

ANNUAL REPORT

1996

Harvey Norman
HOLDINGS LIMITED

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THE ANNUAL GENERAL MEETING

The Annual General Meeting of the Shareholders of Harvey Norman Holdings Limited will be held in the Theatre, Australian Stock Exchange, 20 Bond Street Sydney on Tuesday, 26 November 1996 at 11.00 am.

(For full details and Proxy Form see separate document enclosed)

DIRECTORY

DIRECTORS:

G. Harvey - Chairman
I.J. Norman
K.L. Page
C.H. Brown
M.J. Harvey
R.J. Skippen
A.B. Brew

COMPANY SECRETARY

R.J. Skippen

REGISTERED OFFICE

41 Richmond Road
Flemington NSW 2140
Telephone: (02) 9201 6111

SHARE REGISTRY

Registries Limited
Level 1
220 George Street
SYDNEY

BANKERS

Australia & New Zealand Banking Group

AUDITORS

Arthur Andersen

SOLICITORS

Gillis Delaney Brown

STOCK EXCHANGE LISTING

Harvey Norman Limited shares are quoted on the Australian Stock Exchange.

HIGHLIGHTS

Consolidated Operating Profit before tax for the 12 months to 30 June 1996 was \$47.757 million, a decrease of 2.2% on the previous year. Consolidated Operating Profit after tax was \$30.406 million, a decrease of 6.7%.

The recommended final dividend is increased from 5 cents to 5.5 cents a share, fully franked, (at 36 cents) bringing the full year dividend to 10.5 cents fully franked.

Basic earnings per share decreased from 37.5 cents to 32.4 cents.

Return on shareholders' funds was 14%.

FINANCIAL SUMMARY

12 MONTHS TO 30 JUNE 1996

	1996 \$000	1995 \$000	% Change
Operating Revenue	139,006	126,144	10.2
Operating Profit Before Interest Expense and Income Tax	56,138	56,129	---
Interest Expense	8,381	7,306	14.7
Income Tax Expense	17,351	16,246	6.8
Operating Profit after Income Tax	30,406	32,577	(6.7)
Basic Earnings per share on issue at 30 June (cents)	32.4	37.5	(6.7)
Dividends per share (cents)	10.5	9.5	10.5
% Return on Shareholders' Funds	14	20.4	(31.4)
Paid up Capital at 30 June	19,153	17,956	6.7
Net Tangible Assets per share at 30 June (\$)	2.23	1.75	27.4

The following is part of the Chairman's Report in the Annual Report.

CHAIRMAN'S REPORT



The Directors of Harvey Norman Holdings Limited announce that the economic entity recorded an audited group consolidated operating profit before tax of \$47.75 million for the 12 months ended June 30, 1996 compared to \$48.82 million for the year ended 30 June 1995 which is a decrease of 2.2%. After a tax expense of \$17.35 million (reflecting the increased corporate tax rate of 36%), the net profit was \$30.40 million. The consolidated net profit is a 6.7% decrease on the profit earned by the group for the year ended 30 June, 1995.

A poor second half due to subdued consumer confidence and uncertainty in the economy following the recent Federal election had a negative impact on the result. Sales for the year to June 30, 1996 from the franchised "Harvey Norman" stores and from the group's own store at Lismore totalled \$1.043 billion. The increase over the corresponding year ended June 30, 1995 was 18.7%.

During the year, shareholders' funds have primarily been increased by the following items (excluding capital raising):

	30 June 1996 \$m	30 June 1995 \$m
Net Profit after Tax	30.4	32.5
Increase in Property Values	<u>5.8</u>	<u>1.9</u>
	<u>36.2</u>	<u>34.4</u>

Dividend

The recommended final dividend has been increased from 5¢ to 5.5¢ a share fully franked. The total dividend for the year will be 10.5¢ fully franked compared with 9.5¢ fully franked for the previous year.

Expansion

In the 12 months to 30 June 1996, new stores have been opened at:

- ✦ NSW - Caringbah
- ✦ QLD - Carindale, Cairns (both replacement stores)
- Rockhampton, Bundaberg (both Harvey Norman developments)
- ✦ VIC - Geelong, Moorabbin, Maribyrnong (Harvey Norman development), Bendigo, Shepparton.

Since the end of the financial year new stores have been opened at:

- ✦ NSW - Balgowlah (Harvey Norman development)
- ✦ QLD - Mackay (Harvey Norman development)

New stores to be opened in the next 12 months:

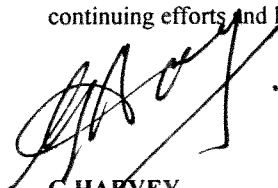
- ✦ WA - Osborne Park, Cannington (Harvey Norman development)
- ✦ VIC - Mildura, Preston (Harvey Norman development)
- ✦ QLD - Oxley (Harvey Norman development)
- ✦ New Zealand - 3 stores will be opened in Auckland two of which will be Harvey Norman developments and one leasehold.

