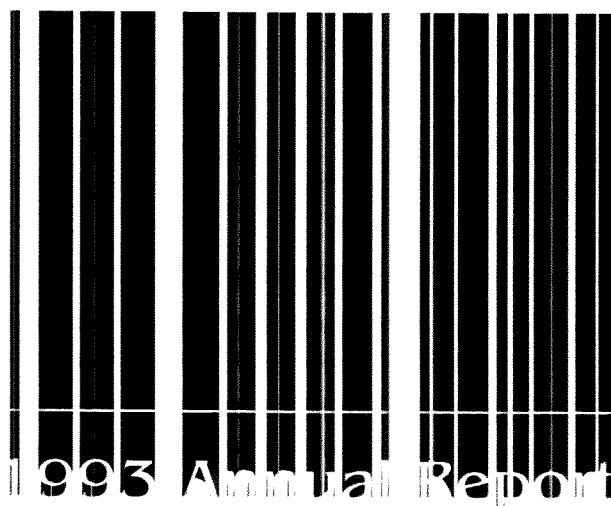


Harvey Norman Holdings Limited



1993 Annual Report

HIGHLIGHTS

Consolidated Operating Profit before tax for the 12 months to 30 June 1993 was \$23.01 million, an increase of 60.1% on the previous year. Consolidated Operating Profit after tax was \$13.70 million, an increase of 59.9%.

The recommended final dividend is increased from 6 cents to 8 cents a share, fully franked, bringing the full year dividend to 15 cents fully franked.

Basic earnings per share increased from 30.6 cents to 48.9 cents.

Return on shareholders' funds was 19.4%.

New franchised stores were opened at Chatswood and Blacktown in Sydney, NSW and Jindalee in Brisbane, Queensland.

FINANCIAL SUMMARY 12 MONTHS TO 30 JUNE, 1993

	1993 \$000	1992 \$000	% Change
Operating Revenue	66,970	54,714	22.4
Operating Profit Before Interest Expense and Income Tax	27,065	18,640	45.2
Interest Expense	4,053	4,269	<5.1>
Income Tax Expense	9,310	5,801	60.5
Operating Profit after Income Tax	13,702	8,570	59.9
Basic Earnings per share on issue at 30 June (cents)	48.9	30.6	59.8
Dividends per share (cents)	15.0	11.0	36.4
Return on Shareholders' Funds	19.4	14.0	38.6
Paid up capital at 30 June (\$ million)	14.0	14.0	—
Net Tangible Assets per share at 30 June (\$)	2.40	2.06	16.5

CHAIRMAN'S REPORT



Harvey Norman once again achieved a record result for the year ended 30 June, 1993 during a continuing period of depressed consumer confidence.

The Consolidated Operating Profit before income tax was \$23.01 Million, an increase of 60.1% on 1992, whilst the net profit was \$13.702 Million, an increase of 59.9%.

A strong second half contributed to this result. Sales for the year to 30 June from the franchised "Harvey Norman" stores and from the Group's own shop at Lismore totalled \$447.96M, an increase of 25.6% over 1992. Contributing to this increase were sales from new franchised stores opened during the year at Chatswood and Blacktown in Sydney, and Jindalee in Brisbane.

We are looking forward to an exciting 1993/94 in the following areas:-

Computer Superstores

The first "Category Killer" concept in computer and computer software and business equipment stores will open in Newcastle and Auburn in October/November 1993. These stores will be unique in Australian retailing. They will stock a huge range of computers and software and the impact on the consumer will be instant and stunning as it will be the first time such a comprehensive range of computers – software – typewriters – printers – copiers – faxes – cellular phones and a massive range of accessories have been put on display and sale in the one outlet. Harvey Norman are very excited about this new direction for the Company.

Property Development

Our property at Erina is being expanded by 2300 sq. metres and on completion this month will be leased to franchisees.

Development of the site at Fyshwick ACT will commence shortly and the final floor area of 11,600 sq. metres will also be leased to franchisees in about March 1994.

Other Expansion

Our very successful store at Bundall on the Gold Coast will be relocated in November to much larger premises of approximately 8,000 sq. metres to take advantage of the sales growth in that area.

A number of new stores will be opened in New South Wales country towns as suitable sites become available.

1993/94 has started well with total sales from all stores in the first three months of this financial year up 15.9% on the same period of last year.

New Share Issue

Subject to Shareholders' approval at a General Meeting on 25 October, 1993, the Directors propose to reconstruct the capital of the Company by amending the par and paid-up value of the ordinary share currently on issue from fifty cents each to twenty cents each. Upon completion the issued capital of 28,000,010 shares of fifty cents fully paid will become 70,000,025 shares of twenty cents fully paid.

If this reconstruction is approved, the Directors will seek to raise approximately \$10.5 Million by means of a renounceable rights issue of approximately 7 Million ordinary shares of \$1.50 per share. The new shares will be offered to Shareholders on the basis of one share for every 10 ordinary shares held at 5.00pm on 6 December, 1993.

G. HARVEY
Chairman

DIRECTORS' REPORT

The Board of Directors of Harvey Norman Holdings Limited has pleasure in submitting the balance sheets of the company and of the group at 30 June, 1993, and related profit and loss accounts for the year then ended and reports as follows:

DIRECTORS

The directors of the parent company at the date of this report are:

Gerald Harvey
Chairman

Co-founder of the Norman Ross group of companies in 1961. Appointed Chairman of that group when it went Public in 1972 and remained in that capacity until the Waltons Bond Limited takeover in 1982. In that year Mr. Harvey and Mr. Norman founded Harvey Norman. Mr. Harvey has been in retail all his working life and is regarded as perhaps Australia's most successful and aggressive independent retailer. Mr Harvey was voted "Retailer of the Year" by Senior Representatives of the Australian Retail Industry 1993.

Ian John Norman
Director

Co-founder of Norman Ross group of companies in 1961 with Mr. Harvey. Mr. Norman was co-managing director of Norman Ross until the takeover of that company in 1982. He has been in retail all his working life and has a wealth of experience.

Kay Lesley Page
Merchandising Director

Katie Page joined Harvey Norman in 1983. She is responsible for advertising and promotions. Many of the outstanding promotions of the group have been as a result of her expertise and flair in this field.

Spencer Murray Gibson
Finance Director

Mr. Gibson has had 28 years experience in retailing encompassing many aspects of the industry – administration, accounting, finance and store management. Mr. Gibson joined the Harvey Norman group on its inception in 1982 and is responsible for controlling the administration and financial functions of the group.

Christopher Herbert Brown, LL.M
Non-Executive Director

Mr. Brown has acted as solicitor for the Harvey Norman Group since inception and for Messrs Harvey and Norman and their respective interests since 1972. His area of practice is revenue and commercial law.

Michael John Harvey
Non-Executive Director

Mr. Harvey was appointed to the Board in August, 1993. Mr. Harvey joined Harvey Norman in 1987 having completed a Commerce degree at the University of New South Wales. He has had experience in many areas with the company and became a proprietor of the appliance franchise firstly at Brookvale in 1990 and then the electrical franchise at Moore Park in 1991. He is a welcome addition to the board.

DIRECTORS' MEETINGS

During the year the company held, or would have held if a quorum had been present, five (5) meetings of directors. The names of directors are outlined above. The attendances of the directors at meetings of the Board were as follows:

	Meetings of Board of Directors Attended	Maximum possible attended
G. Harvey	5	5
I. J. Norman	5	5
K. L. Page	5	5
S. M. Gibson	5	5
C. H. Brown	4	5

In addition, G. Harvey, K. L. Page and S. M. Gibson held regular meetings for the purpose of signing various documentation. A total of thirty five (35) such meetings were held during the year.

DIRECTORS' BENEFITS AND INTERESTS

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the group accounts or the fixed salary of a full-time employee of the company or a related body corporate) by reason of a contract made by the company or a related body corporate with any director or with a company in which he has a substantial financial interest or with a firm of which he is a member, except as otherwise disclosed in the financial statements.

The relevant interest of each director in the share capital of the parent company as at the date of this report is:

	Number of Ordinary Shares
Gerald Harvey	9,500,000
Ian John Norman	7,000,000
Kay Lesley Page	305,000
Spencer Murray Gibson	135,000
Michael John Harvey	72,500
Christopher Herbert Brown	45,000

PRINCIPAL ACTIVITIES

The principal activity of the group continues to be that of franchise retailing. However, during the year the group commenced operations as a credit provider to enhance its retailing activities.

NET PROFIT

The net profit of the group for the financial year ended 30 June, 1993 after provision for income tax was \$ 13,702,351

PAYMENT OF RECOMMENDED DIVIDENDS

Directors recommend a fully franked dividend of 8.0 cents per share be paid on 26 November, 1993. Duly completed transfers received up to 5pm on 5 November, 1993 will be registered before dividend entitlements are determined. The following dividends of the parent company have been paid, declared or recommended since the end of the previous financial year.

