighavit No. 2 Trust
Furnola No 2 Trust	HB Superstore No. 2 Trust	Leighstore No 2 Trust
Furnroc No. 2 Trust	Hedstore No. 2 Trust	Lesandu Albury Trust
Furnwest No 2 Trust	Helect No. 2 Trust	Lesandu Campbelltown Trust
Fyshcom No. 2 Trust	Herveyfurn No. 2 Trust	Lesandu Fairfield Trust
Gamavit No 2 Trust	Herveystore No. 2 Trust**	Lesandu Gordon Trust
Gambieravit No. 2 Trust	Hillware No. 2 Trust	Lesandu Gosford Trust
Gambierstore No. 2 Trust	HN Coomboona Trust	Lesandu Miranda Trust
Gardavit No. 2 Trust**	HN QCV Blackwater Land Trust	Lesandu Newcastle Trust
Garden City Store No. 2 Trust**	HN QCV Sarina Land Trust	Lesandu No. 1 Trust
Gardstore No. 2 Trust	HNM Galaxy Unit Trust	Lesandu Penrith Trust
Garryfurn No. 2 Trust**	Homefurn No. 2 Trust	Lesandu Tamworth Trust
GC Avitstore No 2 Trust	Huffurn No 2 Trust	Lesandu Warrawong Trust
Gelfurn No. 2 Trust	Hushbara No. 2 Trust	Lesandu Warringah Mall Trust
Geraldell No. 2 Trust	Iainbed No. 2 Trust	Leylect No 2. Trust
Geraldton WA No. 1 Trust	Ifrahfloors No. 2 Trust**	Lincavit No. 2 Trust**
Geraldton WA No. 2 Trust	Indavit No. 2 Trust	LJM Flooring No. 2 Trust
Geranfurn No. 2 Trust	Innisavit No. 2 Trust	Lockwoodfurn No. 2 Trust**
Gervafurn No. 2 Trust	Inrolect No. 2 Trust	Lodare No. 2 Trust
Gladavit No 2 Trust	Ipavit No 2 Trust	Loganholme Flooring No. 2 Trust**
Gladfurn No. 2 Trust	Ipsavit No. 2 Trust	Loganholme Superstore No. 2 Trust
Gladstonavit No. 2 Trust	Ipswichavit No. 2 Trust**	Lokstall No 2 Trust
Gladstores Qld No. 2 Trust	Isastore No. 2 Trust**	Loravit No 2 Trust
Glenorchy Computers No. 2 Trust	Isavit No. 2 Trust**	Lunastore No. 2 Trust**
Glenorchy Electrics No. 2 Trust	Jennstore No. 2 Trust**	Lunavit No 2 Trust
Goorlifurn No. 2 Trust**	Jonlects No. 2 Trust**	Lunbeds No. 2 Trust
Goscane No. 2 Trust	Joolfurn No. 2 Trust	Supamaroo No. 2 Trust
Gravbed No. 2 Trust	Joonavit No. 2 Trust	Sydney No. 1 Trust
Gravking No. 2 Trust	Joonlect No. 2 Trust	Tarilpe No. 2 Trust
Gregstore No. 2 Trust**	Kalgavit No. 2 Trust**	Tecgrove No. 2 Trust
GS Store No. 2 Trust	Kalgbed No. 2 Trust**	Tecmor No. 2 Trust

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

38. Controlled Entities and Unit Trusts (continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited

Tehabay No. 2 Trust	Vandeyplains No. 2 Trust	Wodenfurn No. 2 Trust
Tehacity No. 2 Trust	Villavit No. 2 Trust**	Woncom No. 2 Trust**
Tehamba No. 2 Trust	Vivbeds No. 2 Trust	Woodville Bedding No 2 Trust
The Calardu Trust	Waggavit No. 2 Trust	Woombafloor No. 2 Trust
Thorrop No. 2 Trust	Warracom No. 2 Trust	Yoogalu Albury Trust
Timlect No. 2 Trust	Warrawong Superstore No. 2 Trust	Yoogalu Campbelltown Trust
Tonavit No. 2 Trust	Warwateha No 2 Trust	Yoogalu Fairfield Trust
Toowoomba Flooring No. 2 Trust	Warwavit No 2 Trust	Yoogalu Gordon Trust
Toowoomba Superstore No. 2 Trust	Warwickavit No. 2 Trust	Yoogalu Gosford Trust*
Toukavit No. 2 Trust	Wellbeds No. 2 Trust**	Yoogalu Lismore Trust
Town Superstore No. 2 Trust**	Westavit No. 2 Trust	Yoogalu Miranda Trust
Townsville Furniture No 2 Trust	Westore No. 2 Trust	Yoogalu Newcastle Trust
Uzefene No 2 Trust	Westwares Store No. 2 Trust**	Yoogalu Warrawong Trust
Valecomp No. 2 Trust	Whyavit No 2 Trust	Yoogalu Warringah Mall Trust
Valewares No. 2 Trust**	Whystore No 2 Trust	
Vallatec No. 2 Trust	Winavit No. 2 Trust	
Valley Superstore No. 2 Trust	Wirthson No. 2 Trust	
Valleyfurn No. 2 Trust	Woden Superstore No 2 Trust	

Notes

- * All the units in the Unit Trusts are held by Harvey Norman Holdings Limited.
- ** These trusts were acquired during the year.
- *** Some of the units in this trust are held by Yoogalu Pty Limited, a wholly owned subsidiary of Harvey Norman Holdings Limited.
- **** Trusts vested during the year.