Property Development

During the next twelve months property developments will be underway at Aspley in Queensland and Penrith in New South Wales, Cannington in Western Australia, Manukau City and Mount Wellington in Auckland, New Zealand.

We shall continue to pursue our strategy of steady expansion in Australia, and New Zealand will provide a new horizon for expansion in that country.

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



G HARVEY
CHAIRMAN

DIRECTORS' REPORT

The Board of Directors of Harvey Norman Holdings Limited has pleasure in submitting the balance sheet of the company and of the economic entity at 30 June, 1996, and related profit and loss account and statement of cashflows 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
Non-Executive 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

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

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
Managing Director

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. Mr. Harvey was appointed Managing Director in July 1994 at which time he ceased to be a franchisee.

Raymond John Skippen ACA
Finance Director and Company Secretary

Mr. Skippen is a chartered accountant who was a principal in a city based accounting practice for 15 years. During his career he has acquired a vast knowledge in all aspects of finance and administration, including mergers and acquisitions, business restructuring and property based transactions.

Arthur Bayly Brew
Director

Mr. Brew joined the company in 1983 as the Chief Accountant and is responsible for the accounting and computer systems for the economic entity. Prior to joining the company, Mr Brew held various positions covering administration, warehousing systems, accountancy and audit with the Norman Ross group.

DIRECTORS' MEETINGS

During the year the company held twelve (12) meetings of directors. The names of directors are outlined below. The attendances of the directors at meetings of the Board were as follows:

Meetings of the Board of Directors		
	Attended	Number of Meetings Held
G. Harvey	11	12
I.J. Norman	8	12
K.L. Page	10	12
R.J. Skippen	12	12
C.H. Brown	9	12
M.J. Harvey	10	12
A.B. Brew	12	12

In addition, the executive directors held regular meetings for the purpose of signing various documentation. A total of seventy-seven (77) such meetings were held during the year. As at the date of this report, the economic entity had an Audit & Finance Committee of the Board of Directors, which met five times during the year. The details of the functions and memberships of the Audit & Finance Committee of the Board of Directors are presented in the Statement of Corporate Governance Practices.

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 economic entity's financial statements 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/she has a substantial financial interest or with a firm of which he/she is a member, except as otherwise disclosed in the financial statements.

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

	Number of Ordinary Shares	Number of Share Options
Gerald Harvey	31,366,669	1,000,000
Ian John Norman	16,533,467	---
Kay Lesley Page	1,508,990	300,000
Michael John Harvey	211,836	300,000
Christopher Herbert Brown	127,501	---
Raymond John Skippen	---	300,000
Arthur Bayly Brew	2,267	100,000

BENEFICIAL INTEREST

Included in the above shareholdings are as follows:

Mr. G. Harvey has a beneficial interest in 16,491,667 shares held by G Harvey Nominees Pty Limited.

Mr. I. J. Norman has a beneficial interest in 16,533,467 shares held by Dimbulu Pty Limited.

Mr. C. H. Brown has a beneficial interest in 127,501 shares held by Lisaura Pty Limited.

PRINCIPAL ACTIVITIES

The principal activity of the economic entity continues to be that of franchise retailing, the provision of credit to enhance retailing activities.

RESULTS

The consolidated net profit of the economic entity for the financial year ended 30 June 1996 after income tax expense was \$30.406 million.

PAYMENT OF RECOMMENDED DIVIDENDS

Directors recommend a fully franked dividend of 5.5 cents per share be paid on 2 December 1996 (total dividend, fully franked - \$5,267,226). Duly completed transfers received up to 5.00 pm on 27 September 1996 will be registered before dividend entitlements are determined. The following fully franked dividends of the parent entity have also been paid, declared or recommended since the end of the preceding financial year.

1995 final dividend recommended, (as disclosed in the 1995 Directors' Report) - paid 4/12/95	\$4,489,085
1996 interim dividend - paid 3/5/96	\$4,788,387

SHARE OPTIONS

Details of share options are set out in Note 17 of the financial statements and form part of this report.

REVIEW OF GROUP OPERATIONS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the economic entity that occurred during the financial year not otherwise disclosed in this report or the consolidated financial statements.