1992 Final dividend paid (disclosed in the 1992 directors' report)	\$1,680,000
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Interim dividend paid 7 May, 1993	\$1,960,000
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These dividends were fully franked.

Final dividend recommended, fully franked – payable 26 November, 1993.	\$2,240,000
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SHARE OPTIONS

Details of share options are set out in Note 18 of the accounts and form part of this report.

REVIEW OF GROUP OPERATIONS

Shareholders are directed to the Chairman's Report for the review of the group operations.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

The state of the affairs of the group has not been, in our opinion, substantially affected by any material or unusual matter otherwise than as referred to in this report or the group accounts.

SUBSEQUENT EVENTS

There has not been any matter or circumstance, other than that referred to in the Chairman's Report, or in the accounts or notes thereto, which has arisen since the end of the financial year that has significantly affected, or may significantly affect, the operations or the state of affairs of the group in financial years subsequent to this financial year.

LIKELY DEVELOPMENTS

Likely developments in the operations of the group and the expected results of those operations have been dealt with in the Chairman's Report.

Further information as to likely developments in the operation of the group, including the expected results of those operations in subsequent financial years, would, in our opinion, prejudice the interests of your company and has, therefore, not been included in this report.

ROUNDING AMOUNTS

The parent company is a company of the kind specified in Corporations Regulation 3.6.05(6). In accordance with Section 311 of the Corporations Law and Corporations Regulation 3.6.05 amounts in the accounts and directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

*Signed in accordance with a resolution of directors
of Harvey Norman Holdings Limited 25 October 1993.*

G. HARVEY
Chairman

K. L. PAGE
Director

S. M. GIBSON
Director

BALANCE SHEETS AS AT 30 JUNE 1993

	NOTES	CONSOLIDATED		PARENT COMPANY	
		1993 \$000	1992 \$000	1993 \$000	1992 \$000
Current Assets					
Cash		10,034	11,325	—	—
Receivables	6	87,815	57,995	39,048	28,161
Inventories	7	8,083	6,689	—	—
Other	8	3,059	159	—	—
Total Current Assets		108,991	76,168	39,048	28,161
Non-Current Assets					
Receivables	9	6,689	1,874	—	—
Investments	10	102	111	9,261	9,261
Property, Plant and Equipment	11	65,593	64,354	—	—
Intangibles	12	3,234	3,466	—	—
Other	13	665	330	500	231
Total Non-Current Assets		76,283	70,135	9,761	9,492
TOTAL ASSETS		185,274	146,303	48,809	37,653
Current Liabilities					
Creditors & Borrowings	14	50,930	32,958	45	46
Provisions	15	12,505	8,052	8,446	1,890
Total Current Liabilities		63,435	41,010	8,491	1,936
Non-Current Liabilities					
Creditors & Borrowings	16	51,008	44,000	—	—
Provisions	17	266	230	—	—
Total Non-Current Liabilities		51,274	44,230	—	—
Total Liabilities		114,709	85,240	8,491	1,936
NET ASSETS		70,565	61,063	40,318	35,717
Shareholders' Equity					
Share Capital	18	14,000	14,000	14,000	14,000
Reserves	5	23,080	23,080	14,030	14,030
Retained Profits		33,485	23,983	12,288	7,687
TOTAL SHAREHOLDERS' EQUITY		70,565	61,063	40,318	35,717

The Balance Sheets are to be read in conjunction with the attached Notes.

PROFIT AND LOSS ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1993

	NOTES	CONSOLIDATED		PARENT COMPANY	
		1993 \$000	1992 \$000	1993 \$000	1992 \$000
Operating Profit	2, 3	23,012	14,371	14,702	829
Income tax attributable to Operating Profit	4	9,310	5,801	5,901	332
Operating Profit after Income Tax		13,702	8,570	8,801	497
Retained Profits at the beginning of the financial year		23,983	18,493	7,687	10,270
Total available for Appropriation		37,685	27,063	16,488	10,767
Dividends provided for or paid		4,200	3,080	4,200	3,080
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		33,485	23,983	12,288	7,687

The Profit and Loss Accounts are to be read in conjunction with the attached Notes.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1993

	NOTES	CONSOLIDATED		PARENT COMPANY	
		1993 \$000	1992 \$000	1993 \$000	1992 \$000
Cash flows from operating activities					
Receipts from customers and franchisees		28,434	36,628	13	9
Trust distributions received		–	–	14,716	849
Payments to suppliers and employees		(29,235)	(28,267)	(26)	(29)
Interest received		4,106	2,716	–	–
Interest paid		(4,053)	(3,885)	–	–
Income tax paid		(5,778)	(5,482)	(174)	(4,236)
Net cash (used in)/provided by operating activities	28(b)	(6,526)	1,710	14,529	(3,407)
Cash flows from investing activities					
Purchase of subsidiaries, net of cash acquired	28(c)	–	–	–	–
Disposal of subsidiaries, net of cash disposed	28(d)	(1)	–	(1)	–
Payments for property, plant & equipment		(5,831)	(6,120)	–	–
Proceeds from disposal of plant & equipment		155	209	–	–
Payments for investments		(65)	(60)	–	–
Proceeds from sale of investments		74	10	–	–
Net loans repaid or (provided)		(2,056)	36	(10,886)	3,057
Net cash (used in)/ provided by investing activities		(7,724)	(5,925)	(10,887)	3,057

The Statements of Cash Flows should be read in conjunction with the attached Notes.

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1993 (Continued)

	NOTES	CONSOLIDATED		PARENT COMPANY	
		1993	1992	1993	1992
		\$000	\$000	\$000	\$000
Cash flows from financing activities					
Proceeds from issues of shares		–	3,000	–	3,000
Proceeds from borrowings		19,932	7,022	–	–
Repayments of borrowings		(3,333)	–	–	–
Dividends paid		(3,640)	(2,650)	(3,640)	(2,650)
Net cash provided by/(used in) financing activities		12,959	7,372	(3,640)	350
Net increase(decrease) in cash held		(1,291)	3,157	2	–
Cash at the beginning of the financial year	28(a)	11,325	8,168	(2)	(2)
Cash at the end of the financial year	28(a)	10,034	11,325	–	(2)

The Statements of Cash Flows should be read in conjunction with the attached Notes.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30 JUNE 1993

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) General

Harvey Norman Holdings Limited controls each of the subsidiary companies and unit trusts listed in Note 30. Most of the subsidiary companies act as trustee companies to underlying unit trusts with the remainder of the subsidiaries operating in their own right.

The balance sheets of the trustee companies include the liabilities of underlying trusts in order to reflect the legal responsibility of the trustees for liabilities of the trusts.

The corporate trustees have a right to be indemnified from the assets of the trusts in order to discharge those liabilities.

The recoverable amounts of all non current assets except the future income tax benefit are determined using net cash flows that have been discounted to their present value. The recoverable amount of the future income tax benefit is determined by reference to net cash flows which have not been discounted.

(b) Basis of Accounting

The accounts have been prepared in accordance with the historical cost convention and, except where stated, do not take into account current valuations of non-current assets.

(c) Principles of Consolidation

The consolidated accounts include the accounts of Harvey Norman Holdings Limited and all of its controlled entities (Refer Note 30). All intergroup transactions and balances have been eliminated.

(d) Investments

Investments are stated at the lower of cost and recoverable value.

(e) Freehold Land and Buildings

It is the policy of the group to annually review the values of freehold land and buildings based on the use of the properties by the group as a going concern. The directors are of the view that their valuations as adopted are not materially different from the current market values. The revaluations take no account of any potential capital gains tax as it is the intention of the group to hold the properties as part of its ongoing operations.

(f) Depreciation and Amortisation of Property, Plant and Equipment

Property, plant and equipment, other than freehold land, are depreciated over their estimated useful lives.

New assets are depreciated from date of acquisition.

Profits and losses on disposal of property, plant and equipment are taken into account in determining the profit for the year.

(g) Leases

The group has adopted the following accounting policies for leases:

Company as Lessee

Operating leases

Minimum lease payments are charged to expense in equal instalments over the accounting periods covered by the lease term.

Company as Lessor

Direct finance leases

The investment in the lease, comprising the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual expected to accrue to the benefit of the company at the end of the lease term, is brought to account as a receivable at the beginning of the lease term. The discount rate used in determining the present value is the interest rate implicit in the lease. Lease payments are allocated between principal and interest components. Lease receivables are reduced by payments of principal and the interest component is credited to profit.