39. Deed of Cross Guarantee

Pursuant to Class Order 98/1418 ("Class Order"), 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.

As a condition of the Class Order, these controlled entities have created a "Closed Group" by entering into a Deed of Cross Guarantee ("Deed") with Harvey Norman Holdings Limited. The effect of this Deed 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.

During the year ended 30 June 2015, the consolidated entity reviewed all controlled entities party to the Deed and amended it to incorporate only those controlled entities defined as a "large proprietary company" under the *Corporations Act 2001* for which there are no regulations other than the requirements for the preparation, audit and lodgement of their financial reports.

A Revocation Deed was lodged with the Australian Securities and Investments Commission ("ASIC") on 29 June 2015 releasing those controlled entities not defined as a "large proprietary company" under the *Corporations Act 2001* from their obligations under the Deed on the condition they are not liquidated within six months. A notice of this lodgement was advertised in *The Australian*, a national daily newspaper, on 16 July 2015. The Revocation Deed became legally effective on 29 December 2015. An Assumption Deed was lodged with ASIC, and became legally effective, on 24 June 2016 to incorporate an additional controlled entity within the Deed.

At 30 June 2016, the parties to the Deed include Harvey Norman Holdings Limited and the following controlled entities:

- Arisit Pty Limited
- Contemporary Design Group Pty Limited
- Derni Pty Limited
- Harvey Norman Stores (N.Z.) Pty Limited
- Sarsha Pty Limited
- Yoogalu Pty Limited

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

39. Deed of Cross Guarantee (continued)

The consolidated Statement of Financial Position and Income Statement for the Harvey Norman Holdings Limited Closed Group are as follows:

Consolidated Statement of Financial Position

	2016 \$000	2015 \$000
Current Assets		
Cash and cash equivalents	109,838	159,552
Trade and other receivables	1,031,166	1,093,454
Other financial assets	26,204	24,979
Inventories	160,970	159,227
Intangible assets	448	476
Other assets	16,614	6,389
Total current assets	1,345,240	1,444,077
Non-Current Assets		
Trade and other receivables	1,810,692	1,332,149
Investments accounted for using equity method	-	8,820
Other financial assets	143,305	142,186
Property, plant and equipment	9,623	344,964
Investment properties	-	400,407
Intangible assets	72,034	1,265
Total non-current assets	2,035,654	2,229,791
Total Assets	3,380,894	3,673,868
Current Liabilities		
Trade and other payables	581,802	608,670
Interest-bearing loans and borrowings	335,125	298,382
Income tax payable	31,580	33,775
Provisions	14,719	10,298
Other liabilities	1,875	214
Total current liabilities	965,101	951,339
Non-Current Liabilities		
Interest-bearing loans and borrowings	200,000	290,000
Provisions	11,513	9,965
Deferred income tax liabilities	71,189	154,401
Other liabilities	4,555	490
Total non-current liabilities	287,257	454,856
Total Liabilities	1,252,358	1,406,195
NET ASSETS	2,128,536	2,267,673
Equity		
Contributed equity	385,296	380,328
Reserves	10,436	94,694
Retained profits	1,732,804	1,790,932
Parent entity interests	2,128,536	2,265,954
Non-controlling interests	-	1,719
TOTAL EQUITY	2,128,536	2,267,673
Consolidated Income Statement		
	2016 \$000	2015 \$000
Profit before income tax	352,750	359,923
Income tax	(72,454)	(95,555)
Profit after tax	280,296	264,368

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

39. Deed of Cross Guarantee (continued)

	2016 \$000	2015 \$000
Retained earnings at the beginning of the year	1,719,390	1,862,431
Profit after tax from continuing operations	280,296	264,368
Non-controlling interests	-	(2,203)
Dividends provided for or paid	(266,882)	(333,664)
Retained earnings at the end of the year	1,732,804	1,790,932

40. Parent Entity Financial Information

	PARENT ENTITY	
	2016 \$000	2015 \$000
Statement of Financial Position		
Current assets	42	54
Non-current assets	2,220,836	2,195,116
Total assets	2,220,878	2,195,170
Current liabilities	35,233	29,905
Non-current liabilities	75,152	76,809
Total liabilities	110,385	106,714
Contributed equity	385,296	380,328
Retained profits	1,725,197	1,708,128
Total Equity	2,110,493	2,088,456
Profit for the Year	283,951	268,671
Total Comprehensive Income	283,951	268,671

Guarantees

At 30 June 2016, 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
- Harvey Norman Stores (N.Z.) 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.

Contingent Liabilities

At 30 June 2016, the Parent Company had guaranteed the performance of one controlled entity and one joint venture entity which have entered into operating lease commitments and financing facilities with external parties totalling \$164.70 million (2015: \$169.94 million).

41. Significant Events After Balance Date

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.

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 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 2016 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.