(h) Income Tax

Income tax has been brought to account using a method of tax effect accounting whereby income tax expense for the period is calculated on the accounting profit after adjusting for items which, as a result of their treatment under income tax legislation, create permanent differences between that profit and taxable income. The tax effect of timing differences which arise from the recognition of revenue and expense items in the accounts in periods different from those in which they are assessable or allowable for income tax purposes, are represented in the balance sheets as a "future income tax benefit" at tax rates expected to apply when the differences reverse. A future income tax benefit is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

(i) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the specific identification method.

(j) Customer Loans

Repayments of customer loans are allocated between principal and interest components. Interest on customer loans is recognised as income as each repayment instalment becomes due.

(k) Intangible Assets

Goodwill represents the future benefits associated with businesses acquired. It is anticipated that the assets of these businesses will continue to provide both economic and revenue benefits to the company for at least 20 years from date of acquisition and, accordingly, goodwill is being amortised over that period.

(l) Employee Benefits

The amount expected to be paid to employees for their pro-rata entitlements to long service and annual leave are accrued at current wage rates.

(m) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

	CONSOLIDATED		PARENT COMPANY	
	1993	1992	1993	1992
	\$000	\$000	\$000	\$000
2. Operating Revenue				
Operating Profit is after crediting the following revenues:-				
Sales Revenue	8,811	7,944	-	-
Other Revenue:				
Gross Revenue From Franchisees (Excluding Rent and Interest Received)	38,088	31,156	-	-
Rent Received	15,548	12,510	-	-
Trust Distribution Received	-	-	14,716	849
Interest Received	4,106	2,716	-	-
Other	188	169	13	9
Proceeds from the disposal of Non-Current Assets(a)	229	219	-	-
	58,159	46,770	14,729	858
	66,970	54,714	14,729	858
(a) Profit on disposal of Non-Current Assets	14	-	-	-

3. Operating Profit

The following items have been charged as expenses in determining operating profit:

Interest paid to:				
Other Persons/Corporations	4,053	4,269	-	-
Bad Debts and provision for doubtful debts	326	4	-	-
Depreciation of Property, Plant and Equipment:				
Buildings on Freehold Land	739	736	-	-
Plant and Equipment	1,945	1,590	-	-
	2,684	2,326	-	-
Amortisation of Intangibles				
Goodwill	231	231	-	-
Loss on disposal of Non-Current Assets	16	58	-	-
Operating Lease Rental Expense	8,682	6,721	-	-
Provision for Employee Entitlements	62	150	-	-

	CONSOLIDATED		PARENT COMPANY	
	1993	1992	1993	1992
	\$000	\$000	\$000	\$000
4. Income Tax				
Operating profit	23,012	14,371	14,702	829
Prima facie tax thereon at 39%	8,975	5,605	5,734	323
Tax effect of permanent differences:				
Amortisation of Goodwill	90	90	–	–
Building Depreciation	63	69	57	–
Fringe Benefits Tax	21	20	19	1
Legal Fees	1	16	–	–
Sundry Items	39	1	–	8
Adjustment to future income tax benefit due to announced change in tax rate from 39% to 33%	121	–	91	–
	335	196	167	9
Income tax attributable to operating profit.	9,310	5,801	5,901	332
This amount is attributable to:				
– the current period	9,537	5,670	6,206	210
– other periods	(227)	131	(305)	122
	9,310	5,801	5,901	332

5. Reserves

Share Premium	14,030	14,030	14,030	14,030
Asset Revaluation	9,050	9,050	–	–
	23,080	23,080	14,030	14,030
Movement in Reserves				
Asset Revaluation				
Balance at the beginning of year	9,050	9,050	–	–
Balance at the end of year	9,050	9,050	–	–
Share Premium				
Balance at the beginning of the year	14,030	12,500	14,030	12,500
Issue of shares	–	1,530	–	1,530
Balance at the end of the year	14,030	14,030	14,030	14,030

	CONSOLIDATED		PARENT COMPANY	
	1993	1992	1993	1992
	\$000	\$000	\$000	\$000
6. Receivables (Current)				
Trade Debtors	75,743	57,477	-	-
Customer Loans	14,167	-	-	-
Unearned Interest	(2,704)	-	-	-
Provision for Doubtful Debts	(294)	-	-	-
	11,169	-	-	-
Amounts receivable in respect of finance leases	761	433	-	-
Non-trade debts receivable from:				
Related Corporations	-	-	39,048	28,161
Other Persons and Corporations	142	85	-	-
	142	85	39,048	28,161
	87,815	57,995	39,048	28,161
7. Inventories				
Finished Goods:				
at cost	8,083	6,689	-	-
8. Other Current Assets				
Short Term Deposits	2,000	-	-	-
Prepayments	1,059	159	-	-
	3,059	159	-	-
9. Receivables – Non Current				
Customer Loans	4,902	-	-	-
Unearned Interest	(273)	-	-	-
Provision for Doubtful Debts	(49)	-	-	-
	4,580	-	-	-
Amounts receivable in respect of finance leases	2,109	1,874	-	-
	6,689	1,874	-	-
10. Investments (Non-Current)				
Listed shares – at cost				
In Other Corporations	52	61	-	-
Unlisted Shares – at cost				
In Other Corporations	50	50	-	-
In Related Corporations (Note 30)	-	-	500	500
Units in Unit Trusts				
– at cost (Note 30)	-	-	8,761	8,761
Total Investments – at cost	102	111	9,261	9,261
Market Value of Listed Shares	58	74	-	-

	CONSOLIDATED		PARENT COMPANY	
	1993 \$000	1992 \$000	1993 \$000	1992 \$000
11. Property, Plant and Equipment				
Freehold Land				
at Directors' Valuation 1991	24,902	24,902	–	–
Leasehold Property				
at Directors' Valuation 1991	1,684	1,684	–	–
at cost	173	–	–	–
	1,857	1,684	–	–
Buildings				
at Directors' Valuation 1991	27,147	27,147	–	–
at cost	621	440	–	–
	27,768	27,587	–	–
	54,527	54,173	–	–
Provision for Depreciation of Buildings	(1,475)	(736)	–	–
Total Freehold Land, Leasehold Property and Buildings, net	53,052	53,437	–	–
Plant and Equipment – at cost	20,962	17,469	–	–
Provision for Depreciation of Plant and Equipment	(8,421)	(6,552)	–	–
Total Plant and Equipment, net	12,541	10,917	–	–
Total Property, Plant and Equipment	75,489	71,642	–	–
Provision for Depreciation	(9,896)	(7,288)	–	–
Total Property, Plant and Equipment, net	65,593	64,354	–	–

Valuation of freehold land and buildings was made by all directors of the parent company as at 30 June, 1991 on the basis of market value.

12. Intangibles

Goodwill – at cost	4,621	4,621	–	–
Accumulated Amortisation	(1,387)	(1,155)	–	–
	3,234	3,466	–	–

	CONSOLIDATED		PARENT COMPANY	
	1993	1992	1993	1992
	\$000	\$000	\$000	\$000

13. Other (Non-Current)

Future Income Tax Benefit:				
Not Attributable to Tax Losses	665	330	500	231

14. Creditors & Borrowings (Current)

Bank Overdraft	—	—	—	2
Bank Loan	7,667	—	—	—
Trade Creditors	39,370	30,997	45	44
Other Loans				
Other Persons & Corporations	3,893	1,961	—	—
	50,930	32,958	45	46

Included in the above are
amounts payable to the
following related parties:

Directors	3,476	925	—	—
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Bank Overdraft and Bank Loan are
secured by a first mortgage over freehold
land and buildings and by deeds
of charge and Mortgage Debentures
over Inventories, Trade Debtors,
Customer Loans and Lease Receivables.

15. Provisions (Current)

Dividends	2,240	1,680	2,240	1,680
Taxation	9,537	5,670	6,206	210
Employee Entitlements	728	702	—	—
	12,505	8,052	8,446	1,890

16. Creditors & Borrowings (Non-Current)

Security Deposit	8	—	—	—
Bills Payable	51,000	44,000	—	—
	51,008	44,000	—	—

Bills Payable are secured by a first mortgage over freehold land and buildings and by deeds of charge and Mortgage Debentures over Inventories, Trade Debtors, Customer Loans and Lease Receivables.

Bills Payable have been classified as non-current liabilities on the basis that no principal repayments are required to be made prior to 31 December, 1994. The bank reserves the right to withdraw the facilities if in the opinion of the bank there have been material adverse changes in the financial condition or operation of the business. In addition certain financial ratios are to be maintained to the satisfaction of the bank.

	CONSOLIDATED		PARENT COMPANY	
	1993	1992	1993	1992
	\$000	\$000	\$000	\$000

17. Provisions (Non-Current)

Employee Entitlements	266	230	–	–
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18. Share Capital

Authorised				
Ordinary Shares:				
100,000,000 Ordinary Shares				
of \$0.50 each	50,000	50,000	50,000	50,000
Issued				
Ordinary Shares:				
28,000,010 Ordinary Shares				
of \$0.50 each	14,000	14,000	14,000	14,000

Options are outstanding in respect of 3,000,000 unissued ordinary shares. These options are exercisable between 1 July, 1995 and 30 June, 1997 at \$4.00 per share, being \$0.50 at par and a premium of \$3.50 per share. These options were granted to G. Harvey (2,500,000 options), K. L. Page (250,000 options) and S. M. Gibson (250,000 options) at the Annual General Meeting held on 24 November, 1992.

19. Earnings Per Share

Basic earnings per share (cents per share)	48.94c	30.60c		
Diluted earnings per share (cents per share)	46.90c	30.60c		
(a) Weighted average number of ordinary shares used in calculation of basic earnings per share was 28,000,010 (1992: 28,000,010)				
(b) All options outstanding at 30 June, 1993 are considered dilutive.				

20. Lease Commitments

Non-cancellable operating leases with a term of more than one year – commitments not provided for.

Payable:				
Not later than one year	10,153	8,155	–	–
Later than one year but not later than two years	8,732	7,457	–	–
Later than two years but not later than five years	18,901	15,863	–	–
Later than five years	10,826	12,152	–	–
	48,612	43,627	–	–

	CONSOLIDATED		PARENT COMPANY	
	1993 \$000	1992 \$000	1993 \$000	1992 \$000
21. Commitments for Expenditure				
Capital expenditure contracted as at 30 June, 1993 but not provided for:				
Not later than one year	4,635	-	-	-

22. Contingent Liabilities

Bank performance guarantees given to various councils and other third parties on behalf of group companies.	289	284	-	-
Irrevocable Letters of Credit	162	365	-	-
The parent company has guaranteed the performance of a number of subsidiaries which have entered into leases with other parties.	-	-	40,076	35,260
	451	649	40,076	35,260

23. Retirement Benefits

The following prescribed benefits were given to a prescribed superannuation fund in connection with the retirement of persons from prescribed offices in relation to a corporation in the group during the financial year. Particulars have been summarised as the Directors believe that provision of full particulars would be unreasonable given the detail required.	23	17	-	-
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	CONSOLIDATED		PARENT COMPANY	
	1993	1992	1993	1992
	\$000	\$000	\$000	\$000

24. Superannuation Commitments

Yoogalu Superannuation Funds:

A group company contributes to superannuation funds for certain employees. The funds are all accumulation plans. The company is obliged to contribute to the fund but such obligation is not legally enforceable. No actuarial assessments have been obtained. There being no defined benefits payable, there is no liability of the company in the event of termination of the funds or voluntary or compulsory termination of the employment of each employee.

Harvey Norman Superannuation Fund:

The group contributes to an employee superannuation fund and such contributions are charged against profit. The fund is an accumulation plan. The amount of benefits vested in a member is calculated on the basis of contributions made to the fund and on the net earnings of the fund.

25. Remuneration of Auditors

Total of remuneration received or due and receivable by the auditors in connection with:

Auditing the accounts	117	108	-	-
Other services	16	31	-	-
	133	139	-	-

	CONSOLIDATED		PARENT COMPANY	
	1993	1992	1993	1992
	\$000	\$000	\$000	\$000
26. Directors' and Executives' Income				
Aggregate income received, or due and receivable, by directors	478	481	478	481
Number of directors of the parent company whose total income falls within the following bands:				
\$10,000 - \$19,999			2	-
\$20,000 - \$29,999			-	2
\$90,000 - \$99,999			2	2
\$240,000 - \$249,999			1	-
\$250,000 - \$259,000			-	1
Executive Officers whose Total Income equals or exceeds \$100,000	-	-	-	-

The following persons held the position of director of the parent company during the period:

G. Harvey
I. J. Norman
K. L. Page
S. M. Gibson
C. H. Brown

27. Related Party Transactions

During the year the following transactions took place with related parties.

1. Various subsidiaries borrowed money from entities associated with I. J. Norman, K. L. Page and G. Harvey (1992: entity associated with I. J. Norman). Interest is payable on these loans at normal commercial rates.

These loans are unsecured and repayable at call.

Net amounts received from entities associated with the abovementioned directors.

	2,504	450	-	-
Interest paid/payable	74	50	-	-

2. Legal fees were paid to the firm of which Mr C. H. Brown is a partner for professional services rendered to the group in the normal course of business.

	142	92	-	-
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27. RELATED PARTY TRANSACTIONS (Continued)

	CONSOLIDATED		PARENT COMPANY	
	1993 \$000	1992 \$000	1993 \$000	1992 \$000
<p>3. On 25 November 1992 Edbrook Pty Limited, a wholly owned subsidiary, entered into lease of a retail showroom and office premises at Bundall, Queensland from Ruzden Pty Limited, a company in which certain directors have an interest. The lease is subject to normal commercial terms and conditions. No rent was paid/payable during the year ended 30 June 1993. This transaction was approved by share holders at an Extraordinary Meeting held 25 May, 1993.</p>				
<p>4. Certain franchises are operated by relatives of Directors under normal franchisees terms and conditions. Total net income received by relatives of directors.</p>				
	639	405	-	-
5. Directors' shareholdings	1993 000	1992 000	1993 000	1992 000
Shares and share options acquired during the year:				
Ordinary shares	-	3,005	-	3,005
Ordinary share options	3,000	-	3,000	-
Shares and share options disposed of during the year:				
Ordinary shares	1,178	80	1,178	80
Shares and share options held at the end of the year:				
Ordinary shares	17,035	18,213	17,035	18,213
Ordinary share options	3,000	-	3,000	-
28. Notes to the Statements of Cash Flows	1993 \$000	1992 \$000	1993 \$000	1992 \$000
(a) Reconciliation of Cash				
<p>For the purposes of the statement of cash flows, cash includes cash on hand and in banks and deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:</p>				
Cash	10,034	11,325	-	-
Bank Overdraft	-	-	-	(2)
	10,034	11,325	-	(2)

28. NOTES TO STATEMENTS OF CASH FLOWS (Continued)

	CONSOLIDATED		PARENT COMPANY	
	1993 \$000	1992 \$000	1993 \$000	1992 \$000
(b) Reconciliation of net cash (used in)/ provided by operating activities to operating profit after income tax:				
Operating Profit after income tax	13,702	8,570	8,801	497
Adjustments for non-cash income and expense items:				
Bad & Doubtful Debts	326	4	—	—
Depreciation of Property, Plant & Equipment	2,684	2,326	—	—
Amortisation of Goodwill	231	231	—	—
Transfers of provisions: Employee Entitlements	62	150	—	—
(Profit)/loss on disposal of: Property Plant & Equipment Investments	16 (14)	63 (5)	— —	— —
Increase in provision for: Income tax payable	3,867	312	5,995	(3,896)
Changes in assets and liabilities net of effects of purchase of subsidiaries:				
(Increase)/decrease in:				
Accounts receivable	(33,144)	(15,151)	—	—
Inventory	(1,394)	(858)	—	—
Other Assets	(335)	7	(267)	(8)
Prepaid expenses	(900)	514	—	—
Trade Creditors	8,373	5,547	—	—
Net cash (used in)/provided by operating activities	(6,526)	1,710	14,529	(3,407)

(c) During the financial year Harvey Norman Holdings Limited purchased all of the ordinary shares/units in those subsidiaries listed in Note 31.

Details of the acquisition are as follows:

Consideration – cash paid	2	—	2	—
Fair value of net assets of subsidiaries acquired:				
Cash	2	—	2	—
Outflow of cash	—	—	—	—

28. NOTES TO STATEMENTS OF CASH FLOWS (Continued)

	CONSOLIDATED		PARENT COMPANY	
	1993 \$000	1992 \$000	1993 \$000	1992 \$000

(d) During the financial year Harvey Norman Holdings Limited sold all of its ordinary shares /units in those subsidiaries listed in Note 32.

Details of the disposals are as follows:

Disposal price:

– cash received

– – – –

Net assets of subsidiary disposed:

Cash

1 – 1 –

Outflow of cash

1 – 1 –

(e) Certain subsidiaries have access to the following financing arrangements with financial institutions which are subject to annual review:

Credit standby arrangements in aggregate
less drawn down portion

71,500 51,500
58,667 44,000

– –
– –

Net unused credit under standby arrangements

12,833 7,500

– –

29. Segment Information

Industry segments	Franchise Retailing		Property Investments		Investments & Financial Services		Corporate Items		Consolidated	
	1993 \$000	1992 \$000	1993 \$000	1992 \$000	1993 \$000	1992 \$000	1993 \$000	1992 \$000	1993 \$000	1992 \$000
Segment Revenue	43,491	36,914	15,548	12,515	7,931	5,285	–	–	66,970	54,714
Segment Result	9,980	6,333	2,337	2,404	1,616	64	(231)	(231)	13,702	8,570
Segment Assets	97,548	75,769	53,740	54,190	30,752	12,878	3,234	3,466	185,274	146,303

The group operates wholly within Australia.