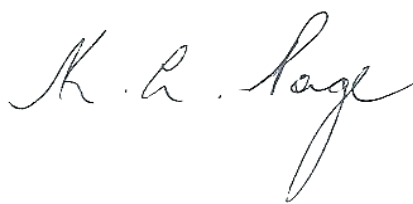
This declaration has been made after receiving the declarations required to be made to the directors by the Chief Executive Officer and Chief Financial Officer in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2016.

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

On behalf of the Board.



G. HARVEY
Executive Chairman
Sydney
30 September 2016



K.L. PAGE
Executive Director / Chief Executive Officer
Sydney
30 September 2016

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

Report on the Financial Report

We have audited the accompanying financial report of Harvey Norman Holdings Limited which comprises the statement of financial position as at 30 June 2016, income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year end or from time to time during the financial year.

Directors' responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Opinion

In our opinion:

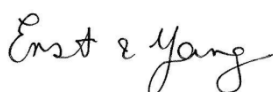
- a. the financial report of Harvey Norman Holdings Limited is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 24 to 46 of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Harvey Norman Holdings Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.



Ernst & Young



Katrina Zdrilic
Partner
Sydney
30 September 2016

Distribution of Shareholdings as at 28 September 2016

Size of Holding	Ordinary Shareholders
1 – 1,000	5,139
1,001 – 5,000	5,959
5,001 – 10,000	1,488
10,001 – 100,000	1,324
100,001 and over	135
	14,045
Number of Shareholders	
With less than a marketable parcel	356

Voting Rights

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

Twenty Largest Shareholders as at 28 September 2016

Number of Ordinary Shares	Shareholder	Percentage of Ordinary Shares
331,889,449	Mr Gerald Harvey	29.83%
183,323,726	Mr Christopher Herbert Brown	16.48%
124,282,700	HSBC Custody Nominees Limited	11.17%
111,491,520	J P Morgan Nominees Australia Limited	10.02%
72,653,500	Citicorp Nominees Pty Limited	6.53%
62,481,745	National Nominees Limited	5.62%
52,262,874	Ms Margaret Lynette Harvey	4.70%
25,000,152	BNP Paribas Nominees Pty Limited, BNP Paribas Noms Pty Limited & BNP Paribas Noms (NZ) Limited	2.25%
19,594,765	RBC Investor Services	1.76%
17,896,300	Enbearn Pty Limited	1.61%
17,717,642	Ms Kay Lesley Page	1.59%
4,213,182	Argo Investments Limited	0.38%
2,974,897	Mr Michael Harvey	0.27%
1,887,127	Omnilab Media Investments Pty Limited	0.17%
1,815,337	AMP Life Limited	0.16%
1,694,921	Bond Street Custodians Limited	0.15%
1,403,647	UBS Nominees Pty Limited	0.13%
1,322,085	Netwealth Investments Limited	0.12%
1,183,049	Mr Arthur Brew	0.10%
1,020,334	Mr David Matthew Ackery	0.09%
1,036,108,952		93.13%

Total held by twenty largest shareholders as a percentage of total ordinary shares is 93.13% as at 28 September 2016.

DIRECTORY OF HARVEY NORMAN, DOMAYNE & JOYCE MAYNE SHOPPING COMPLEXES

AUSTRALIAN CAPITAL TERRITORY

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

NEW SOUTH WALES (SYDNEY SUBURBAN)

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

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

AUBURN RENOVATIONS
233 - 239 Parramatta Road
Auburn 2144
Phone: (02) 9202 4888

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

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

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

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

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

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

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

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

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

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

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

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

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

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

NEW SOUTH WALES (COUNTRY)

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

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

BALLINA
26 Boeing Avenue
Ballina 2478
Phone: (02) 6620 5300

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

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

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

BROKEN HILL
329-331 Blende Street
Broken Hill 2880
Phone: (08) 8088 2266

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

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

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

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

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

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

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

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

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

GUNNEDAH
117 Conadilly Street
Gunnedah 2380
Phone: (02) 6741 7900

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

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

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

DIRECTORY OF HARVEY NORMAN, DOMAYNE & JOYCE MAYNE SHOPPING COMPLEXES

NEW SOUTH WALES (COUNTRY) (CONTINUED)