30. Subsidiary Companies and Unit Trusts

Shares held by Harvey Norman Holdings Limited

Name	Country of Formation/ Incorporation	Book Value of Investment	
		1993	1992
		\$	\$
Abaro Pty Limited	Australia	—	2
Algoni Pty Limited	Australia	—	2
Aloku Pty Limited	Australia	2	2
Anwarah Pty Limited	Australia	2	2
Ardkee Pty Limited	Australia	2	—
Arlenu Pty Limited	Australia	2	2
Arpayo Pty Limited	Australia	2	2
Balwundu Pty Limited	Australia	2	2
Bestest Pty Limited*	Australia	2	—
Bilarni Pty Limited	Australia	—	2
Bradiz Pty Limited	Australia	2	2
Brontome Pty Limited	Australia	2	2
Braxpine Pty Limited	Australia	2	2
Calardu Pty Limited	Australia	2	2
Burawange Pty Limited	Australia	—	2
Burawango Pty Limited	Australia	—	2
Carlando Pty Limited	Australia	2	2
Charmela Pty Limited	Australia	2	2
Cherone Pty Limited	Australia	2	2
Clambruno Pty Limited	Australia	2	2
Daldere Pty Limited	Australia	2	2
Dandolena Pty Limited	Australia	2	2
Derni Pty Limited	Australia	500,000	500,000
Divonda Pty Limited	Australia	2	2
Donove Pty Limited	Australia	—	2
Dracome Pty Limited	Australia	—	2
Durslee Pty Limited	Australia	2	2
Elmedi Pty Limited	Australia	—	2
Farane Pty Limited	Australia	2	2
Flormonda Pty Limited	Australia	2	2
Fondorro Pty Limited	Australia	2	2
Fronoke Pty Limited	Australia	2	—
Ganoru Pty Limited	Australia	2	2
Grandolfa Pty Limited	Australia	2	—
Hanemare Pty Limited	Australia	2	2
Harvey Norman Financial Services Pty Limited	Australia		
(Formerly Vitarnu Pty Ltd)		2	2
Harvey Norman Retailing Pty Limited	Australia	2	2
Harvey Norman Stores Pty Limited	Australia	2	2
Irmaleni Pty Limited	Australia	2	2
Jartoso Pty Limited	Australia	2	2
Jondarlo Pty Limited	Australia	2	2
Kambaldu Pty Limited	Australia	2	2
Kasharni Pty Limited	Australia	—	2
Kasparu Pty Limited	Australia	—	2
Koodero Pty Limited	Australia	2	2

Name	Country of Formation/ Incorporation	Book Value of Investment	
		1993	1992
		\$	\$
Korinti Pty Limited	Australia	2	2
Lamino Pty Limited	Australia	3	3
Lesandu Pty Limited	Australia	2	2
Lexeri Pty Limited	Australia	2	2
Lodare Pty Limited	Australia	2	2
Loreste Pty Limited	Australia	2	2
Malemi Pty Limited	Australia	—	2
Malvis Pty Limited	Australia	2	2
Manutu Pty Limited	Australia	2	2
Maradoni Pty Limited	Australia	2	2
Marinski Pty Limited	Australia	2	2
Maylene Pty Limited	Australia	—	2
Movilla Pty Limited*	Australia	2	—
Nedcroft Pty Limited	Australia	2	2
Oldmist Pty Limited	Australia	2	2
Osraidi Pty Limited	Australia	2	2
Parwarna Pty Limited	Australia	—	2
Penalve Pty Limited	Australia	—	2
Plezero Pty Limited	Australia	2	2
Poveri Pty Limited	Australia	2	—
Raurike Pty Limited	Australia	2	—
Rexmac Pty Limited	Australia	—	2
Rostarna Pty Limited	Australia	2	—
Sarsha Pty Limited	Australia	2	2
Solaro Pty Limited	Australia	2	2
Spedeta Pty Limited	Australia	2	2
Strathloro Pty Limited	Australia	2	2
Swaneto Pty Limited	Australia	2	2
Swaneti Pty Limited	Australia	—	2
Taraweru Pty Limited	Australia	—	2
Tarsetu Pty Limited	Australia	2	2
Taruli Pty Limited	Australia	—	2
Tarwindo Pty Limited	Australia	2	—
Tatroko Pty Limited	Australia	2	2
Torcarsa Pty Limited	Australia	2	2
Tucarnde Pty Limited	Australia	2	—
Uconu Pty Limited	Australia	2	—
Valerinar Pty Limited	Australia	—	2
Wanalti Pty Limited	Australia	2	2
Warungi Pty Limited	Australia	2	2
Waytango Pty Limited	Australia	2	2
Wemeni Pty Limited	Australia	2	2
Wytharra Pty Limited*	Australia	2	—
Yoogalu Pty Limited	Australia	2	2
Zabella Pty Limited	Australia	2	2
Zavarte Pty Limited	Australia	2	2
Zirdano Pty Limited	Australia	2	2
Zirdanu Pty Limited	Australia	2	2

500,147 500,161

Harvey Norman Holdings Limited owns all the shares in the above companies.

*These companies are not part of the class order described in Note 33.

30. SUBSIDIARY COMPANIES AND UNIT TRUSTS (Continued)

Shares held by Sarsha Pty Limited, a wholly owned subsidiary of Harvey Norman Holdings Limited.

		1993	1992
		\$	\$
Ventama Pty Limited	Australia	563,395	563,395

(100% owned by Sarsha Pty Limited)

Shares held by Harvey Norman Retailing Pty Limited, a wholly owned subsidiary of Harvey Norman Holdings Limited.

Hodberg Pty Limited	Australia	4	4
Hodvale Pty Limited	Australia	4	4
		8	8

(100% owned by Harvey Norman Retailing Pty Limited)

Shares held by Harvey Norman Stores Pty Limited, a wholly owned subsidiary of Harvey Norman Holdings Limited.

Edbrook Pty Limited	Australia	2	2
Havrex Pty Limited	Australia	2	2
Hoxco Pty Limited	Australia	4	4
Nomadale Pty Limited	Australia	2	2
Onza Pty Limited	Australia	2	2
Swanpark Pty Limited	Australia	2	2
		14	14

(100% owned by Harvey Norman Stores Pty Limited)

Units in Unit Trusts held by Harvey Norman Holdings Limited

	Book Value of Investment	
	1993 \$000	1992 \$000
Harvey Norman No. 1 Trust	1,534	1,534
Harvey Norman Discounts No. 1 Trust	1,228	1,228
Lamino Investments No. 1 Trust	1,540	1,540
Lamino Investments No. 2 Trust	1,025	1,025
Lamino Investments No. 3 Trust	437	437
Lamino Investments No. 4 Trust	—	—
Lamino Investments No. 5 Trust	155	155
Lamino Investments No. 6 Trust	342	342
Lesandu No. 1 Trust	169	169
Lesandu Gosford Trust	149	149
Yoogalu Gosford Trust**	445	445
Lesandu Miranda Trust	17	17
Yoogalu Miranda Trust	410	410
Lesandu Gordon Trust	—	—
Yoogalu Gordon Trust	667	667
Lesandu Newcastle Trust	110	110
Yoogalu Newcastle Trust	377	377
Lesandu Fairfield Trust	—	—
Yoogalu Fairfield Trust	27	27
Lesandu Warrawong Trust	1	1
Yoogalu Warrawong Trust	—	—
Lesandu Albury Trust	—	—
Yoogalu Albury Trust	—	—
Lesandu Warringah Mall Trust	1	1
Yoogalu Warringah Mall Trust	4	4
Lesandu Campbelltown Trust	1	1
Yoogalu Campbelltown Trust	29	29
Yoogalu Lismore Trust**	93	93
Sydney No. 1 Trust	—	—
Big Apple Trust	—	—
Lesandu Rockdale Trust	—	—
Uconu No. 1 Trust	—	—
Malvis No. 2 Trust	—	—
Bradiz No. 2 Trust	—	—
Charmela No. 2 Trust	—	—
Valerinar No. 2 Trust	—	—
Lesandu Penrith Trust	—	—
The Calardu Trust	—	—
Calardu A.C.T. Trust	—	—
Calardu No. 1 Trust	—	—
Calardu No. 2 Trust	—	—
Calardu No. 3 Trust	—	—
Bilarni No. 2 Trust	—	—
Osraidi No. 2 Trust	—	—
Taraweru No. 2 Trust	—	—
Lodare No. 2 Trust	—	—
Parwarna No. 2 Trust	—	—
Algoni No. 3 Trust	—	—
Irmaleni No. 2 Trust	—	—
Torcarsa No. 2 Trust	—	—
Elmedi No. 2 Trust	—	—
Anwarah No. 2 Trust	—	—

30. SUBSIDIARY COMPANIES AND UNIT TRUSTS (Continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited

Name	Book Value of Investment	
	1993 \$000	1992 \$000
Burawange No. 2 Trust	-	-
Burawango No. 2 Trust	-	-
Swaneti No. 2 Trust	-	-
Donove No. 2 Trust	-	-
Dracome No. 2 Trust	-	-
Kasharni No. 2 Trust	-	-
Abari No. 3 Trust	-	-
Hanemare No. 2 Trust	-	-
Maylene No. 2 Trust	-	-
Penalve No. 2 Trust	-	-
Rexmac No. 2 Trust	-	-
Taruli No. 2 Trust	-	-
Brontome No. 2 Trust	-	-
Fondorro No. 2 Trust	-	-
Kasparu No. 2 Trust	-	-
Spedeta No. 2 Trust	-	-
Tarsetu No. 2 Trust	-	-
Ardkee No. 2 Trust	-	-
Filberti No. 2 Trust	-	-
Fronoke No. 2 Trust	-	-
Grandolfa No. 2 Trust	-	-
Imposetu No. 2 Trust	-	-
Indoa No. 2 Trust	-	-
Miarna No. 2 Trust	-	-
Movilla No. 2 Trust	-	-
Poveri No. 2 Trust	-	-
Raurike No. 2 Trust	-	-
Rostarna No. 2 Trust	-	-
Spirarzu No. 2 Trust	-	-
Tarwindo No. 2 Trust	-	-
Tucarnde No. 2 Trust	-	-
Vertuli No. 2 Trust	-	-
	8,761	8,761

**All the units in the Unit Trusts are held by Harvey Norman Holdings Limited except that minority units exist in Yoogalu Gosford and Yoogalu Lismore Trust. Minority unit holders hold redeemable units entitling them to a share of profits but they have no rights to receive more than the par value of those units on winding up.

Contribution by Subsidiary Companies and Unit Trusts to operating profit after income tax.

Name	Consolidated	
	1993 \$000	1992 \$000
Rexmac Pty Limited	-	-
Penalve Pty Limited	-	-
Abaro Pty Limited	-	-
Arpayo Pty Limited	-	-
Arlenu Pty Limited	-	-

Contribution by Subsidiary Companies and Unit Trusts to operating profit after income tax.

Name	Consolidated	
	1993 \$000	1992 \$000
Carlando Pty Limited	-	-
Daldere Pty Limited	113	-
Dandolena Pty Limited	-	-
Derni Pty Limited	-	-
Farane Pty Limited	-	-
Ganoru Pty Limited	-	-
Jondarlo Pty Limited	-	-
Zavarte Pty Limited	443	315
Waytango Pty Limited	-	-
Wemeni Pty Limited	87	5
Yoogalu Pty Limited	-	-
Zirdano Pty Limited	-	-
Zirdanu Pty Limited	-	-
Edbrook Pty Limited	14	-
Lexeri Pty Limited	-	-
Durslee Pty Limited	-	-
Loreste Pty Limited	1	-
Solaro Pty Limited	180	132
Onza Pty Limited	322	262
Bilarni Pty Limited	-	-
Malemi Pty Limited	-	-
Charmela Pty Limited	-	-
Harvey Norman Stores Pty Limited	-	-
Osraidi Pty Limited	198	-
Valerinar Pty Limited	-	-
Bradiz Pty Limited	163	52
Malvis Pty Limited	545	178
Harvey Norman Retailing Pty Limited	-	-
Taraweru Pty Limited	-	-
Marinski Pty Limited	267	120
Sarsha Pty Limited	-	-
Jartoso Pty Limited	249	183
Aloku Pty Limited	-	-
Maylene Pty Limited	-	-
Hanemare Pty Limited	-	-
Braxpine Pty Limited	291	118
Ventama Pty Limited	75	72
Zabella Pty Limited	470	76
Plezero Pty Limited	141	13
Flormonda Pty Limited	139	109
Hoxco Pty Limited	60	7
Nedcroft Pty Limited	143	43
Balwundu Pty Limited	-	-
Swanpark Pty Limited	-	-
Nomadale Pty Limited	3	-
Havrex Pty Limited	16	5
Oldmist Pty Limited	2	-
Koodero Pty Limited	1	1
Lodare Pty Limited	29	9
Parwarna Pty Limited	-	-
Hodberg Pty Limited	214	131
Hodvale Pty Limited	120	32
Strathloro Pty Limited	173	142
Divonda Pty Limited	1	-
Algoni Pty Limited	-	-
Irmaleni Pty Limited	-	-
Torcarsa Pty Limited	400	23
Elmedi Pty Limited	-	-
Anwarah Pty Limited	158	5
Burawange Pty Limited	-	-
Burawango Pty Limited	-	-
Swaneti Pty Limited	-	-
Donove Pty Limited	-	-

30. SUBSIDIARY COMPANIES AND UNIT TRUSTS (Continued)

Contribution by Subsidiary Companies and Unit Trusts to operating profit after income tax.

Name	Consolidated		Name	Consolidated	
	1993	1992		1993	1992
	\$000	\$000		\$000	\$000
Dracome Pty Limited	-	-	Lesandu Penrith Trust	3	-
Kasharni Pty Limited	-	-	Bradiz No. 2 Trust	-	-
Harvey Norman Financial	-	-	Charmela No. 2 Trust	-	-
Services Pty Limited	194	-	Valerinar No. 2 Trust	-	-
Taruli Pty Limited	-	-	Lesandu Penrith Trust	-	-
Brontome Pty Limited	-	-	The Calardu Trust	686	694
Fondorro Pty Limited	-	-	Calardu A.C.T. Trust	21	(11)
Kasparu Pty Limited	-	-	Calardu No. 1 Trust	164	61
Spedeta Pty Limited	-	-	Calardu No. 2 Trust	502	495
Tarsetu Pty Limited	-	-	Calardu No. 3 Trust	311	290
Ardkee Pty Limited	-	-	Bilarni No. 2 Trust	-	-
Filberti Pty Limited	-	-	Osraidi No. 2 Trust	-	-
Fronoke Pty Limited	-	-	Taraweru No. 2 Trust	-	-
Grandolfa Pty Limited	-	-	Lodare No. 2 Trust	-	-
Imposetu Pty Limited	-	-	Parwana No. 2 Trust	-	-
Indoa Pty Limited	-	-	Algoni No. 3 Trust	-	-
Parwana Pty Limited	-	-	Irmaleni No. 2 Trust	-	-
Movilla Pty Limited	-	-	Torcarsa No. 2 Trust	-	-
Poveri Pty Limited	-	-	Elmedi No. 2 Trust	-	-
Raurike Pty Limited	-	-	Anwarah No. 2 Trust	-	-
Rostarna Pty Limited	-	-	Burawange No. 2 Trust	-	-
Spirarzu Pty Limited	-	-	Burawango No. 2 Trust	-	-
Tarwindo Pty Limited	-	-	Swaneti No. 2 Trust	-	-
Tucarnde Pty Limited	-	-	Donove No. 2 Trust	-	-
Vertuli Pty Limited	-	-	Dracome No. 2 Trust	-	-
Bestest Pty Limited	-	-	Kasharni No. 2 Trust	-	-
Wytharra Pty Limited	-	-	Abaro No. 2 Trust	-	-
Harvey Norman No. 1 Trust	1,379	92	Hanemare No. 2 Trust	-	-
Harvey Norman Discounts No. 1 Trust	1,011	1,218	Maylene No. 2 Trust	-	-
Lamino Investments No. 1 Trust	237	139	Penalve No. 2 Trust	-	-
Lamino Investments No. 2 Trust	173	168	Rexmac No. 2 Trust	-	-
Lamino Investments No. 3 Trust	74	77	Taruli No. 2 Trust	-	-
Lamino Investments No. 4 Trust	-	-	Brontome No. 2 Trust	-	-
Lamino Investments No. 5 Trust	-	-	Fondorro No. 2 Trust	-	-
Lamino Investments No. 6 Trust	141	143	Kasparu No. 2 Trust	-	-
Lesandu No. 1 Trust	243	113	Spedeta No. 2 Trust	-	-
Lesandu Gosford Trust	240	225	Tarsetu No. 2 Trust	-	-
Yoogalu Gosford Trust	535	488	Ardkee No. 2 Trust	-	-
Lesandu Miranda Trust	-	2	Filberti No. 2 Trust	-	-
Yoogalu Miranda Trust	663	435	Fronoke No. 2 Trust	-	-
Lesandu Gordon Trust	-	-	Grandolfa No. 2 Trust	-	-
Yoogalu Gordon Trust	469	633	Imposetu No. 2 Trust	-	-
Hanemare No. 2 Trust	-	-	Indoa No. 2 Trust	-	-
Maylene No. 2 Trust	-	-	Miarna No. 2 Trust	-	-
Penalve No. 2 Trust	-	-	Movilla No. 2 Trust	-	-
Rexmac No. 2 Trust	-	-	Poveri No. 2 Trust	-	-
Lesandu Newcastle Trust	(100)	-	Raurike No. 2 Trust	-	-
Yoogalu Newcastle Trust	655	600	Rostarna No. 2 Trust	-	-
Lesandu Fairfield Trust	6	2	Spirarzu No. 2 Trust	-	-
Yoogalu Fairfield Trust	128	62	Tarwindo No. 2 Trust	-	-
Lesandu Warrawong Trust	-	-	Tucarnde No. 2 Trust	-	-
Yoogalu Warrawong Trust	371	301	Vertuli No. 2 Trust	-	-
Lesandu Albury Trust	-	-		14,033	8,829
Yoogalu Albury Trust	58	1	Parent Company loss†	(100)	(28)
Lesandu Warringah Mall Trust	-	-			
Yoogalu Warringah Mall Trust	321	226	Amortisation of goodwill on consolidation	(231)	(231)
Lesandu Campbelltown Trust	1	-			
Yoogalu Campbelltown Trust	367	230	Operating Profit after income tax	13,702	8,570
Yoogalu Lismore Trust	162	112			
Sydney No. 1 Trust	-	-			
Big Apple Trust	-	-			
Lesandu Rockdale Trust	-	-			
Uconu No. 1 Trust	-	-			
Malvis No. 2 Trust	-	-			