LITHGOW 175 Main Street Lithgow 2790 Phone: (02) 6351 2321	MACLEAN 211 River Street Maclean 2463 Phone: (02) 6645 2611	MAITLAND 557 High Street Maitland 2320 Phone: (02) 4934 2423	MOREE 103 Balo Street Moree 2400 Phone: (02) 6752 7531
MOSS VALE 137 - 157 Lackey Road Moss Vale 2577 Phone: (02) 4868 1039	MUDGEES 33 Castlereagh Highway Mudgee 2850 Phone: (02) 6372 6514	MUSWELLBROOK 19 Rutherford Road Muswellbrook 2333 Phone: (02) 6541 6800	NEWCASTLE (BENNETTS GREEN) 7 Abdon Close Bennetts Green 2290 Phone: (02) 4948 4555
NOWRA Cnr Central Avenue & Princess Highway Nowra 2541 Phone: (02) 4421 1300	ORANGE Unit 1, Orange Grove H/maker Centre Mitchell Highway Orange 2800 Phone: (02) 6393 2222	PARKES Shop 1, Saleyards Road Parkes 2870 Phone: (02) 6862 2800	PORT MACQUARIE 140 Lake Road Port Macquarie 2444 Phone: (02) 6581 0088
SALAMANDER BAY 270 Sandy Point Road Salamander Bay 2317 Phone: (02) 4981 1292	TAMWORTH 43 The Ringers Road Tamworth 2340 Phone: (02) 6765 1100	TAREE 9 Mill Close Taree 2430 Phone: (02) 6551 3699	TEMORA 102 Hoskins Street Temora 2666 Phone: (02) 6977 1777
TURA BEACH Shop 1, 11 Tura Beach Drive Tura Beach 2548 Phone: (02) 6495 0016	TWEED HEADS SOUTH Harvey Norman Complex 29 - 41 Greenway Drive Tweed Heads South 2486 Phone: (07) 5524 0111	WAGGA WAGGA Homebase Centre 7 - 23 Hammond Avenue Wagga Wagga 2650 Phone: (02) 6933 7000	WARRAWONG Cnr King Street & Shellharbour Road Warrawong 2502 Phone: (02) 4275 2722
WEST WYALONG 114 Main Street West Wyalong 2671 Phone: (02) 6972 2077	YOUNG 326 Boorowa Street Young 2594 Phone: (02) 6382 5744		

NORTHERN TERRITORY

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

ASPLEY 1411 - 1419 Gympie Road Aspley 4034 Phone: (07) 3834 1100	BROWNS PLAINS Unit 3 28 - 48 Browns Plains Road Browns Plains 4118 Phone: (07) 3380 0600	CAPALABA Shop 32 - 33 Capalaba Centre 38-62 Moreton Bay Road Capalaba 4157 Phone: (07) 3362 6200	CARINDALE Homemaker Centre Cnr Carindale Street and Old Cleveland Road Carindale 4152 Phone: (07) 3398 0600
CLEVELAND Shop 1A, 42 Shore Street West Cleveland 4163 Phone: (07) 3488 8900	EVERTON PARK 429 Southpine Road Everton Park 4053 Phone: (07) 3550 4444	LOGANHOLME 3890 - 3892 Pacific Highway Loganholme 4558 Phone: (07) 3440 9200	MACGREGOR 555 Kessels Road Macgregor 4109 Phone: (07) 3849 9500
MT GRAVATT 2049 Logan Street Upper Mt Gravatt 4122 Phone: (07) 3347 7000	OXLEY 2098 Ipswich Road Oxley 4075 Phone: (07) 3332 1100		

DIRECTORY OF HARVEY NORMAN, DOMAYNE & JOYCE MAYNE SHOPPING COMPLEXES

QUEENSLAND (COUNTRY)

ATHERTON 57 Tolga Road Atherton 4883 Phone: (07) 4091 0900	AYR 101 Queens Street Ayr 4807 Phone: (07) 4783 3188	BUNDABERG 125 Takalvan Street Bundaberg 4670 Phone: (07) 4151 1570	BUNDALL 29 - 45 Ashmore Road Bundall 4217 Phone: (07) 5584 3111
BURLEIGH WATERS 1 Santa Maria Crt Burleigh Waters 4220 Phone: (07) 5586 2000	CAIRNS 101 Spence Street Portsmith 4870 Phone: (07) 4051 8499	CANNONVALE Shop B2, Whitsunday Centre 8 Galbraith Drive Cannonvale 4802 Phone: (07) 4969 8800	DALBY 58 Patrick Street Dalby 4405 Phone: (07) 4672 4444
EMERALD 21 Ballard Street Emerald 4720 Phone: (07) 4986 8100	GLADSTONE Shop 1B Centro Centre 220 Dawson Highway Gladstone 4680 Phone: (07) 4971 5000	GYMPIE 35-37 Edwin Campion Drive Monkland 4570 Phone: (07) 5480 1500	HERVEY BAY 134 - 136 Boat Harbour Drive Hervey Bay 4655 Phone: (07) 4124 3870
INGHAM Shop 3 57 Herbert Street Ingham 4850 Phone: (07) 4776 3188	INNISFAIL 52/57 Ernest Street Innisfail 4860 Phone: (07) 4061 1433	IPSWICH Ipswich City Square 606 - 616, 163 Brisbane St Ipswich 4305 Phone: (07) 3280 7400	KINGAROY 18 - 20 Rogers Drive Kingaroy 4610 Phone: (07) 4160 0400
MACKAY Cnr Bruce Highway & Heath's Road Glenella 4740 Phone: (07) 4942 2688	MAROOCHYDORE Shop 5, Pacific Highway Sunshine Homemaker Centre Maroochydore 4558 Phone: (07) 5452 7144	MARYBOROUGH 72 - 74 Bazaar Street Maryborough 4650 Phone: (07) 4123 1699	MORAYFIELD Lot 8 Cnr Morayfield & Station Roads Morayfield 4506 Phone: (07) 5428 8000
MT ISA 33 - 35 Miles Street Mt Isa 4825 Phone: (07) 4743 5220	NOOSA 7 - 9 Gibson Road Noosaville 4566 Phone: (07) 5473 1911	ROCKHAMPTON 407 Yaamba Road North Rockhampton 4701 Phone: (07) 4926 2755	ROTHWELL Unit 1 439 - 443 Anzac Avenue Rothwell 4022 Phone: (07) 3897 8800
TOOWOOMBA 910 - 932 Ruthven Street Toowoomba 4350 Phone: (07) 4636 7300	TOWNSVILLE 103 - 142 Duckworth Street Garbutt 4814 Phone: (07) 4725 5561	WARWICK Cnr Victoria St & Palmerin Sts Warwick 4370 Phone: (07) 4666 9000	