†The parent company loss is before the distribution of profits from unit trusts.

31. Acquisition of Subsidiaries

Name of Company	Portion of Shares Acquired	Consideration Paid for Shares	Fair Value of net tangible assets at time of acquisition	Date Acquired
		\$	\$	
Ardkee Pty Limited	100%	2	2	12 February 1993
Filberti Pty Limited	100%	2	2	18 September 1992
Fronoke Pty Limited	100%	2	2	16 February 1993
Grandolfa Pty Limited	100%	2	2	1 December 1992
Imposetu Pty Limited	100%	2	2	4 September 1992
Indoa Pty Limited	100%	2	2	18 December 1992
Miarna Pty Limited	100%	2	2	16 September 1992
Movilla Pty Limited	100%	2	2	18 May, 1993
Poveri Pty Limited	100%	2	2	12 March 1993
Raurike Pty Limited	100%	2	2	28 February 1993
Rostarna Pty Limited	100%	2	2	28 August 1992
Spirarzu Pty Limited	100%	2	2	16 September 1992
Tarwindo Pty Limited	100%	2	2	14 January 1993
Tucarnde Pty Limited	100%	2	2	20 April 1993
Vertuli Pty Limited	100%	2	2	28 August 1992
Bestest Pty Limited	100%	2	2	26 May 1993
Wytharra Pty Limited	100%	2	2	21 October 1992
Ardkee No. 2 Trust	100%	100	100	12 February 1993
Filberti No. 2 Trust	100%	100	100	18 September 1993
Fronoke No. 2 Trust	100%	100	100	16 February 1993
Grandolfa No. 2 Trust	100%	100	100	1 December 1992
Imposetu No. 2 Trust	100%	100	100	4 September 1992
Indoa No. 2 Trust	100%	100	100	18 December 1992
Miarna No. 2 Trust	100%	100	100	16 September 1992
Movilla No. 2 Trust	100%	100	100	18 May, 1993
Poveri No. 2 Trust	100%	100	100	12 March 1993
Raurike No. 2 Trust	100%	100	100	28 February 1993
Rostarna No. 2 Trust	100%	100	100	28 August 1992
Spirarzu No. 2 Trust	100%	100	100	16 September 1992
Tarwindo No. 2 Trust	100%	100	100	14 January 1993
Tucarnde No. 2 Trust	100%	100	100	20 April 1993
Vertuli No. 2 Trust	100%	100	100	28 August 1992
		1,534	1,534	

32. Disposal of Subsidiaries

Name of Company	Portion of Shares Disposed	Profit on Disposal	Fair Value of net tangible assets at time of disposal	Date of Disposal
		\$	\$	
Abaro Pty Limited	100%	—	2	3 June 1993
Algoni Pty Limited	100%	—	2	3 June 1993
Bilarni Pty Limited	100%	—	2	3 June 1993
Burawange Pty Limited	100%	—	2	3 June 1993
Burawango Pty Limited	100%	—	2	3 June 1993
Donove Pty Limited	100%	—	2	3 June 1993
Dracome Pty Limited	100%	—	2	3 June 1993
Elmedi Pty Limited	100%	—	2	3 June 1993
Filberti Pty Limited	100%	—	2	3 June 1993
Imposetu Pty Limited	100%	—	2	3 June 1993
Indoa Pty Limited	100%	—	2	23 March 1993
Irmaleni Pty Limited	100%	—	2	3 June 1993
Kasparu Pty Limited	100%	—	2	3 June 1993
Kasharni Pty Limited	100%	—	2	10 July 1992
Malemi Pty Limited	100%	—	2	23 April 1993
			2	3 June 1993

32. DISPOSAL OF SUBSIDIARIES (Continued)

Name of Company	Portion of Shares Disposed	Profit on Disposal	Fair Value of net tangible assets at time of disposal	Date of Disposal
		\$	\$	
Maylene Pty Limited	100%	—	2	18 June 1992
Miarna Pty Limited	100%	—	2	23 March 1993
Parwarna Pty Limited	100%	—	2	3 June 1993
Penalve Pty Limited	100%	—	2	3 June 1993
Rexmac Pty Limited	100%	—	2	3 June 1993
Rostarna Pty Limited	100%	—	2	3 June 1993
Spirarzu Pty Limited	100%	—	2	19 April 1993
Swaneti Pty Limited	100%	—	2	23 March 1993
Taraweru Pty Limited	100%	—	2	3 June 1993
Taruli Pty Limited	100%	—	2	3 June 1993
Uconu Pty Limited	100%	—	2	3 June 1993
Valerinar Pty Limite	100%	—	2	3 June 1993
Vertuli Pty Limited	100%	—	2	3 June 1993
Abaro No. 2 Trust	100%	—	2	12 February 1993
Algoni No. 2 Trust	100%	—	10	3 June 1993
Bilarni No. 2 Trust	100%	—	10	3 June 1993
Burawange No. 2 Trust	100%	—	10	3 June 1993
Burawango No. 2 Trust	100%	—	10	3 June 1993
Donove No. 2 Trust	100%	—	10	3 June 1993
Dracome No. 2 Trust	100%	—	10	3 June 1993
Elmedi No. 2 Trust	100%	—	10	3 June 1993
Filberti No. 2 Trust	100%	—	10	3 June 1993
Imposetu No. 2 Trust	100%	—	100	3 June 1993
Indoa No. 2 Trust	100%	—	100	23 March 1993
Irmaleni No. 2 Trust	100%	—	10	3 June 1993
Kasparu No. 2 Trust	100%	—	10	3 June 1993
Kasharni No. 2 Trust	100%	—	10	10 July 1992
Malemi No. 2 Trust	100%	—	10	23 April 1993
Maylene No. 2 Trust	100%	—	10	3 June 1993
Miarna No. 2 Trust	100%	—	10	18 June 1992
Parwarna No. 2 Trust	100%	—	100	23 March 1993
Penalve No. 2 Trust	100%	—	10	3 June 1993
Rexmac No. 2 Trust	100%	—	10	3 June 1993
Rostarna No. 2 Trust	100%	—	10	3 June 1993
Spirarzu No. 2 Trus	100%	—	10	19 April 1993
Swaneti No. 2 Trust	100%	—	100	23 March 1993
Taraweru No. 2 Trust	100%	—	10	3 June 1993
Taruli No. 2 Trust	100%	—	10	3 June 1993
Uconu No. 2 Trust	100%	—	10	3 June 1993
Valerinar No. 2 Trust	100%	—	10	3 June 1993
Vertuli No. 2 Trust	100%	—	100	3 June 1993
				12 February 1993
		—	876	

33. Deed of Cross Guarantee

Certain subsidiary companies (refer Note 30) have entered into a deed of cross guarantee dated 21 September 1992 with Harvey Norman Holdings Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding-up of that company. In addition, as a result of the Class Order issued by the Australian Securities Commission these companies are relieved from the requirement to prepare accounts.

Subsidiary companies (Refer Note 30) marked * are not part of the Class Order.

The aggregate assets, liabilities and net profit after tax of the companies which are parties to the deed of cross guarantee are as follows:

	1993 \$000	1992 \$000
Assets	185,274	146,303
Liabilities	114,709	85,240
Net profit	13,702	8,570

DIRECTORS' STATEMENT

In the opinion of the directors:

- (a) the profit and loss account is drawn up so as to give a true and fair view of the profit of the company for the year ended 30 June 1993;
- (b) the accompanying balance sheet is drawn up so as to give a true and fair view of the state of affairs of the company at 30 June 1993 and;
- (c) at the date of this statement, there are reasonable grounds to believe that the company will be able to pay its debts as and when they fall due, and the companies and parent company who are a party to the deed described in Note 33, will as a group be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee dated 21 September 1992.

It is also the opinion of the directors that the accompanying financial statements are drawn up in accordance with Divisions 4A and 4B of Part 3.6 of the Corporations Law, and so as to give a true and fair view of:

- (a) the profit of the group for the year ended 30 June 1993; and
- (b) the state of affairs of the group as at 30 June 1993.

This statement has been made in accordance with a resolution of directors.

G. HARVEY
Chairman

K. L. PAGE
Director

S. M. GIBSON
Director

Sydney
25 October 1993

INDEPENDENT AUDIT REPORT

To The Members of Harvey Norman Holdings Limited

Scope

We have audited the financial statements of Harvey Norman Holdings Limited and of the group for the year ended 30 June 1993, as set out on pages 6 to 30. The company's directors are responsible for the preparation and presentation of these financial statements and of the information they contain. We have conducted an independent audit of these financial statements in order to express an opinion on them to the members of the company.

Our audit has been conducted in accordance with Australian auditing standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates. The procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Australian accounting concepts and standards and statutory requirements so as to present a view of the company and of the group which is consistent with our understanding of their financial position and the results of their operations.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial statements of Harvey Norman Holdings Limited and of the group are properly drawn up:

- (a) so as to give a true and fair view of:
 - (i) the state of affairs of the company and of the group at 30 June 1993 and of the profit of the company and of the group for the year ended on that date;
 - (ii) the other matters required by Divisions 4,4A and 4B of Part 3.6 of the Corporations Law to be dealt with in the financial statements;
- (b) in accordance with the statements of accounting concepts and applicable accounting standards.

Arthur Andersen
Chartered Accountants

C. R. Sergeant

Partner
Sydney
25 October 1993

SHAREHOLDER INFORMATION

Distribution of Shareholdings as at 15 September 1993

Size of Holding	Ordinary Shareholders
1 - 1,000	517
1,001 - 5,000	515
5,001 - 10,000	44
10,001 and over	68
	<u>1,144</u>

Number of Shareholders with less than a marketable parcel	<u>2</u>
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Voting Rights

All ordinary shares issued by Harvey Norman Holdings Limited carry one vote per share without restriction.

Twenty Largest Shareholders as at 15 September 1993

Number of Ordinary Shares	Shareholder
7,000,000	Dimbulu Pty Limited
7,000,000	G Harvey Nominees Pty Limited
2,500,000	Gerald Harvey
1,900,000	Lynette Margaret Harvey
1,000,000	Pendal Nominees Pty Limited
719,600	Permanent Trustee Co Limited
653,300	Enbear Pty Limited
543,100	Perpetual Trustee Company Limited
472,810	Perpetual Trustees Nominees Limited
435,390	National Nominees Limited
410,900	Haematite Pty Limited
376,308	Commonwealth Superannuation Board
305,000	Kay Lesley Page
214,400	Tyndall Life Insurance Co Limited
195,400	Perpetual Trustees Nominees Limited
185,000	Spencer Murray Gibson
184,300	MLC Life Limited
88,192	Commonwealth Superannuation Board
81,900	State Electricity Commission
75,600	AMP Custodian Services Pty Limited
<u>Total:</u>	<u>24,341,200</u>

Total held by twenty largest shareholders as a percentage 87%.

DIRECTORY OF "HARVEY NORMAN DISCOUNTS" SHOPPING COMPLEXES

SYDNEY SUBURBAN

ARNCLIFFE

127 Princes Highway
Arncliffe
Phone (02) 599 1366

AUBURN

233 Parramatta Road
Auburn
Phone (02) 647 2611

250 Parramatta Road
Auburn
Phone (02) 647 2611

BLACKTOWN

Cnr Blacktown
& Bungaribee Roads
Blacktown
Phone (02) 831 2155

CAMPBELLTOWN

Unit 1, 233-234 Airs Road
Leumeah
Phone (046) 28 4088

CHATSWOOD

Wallaceway Shopping Centre
Cnr Endeavour Avenue
& Orchard Street
Chatswood
Phone (02) 419 6133

FAIRFIELD

Shop 4, 46-52 Court Road
Fairfield
Phone (02) 727 8777

GORDON

1st Floor, 802-808 Pacific Highway
Gordon
Phone (02) 498 1499

MIRANDA

4th Floor Westfield Miranda Fair
The Kingsway
Miranda
Phone (02) 526 1333

MOORE PARK

Cnr South Dowling Street
& Dacey Avenue
Moore Park
Phone (02) 313 6500

PENRITH

Shop 2, 61-79 Henry Street
Penrith
Phone (047) 32 1566

WARRINGAH MALL (BROOKVALE)

Shop 137 Warringah Mall
Cnr Old Pittwater Road
& Condomine Street
Brookvale
Phone (02) 938 1711

WILEY PARK

1018 Canterbury Road
Wiley Park
Phone (02) 740 6055

NEW SOUTH WALES COUNTRY

ALBURY

430 Wilson Street
Albury
Phone (060) 41 1944

BATHURST

2 Sydney Road
Kelso
Phone (063) 32 3399

BENNETTS GREEN (NEWCASTLE)

7 Abdon Close
Bennetts Green
Phone (049) 48 4555

COFFS HARBOUR

Park Beach Plaza
Cnr Park Beach Road &
Arthur Street
Coffs Harbour
Phone (066) 51 9011

DUBBO

195 Cobra Street
Dubbo
Phone (068) 81 8922

ERINA (GOSFORD)

25B Miranda Avenue
Erina
Phone (043) 67 6444

DIRECTORY OF "HARVEY NORMAN DISCOUNTS" SHOPPING COMPLEXES

LISMORE

17 Zodac Street
Lismore
Phone (066) 21 8888

MAITLAND

The Maitland Cinema Centre
Ken Tubman Drive
Maitland
Phone (049) 34 2423

NOWRA

1 O'Keefe Street
Nowra
Phone (044) 21 5755

ORANGE

70 Endsleigh Avenue
Orange
Phone (063) 61 4111

PORT MACQUARIE

Cnr Lake Street & Acacia Avenue
Port Macquarie
Phone (065) 81 0088

TAMWORTH

174-176 Peel Street
Tamworth
Phone (067) 66 7988

WAGGA

75 Morgan Street
Wagga
Phone (069) 21 7100

WARRAWONG

Cnr King Street & Shellharbour Road
Warrawong
Phone (042) 75 2722

INTERSTATE BRISBANE QUEENSLAND

CARINDALE

Carindale Shopping Centre
Cnr Creek Road & Winstanley Street
Carindale
Phone (07) 843 1700

JINDALEE

Homebase Centre
17 Mile Rocks Road (off Centenary Hwy)
Jindalee
Phone (07) 279 0244

MT GRAVATT

Big Top Showrooms
1290 Logan Road
Mt Gravatt
Phone (07) 849 4299

WINDSOR

Unit C1-3 Windsor Centre
Cnr Lutwyche & Newmarket Roads
Windsor
Phone (07) 357 7777

COUNTRY QUEENSLAND

BUNDALL (GOLD COAST QLD)

31 Ashmore Road
Bundall
Phone (075) 38 3155

CAIRNS

Cairns Festival Fair
Cnr Alfred & Kock Street
Manunda
Phone (070) 32 1899

KAWANA WATERS (SUNSHINE COAST QLD)

Cnr Nicklin Way & Eden Street
Minyama Gardens
Kawana Waters
Phone (074) 44 8277

AUSTRALIAN CAPITAL TERRITORY

WODEN

Shop A5 Mezzanine Level
Woden Plaza
Woden
Phone (06) 282 2511

COMPUTER SUPER STORES

AUBURN

233 Parramatta Road
Auburn
Phone (02) 647 2611

BENNETTS GREEN (NEWCASTLE)

3 Abdon Close
Bennetts Green
Phone (049) 48 4555

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