TASMANIA

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

SOUTH AUSTRALIA (ADELAIDE SUBURBAN)

CITY CROSS Shop L1 31 - 33 Rundle Mall Adelaide 5000 Phone: (08) 8168 8800	GEPPS CROSS Unit 1, 760 Main North Road Gepps Cross 5094 Phone: (08) 8342 8888	MARION 822 - 826 Marion Road Marion 5043 Phone: (08) 8375 7777	MILE END COMMERCIAL 20 William Street Mile End 5031 Phone: (08) 8150 8000
MT BARKER 6 Dutton Road Adelaide Hills Homemaker Centre Mt Barker 5251 Phone: (08) 8393 0800	MUNNO PARA Lot 2005, Main North Road Smithfield 5114 Phone: (08) 8254 0700	NOARLUNGA Seaman Drive Noarlunga 5168 Phone: (08) 8329 5400	WOODVILLE 853 - 867 Port Road Woodville 5011 Phone: (08) 8406 0100

DIRECTORY OF HARVEY NORMAN, DOMAYNE & JOYCE MAYNE SHOPPING COMPLEXES

SOUTH AUSTRALIA (COUNTRY)

MT GAMBIER
Jubilee Highway East
Mt Gambier 5290
Phone: (08) 8724 6800

PORT LINCOLN
Cnr St Andrews Terrace and
Kooyanga Ave
Port Lincoln 5606
Phone: (08) 8683 7700

WHYALLA
Cnr Jamieson and
Kelly Streets
Whyalla 5600
Phone: (08) 8645 6100

VICTORIA (MELBOURNE SUBURBAN)

BROADMEADOWS
1185 - 1197 Pascoe Vale Rd
Broadmeadows 3047
Phone: (03) 9621 2800

CHADSTONE
699 Warrigal Road
Chadstone 3148
Phone: (03) 9567 6666

CHIRNSIDE PARK
286 Maroondah Highway
Mooroolbark 3138
Phone: (03) 9722 4400

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

DANDENONG
141 - 165 Frankston -
Dandenong Road
Dandenong 3175
Phone: (03) 9706 9992

FOUNTAIN GATE
Fountain Gate S/Centre
Overland Drive
Narre Warren 3805
Phone: (03) 8796 6777

HOPPERS CROSSING
Unit 1, 201 - 219 Old
Geelong Road
Hoppers Crossing 3029
Phone: (03) 8734 0000

KNOX
Shop 3105, Knox Centre
425 Burwood Highway
Wantirna South 3152
Phone: (03) 9881 3700

MARIBYRNONG (Highpoint)
169 Rosamond Road
Maribyrnong 3032
Phone: (03) 9318 2700

MOORABBIN
420 South Road
Moorabbin 3189
Phone: (03) 9555 1222

NUNAWADING
400 Whitehorse Road
Nunawading 3131
Phone: (03) 9872 6366

PRESTON
121 Bell Street
Preston 3072
Phone: (03) 9269 3300

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

SPRINGVALE
26/917 Princes Highway
Springvale 3171
Phone: (03) 9518 8500

SUNSHINE
484 Ballarat Road
Sunshine 3020
Phone: (03) 9334 6000

THOMASTOWN
308-320 Settlement Road
Thomastown 3074
Phone: (03) 9463 4777

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

WATERGARDENS
450 Melton Highway
Taylors Lakes 3038
Phone: (03) 9449 6300

VICTORIA (COUNTRY)

ARARAT
47-49 Vincent Street
Ararat 3377
Phone: (03) 5352 3377

BAIRNSDALE
294 Main Road
Bairnsdale 3875
Phone: (03) 5153 9700

BALLARAT
Cnr Howitt & Gillies Street
Wendouree 3355
Phone: (03) 5332 5100

BENDIGO
Cnr High & Ferness Streets
Kangaroo Flat 3555
Phone: (03) 5447 2333

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

GEELONG
420 Princes Highway
Corio 3214
Phone: (03) 5274 1077

HAMILTON
Shop 10 Hamilton Central
Plaza 148 Gray Street
Hamilton 3300
Phone: (03) 5551 3500

HORSHAM
148 Firebrace Street
Horsham 3400
Phone: (03) 5381 5000

MILDURA
Cnr Fifteenth Street &
Etiwanda Ave
Mildura 3500
Phone: (03) 5051 2200

MOE
19 Moore Street
Moe 3825
Phone: (03) 5127 9500

MORNINGTON
Building C3
Peninsula Centre
Bungower Road
Mornington 3931
Phone: (03) 5970 2500

MORWELL
232 Commercial Road
Morwell 3840
Phone: (03) 5120 0200

SALE
363 - 373 Raymond Street
Sale 3850
Phone: (03) 5144 3677

SHEPPARTON
7950 Goulburn Valley Hwy
Shepparton 3630
Phone: (03) 5823 2530

SWAN HILL
68 Nyah Road
Swan Hill 3585
Phone: (03) 5032 2901

TRARALGON
Cnr Princes Hwy & Liddiard Rds
Traralgon 3844
Phone: (03) 5174 8177

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

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

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

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

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

DIRECTORY OF HARVEY NORMAN, DOMAYNE & JOYCE MAYNE SHOPPING COMPLEXES

WESTERN AUSTRALIA (PERTH SUBURBAN)

ARMADALE
10 Prospect Road
Armadale 6112
Phone: (08) 9498 4400

CANNINGTON
1363 Albany Highway
Cannington 6107
Phone: (08) 9311 1100

CITY WEST
25 Sutherland Street
West Perth 6005
Phone: (08) 9215 8600

JOONDALUP
36 Clarke Crescent
Joondalup 6027
Phone: (08) 9301 3311

MALAGA
27 Kent Way
Malaga 6090
Phone: (08) 9270 6300

MIDLAND
Cnr Clayton and Lloyd Sts
Midland 6056
Phone: (08) 9374 8600

O'CONNOR
133 Garling Street (Cnr Stock
Road)
O'Connor 6163
Phone: (08) 9337 0888

OSBORNE PARK
469 - 475 Scarborough Beach
Road
Osborne Park 6017
Phone: (08) 9441 1100

PORT KENNEDY
400-402 Saltire Way
Port Kennedy 6168
Phone: (08) 9524 0111

WESTERN AUSTRALIA (COUNTRY)

ALBANY
136 Lockyer Avenue
Albany 6330
Phone: (08) 9841 1628

BUNBURY
Cnr Sandridge and
Denning Road
East Bunbury 6230
Phone: (08) 9721 4811

BUSSELTON
24 - 26 Bussell Highway
Busselton 6280
Phone: (08) 9781 0700

GERALDTON (Furniture &
Bedding)
38 Chapman Road
Geraldton 6530
Phone: (08) 9964 0111

GERALDTON (Computers)
16 Anzac Terrace
Geraldton 6530
Phone: (08) 9964 0111

KALGOORLIE
Southland Shopping Centre
Oswald Street
Kalgoorlie 6430
Phone: (08) 9021 1400

KARRATHA
Unit 5, Lot 3818
Balmoral Road
Karratha 6174
Phone: (08) 9144 1589

PORT HEDLAND
Boulevard Shopping Centre
Anderson Street
Port Hedland 6721
Phone: (08) 9173 8000

MANDURAH
9 Gordon Road
Cnr Mandurah Terrace
Mandurah 6210
Phone: (08) 9582 5800

DOMAYNE

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

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

BELROSE
GO1 4 - 6 Niangala Close
Belrose 2085
Phone: (02) 9479 8800

BUNDALL
29 - 45 Ashmore Road
Bundall 4217
Phone: (07) 5553 2100

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

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

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

FYSHWICK
80 Collie Street
Fyshwick 2604
Phone: (02) 6126 2500

GOSFORD
400 Manns Road
West Gosford 2250
Phone: (02) 4322 5555

KOTARA
18 Bradford Place
Kotara 2289
Phone: (02) 4941 3900

LIVERPOOL
Liverpool Mega Centre
2/18 Orange Grove Road
Liverpool 2170
Phone: (02) 8778 2222

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

MAROOCHYDORE
Unit 14
11-55 Maroochy Boulevard
Maroochydore 4558
Phone: (07) 5425 1400

MELBOURNE QV
Cnr Swanston & Lonsdale Streets
Level 4
9-13 Upper Terrace QV
Melbourne 3000
Phone: (03) 8664 4300

NORTH RYDE
31 - 35 Epping Road
North Ryde 2113
Phone: (02) 9888 8888

PENRITH
1st Floor
Cnr Wolseley Street and
Mulgoa Road
Penrith 2750
Phone: (02) 4737 5000

SPRINGVALE
10/971 Princes Highway
Springvale 3171
Phone: (03) 9565 8200

WARRAWONG
119 - 121 King Street
Warrawong 2502
Phone: (02) 4255 1800

DIRECTORY OF HARVEY NORMAN, DOMAYNE & JOYCE MAYNE SHOPPING COMPLEXES

JOYCE MAYNE

CHANCELLOR PARK
Showroom 2
Chancellor Park Blvd
Sippy Downs 4556
Phone: (07) 5477 2200

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

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

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

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

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

NEW ZEALAND

ASHBURTON
Cnr West & Moore Streets
Ashburton
Phone: 0011 643 307 5000

BLENHEIM
19 - 21 Maxwell Road
Blenheim
Phone: 0011 643 520 9700

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

BOTANY DOWNS
500 Ti Rakau Drive
Botany Downs
Phone: 0011 649 272 5700

CHRISTCHURCH
Cnr Moorhouse Ave
& Colombo Street
Christchurch
Phone: 0011 643 353 2440

DUNEDIN
Cnr MacLaggan
& Rattay Streets
Dunedin
Phone: 0011 643 471 6510

GISBORNE
51 Customhouse Street
Gisborne
North Island 4011
Phone: 0011 646 869 2900

HAMILTON
10 - 16 The Boulevard
Te Rapa
Hamilton
Phone: 0011 647 850 7300

HAMILTON ELECTRICAL OUTLET
79 Tristram Street
Waikato
Hamilton
Phone: 0011 647 848 2700

HASTINGS
303 St Aubyns Street East
Hastings
Phone: 0011 646 873 7150

HENDERSON
10 - 12 Ratanui Street
Henderson
Phone: 0011 649 835 5000

HORNBY
10-14 Chappie Place
Hornby Christchurch South
Island
Phone: 0011 643 344 8100

INVERCARGILL
245 Tay
Invercargill
Phone: 0011 643 219 9100

LINCOLN CENTRE
111 Lincoln Road
Henderson
Phone: 0011 649 621 1590

LOWER HUT
28 Rutherford Street
Lower Hutt
Phone: 0011 644 894 8200

MANUKAU
Manukau SupaCenta
Ronwood Avenue Manukau
City Auckland
Phone: 0011 649 262 7050

MT MAUNGANUI
2 - 10 Owens Plae
Mt Maunganui
Phone: 0011 647 572 7200

MT ROSKILL
167-169 Stoddard Road
Mt Roskill
Phone: 0011 649 261 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 Vincent Street
Nelson
Phone: 0011 643 539 5000

NEW PLYMOUTH
Cnr Smart & Devon Roads
New Plymouth
Phone: 0011 646 759 2900

NORTHWOOD
Unit 1 Radcliffe Road
Northwood
Christchurch
Phone: 0011 646 375 98002

PALMERSTON NORTH
361 - 371 Main Street West
Palmerston North
Phone: 0011 646 350 0400

PARAPARAUMU
Coastlands S/Centre
State Highway 1
Paraparaumu
Phone: 0011 644 296 3100

PORIRUA
19 Parumoana Street
Porirua
Wellington
Phone: 0011 644 237 2600

PUKEKOHE
Pukekohe Mega Centre
182-196 Manukau Road
Pukekohe
Phone: 0011 649 237 3500

RANGITIKEI
Unit C
210-248 Rangitikei Street
Palmerston North
Phone: 0011 646 935 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 Crofffield Lane
Wairau Park North
Glenfield
Phone: 0011 649 441 9750

WANGANUI
287 Victoria Street
Wanganui
Phone: 0011 646 349 6000

WELLINGTON
77-87 Tory Street
Wellington
Phone: 0011 644 381 4250

WESTGATE
63 - 65 Maki Street
Westgate Lifestyle Centre
Westgate Auckland
Phone: 0011 649 822 8200

DIRECTORY OF HARVEY NORMAN, DOMAYNE & JOYCE MAYNE SHOPPING COMPLEXES

NEW ZEALAND (CONTINUED)

WHAKATANE
The Hub
State Highway 30
Whakatane
Phone: 0011 649 306 0600

WHANGAREI
5 Gumdigger Place
Whangarei
Phone: 0011 649 470 0300

IRELAND

BLANCHARDSTOWN Unit 421 Blanchardstown Retail Park Blanchardstown Dublin 15 Phone: 0011 353 1 824 7400	CARRICKMINES Unit 230 The Park Carrickmines Dublin 18 Phone: 0011 353 1 824 7400	CASTLEBAR Unit D,E & F Castlebar Retail Park Breaffy Road Castlebar Phone: 0011 353 94 906 3900	CORK Kinsale Road Ballycurreeh Cork, Dublin Phone: 0011 353 21 425 0900
DROGHEDA Units 8 - 11 Drogheda Retail Park Donore Road Drogheda Phone: 0011 353 4 1987 8200	LIMERICK Units 5, 6 & 7 City East Retail Park Ballysimon Road Limerick Dublin Phone: 0011 353 61 422 800	LITTLE ISLAND Units 9 - 11 Eastgate Retail Park Little Island Cork Phone: 0011 353 21 500 1500	NAAS Unit GHIJK New Holl Retail Park Naas Ireland Phone: 0011 353 04 590 7700
RATHFARNHAM Nutgrove Retail Park Nutgrove Avenue Rathfarnham Dublin 18 Phone: 0011 353 1 291 0100	SWORDS Units 5, 6 & 7 Airside Retail Park Swords Road Swords, Co Dublin Phone: 0011 353 1 890 9900	TRALEE Unit 8A Manor West Retail Park Tralee, Co Kerry Phone: 0011 353 66 716 4900	WATERFORD Units 5 - 8 Butlerstown Retail Park Butlerstown Roundabout Outer Ring Road Co Waterford Phone: 0011 353 5131 9900

NORTHERN IRELAND

BOUCHER ROAD
Balmoral Plaza
24 Boucher Road
Belfast BT12 6HR
Phone: 0011 44 28 9038 9600

HOLYWOOD
Units A-D Holywood Exchange
Airport Road W,
Holywood BT3 9DY
Phone: 0011 44 28903 5800

SLOVENIA

CELJE Kidričeva ulica 26A 3000 Celje Phone: 0011 386 3425 0050	KOPER Ankaranska c3C Koper Phone: 0011 386 5610 0102	LJUBLJANA Letališka 3D 1000 Ljubljana Phone: 0011 386 1585 5000	MARIBOR Bohova 1 2311 Hoče Phone: 0011 386 2300 4850
NOVO MESTO Ljubljanska Cesta 95 8000 Novo Mesto Phone: 0011 386 7309 9920			

CROATIA

ZAGREB
Rudera 34/2
10000 Zagreb
Phone: 0011 385 1556 6200

SINGAPORE

BEDOK POINT 799 New Upper Changi Road #B1-01 Bedok Point Singapore 467351 Phone: 0011 65 6446 7218	BUKIT PANJANG 1 Jelebu Road 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 Singapore 538766 Phone: 0011 65 6488 2305
JURONG POINT 1 Jurong West Central 2 #03-34-39 Jurong Point Shopping Centre Singapore 648886 Phone: 0011 65 6795 2135	MILLENNIA WALK No. 9 Raffles Boulevard #02-27 Millenia Walk Singapore 039596 Phone: 0011 65 6311 9988	NORTHPOINT 930 Yishun Avenue 2 #03-61-67 Northpoint Shopping Centre Singapore 769098 Phone: 0011 65 6757 7695	ONE KM 11 Tanjong Katong Road #02-41 to 44 Singapore 437157 Phone: 0011 65 6702 5220

DIRECTORY OF HARVEY NORMAN, DOMAYNE & JOYCE MAYNE SHOPPING COMPLEXES

SINGAPORE (CONTINUED)

PARKWAY
80 Marine Parade Road
#02-34/36 Parkway Parade
Singapore 449269
Phone: 0011 65 6346 4705

SPORTS HUB
(Kallang Wave Mall)
1 Stadium Place
#02-09/10
Singapore 397628
Phone: 001165 6702 5171

SQUARE TWO
Square 2, B1-06 to 75
10 Sinaran Drive
Singapore 307506
Phone: 0011 65 6397 6190

SUNTEC CITY
6 Temasek Boulevard
Suntec City Mall, East Atrium
Tower 3/4, #01-634/640
Singapore 038983
Phone: 0011 65 6332 2312

WESTMALL
No. 1 Bt Batok Central Link
#03-06 to 09
Singapore 658713
Phone: 0011 65 6794 2812

MALAYSIA

AMPANG POINT
Lot S01, 2nd Floor
Jalan Mamanda 3,
68000 Ampang, Selangor
Phone: 0011 963 4260 1020

BUKIT TINGGI
Lot F 42 1st Floor
AEON Bukit Tinggi S/Centre
No. 1 Persiaran Batu Nilam 1/KS6
Bandar Bukit Tinggi 2
41200 Klang, Selangor D.E.
Phone: 0011 963 3326 2630

CITTA MALL
No 1 Jalan PJU 1A/48
PJU 1A, Ara Damansara
47301 Petaling Jaya
Phone: 0011 963 7846 1025

GURNEY PARAGON MALL
Lot 163D-4-02
Persiaran Gurney
10250 Penang
Phone: 0011 963 4229 8886

IOI CITY MALL
LG-27B & 28 Lower Ground
Floor
IOI Resort, Lebuhr IRC
Putrajaya 62502
Sepang, Selangor
Phone: 0011 963 8957 7918

IKANO POWER CENTRE
Unit F3 1st Floor Ikano Ctr
No 2 Jalan PJU 7/2
Mutiar Damansara
47800 Petaling Jaya
Selangor Darul Ehsan
Kuala Lumpur
Phone: 0011 963 7718 5200

MID VALLEY
Lot S066, 2nd Floor (South
Court) Mid Valley Megamall
Lingkaran Syed Putra
59100 Kuala Lumpur
Phone: 0011 963 2282 2860

MONT KIARA
L2-07 & L2-08
No 1 Jalan Kiara
Mont Kiara
50480 Kuala Lumpur
Phone: 0011 963 6203 6380

NU SENTRAL
Unit L3.01, Nu Sentral Mall
No. 201, Jalan Tun
Sambathan
50470 Kuala Lumpur
Phone: 0011 963 2260 7866

PAVILION
Lot 5.24.04 Level 5
Pavilion Kuala Lumpur
No. 168 Jalan Bukit Bintang
55100 Kuala Lumpur
Phone: 0011 963 2142 3735

PARADIGM MALL
Lot 1F-01 & 02, 1st Floor No.1
Jalan SS7/26A, Kelana Jaya
47301 Petaling Jaya
Selangor Darul Ehsan
Phone: 0011 963 7887 3589

QUEENSBAY
Lot 2F-86 South Zone
Queensbay Mall
No 100 Persiaran Bayan Indah
11900 Bayan Lepas
Penang
Phone: 0011 964 630 8210

SETIA CITY MALL
L1-MM03 No. 7
Persiaran Setia Dagang
Bandar Setia Alam.
Seksyen U13, 40170 Shah
Alam,
Selangor Darul Ehsan
Phone: 0011 963 3345 6085

SUNWAY PYRAMID
LG2.140 Lower Ground Two
Sunway Pyramid S/Centre
No. 3 Jalan PJS 11/15
Selangor Darul Ehsan
Phone: 0011 963 5622 1300