SIGNIFICANT EVENTS AFTER BALANCE DATE

On 17 July, 1996 the economic entity made application for, and was allotted 7,600,000 ordinary shares (35¢ par value) at a cost of \$7,600,000 in Freedom Furniture Limited.

Since the end of the financial year the directors are not aware of any other matter or circumstance not otherwise dealt with in this report, the Chairman's Report or the consolidated financial statements that has significantly affected, or may significantly affect, the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in subsequent financial years.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

Likely developments in the operations of the economic entity 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 economic entity, including the expected results of those operations in subsequent financial years, would, in our opinion, prejudice the interests of the company and has, therefore, not been included in this report.

INDEMNIFICATION OF OFFICERS

During the financial year, insurance and indemnity arrangements were entered into concerning officers of the economic entity.

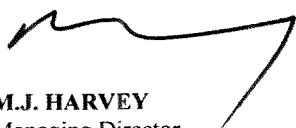
An indemnity agreement was entered into between Harvey Norman Holdings Limited and each of the directors of the company named earlier in this report and with each full-time executive officer, director and secretary of all group entities. Under the agreement, the company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. There is a limit to the extent of this indemnity (\$5,000,000).

Harvey Norman Holdings Limited paid an insurance premium of \$17,200 in respect of a contract insuring each of the directors of the company named earlier in this report and each full-time executive officer, director and secretary of Australian group entities, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

ROUNDING OF AMOUNTS

The parent entity 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 financial statements 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
24 September 1996*



M.J. HARVEY
Managing Director



R. J. SKIPPEN
Director



A.B. BREW
Director

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

The Board of Directors

The Board of Directors is responsible for setting the strategic direction and establishing the policies of Harvey Norman Holdings Limited, for overseeing the financial position, and for monitoring the business and affairs on behalf of the shareholders, by whom the directors are elected and to whom they are accountable. Responsibility for day to day activities is delegated to the Chief Executive by the Board.

Corporate governance is a term used to describe the way a board is structured and the way the directors act to ensure their oversight of a company is beyond reproach. The Board keeps its own processes under review and aims to achieve global best practice in matters of corporate governance.

The Board currently comprises five executive directors, which includes the Chairman and two non-executive directors, ensuring independence and objectivity. All directors have shares and/or options in Harvey Norman Holdings Limited, and the details of directors' shareholdings are disclosed in the Directors' report.

In the event that a potential conflict of interest may arise, involved Directors withdraw from all deliberations concerning the matter and are not permitted to exercise any influence over other board members or receive relevant Board papers. With the approval of the Chairman, any Director or committee of the board can seek external professional advice as considered necessary, at the Company's expense. The Audit & Finance Committee is responsible for monitoring the independence and suitability of all professional advisers.

Committee of the Board

The Board has an Audit and Finance Committee which has been established to consider issues and strategies, within common areas, in order to advise and guide the Board. Ad hoc committees are also established as the need arises. These committees comprise both executive and non-executive directors. Board committees that operated through the year (unless otherwise indicated) were:

Audit & Finance Committee

Audit	<ul style="list-style-type: none">Ensures compliance with statutory responsibilities relating to accounting policy and disclosure.Liaises with, assesses the quality and reviews the scope of work and reports of the external auditors.Assesses the adequacy of accounting, financial and operating controls.
Finance	<ul style="list-style-type: none">Reviews broad financial issues and strategies and acts for the Board on financial matters as requested.Reviews specific funding proposals.

The membership and details of attendances of the Audit & Finance Committee of the Board are detailed below. The attendance of the meetings of the Board are detailed in the Directors' report, which precedes this statement.

		<i>Audit & Finance</i>	
		A	B
M.J. Harvey	Executive	5	4
R.J. Skippen	Executive	5	5
A.B. Brew	Executive	5	4
C.H. Brown	Non-Executive	5	5

- A - The number of meetings held during the period the Director was a member of the Committee.
B - The number of meetings attended by the Director.

Remuneration

Directors remuneration is determined as part of an annual review, which includes performance evaluation, regard to comparative remuneration and independent advice. Remuneration packages generally comprise both salary and other benefits.

Directors are also provided with longer term incentive through option schemes, which act to align the Directors' actions with the interests of the shareholders. The details of these schemes are provided in Note 26 of the financial statements.

Internal controls and risk management

Procedures have been established at the Board and executive management levels which are designed to safeguard the assets and interests of Harvey Norman Holdings Limited, and to ensure the integrity of reporting. These include accounting, financial reporting and internal control policies and procedures.

The Board is responsible for the operation of the systems of internal control which, among other things, monitors and controls adherence to worker safety standards and the use of derivative financial instruments.

Ethical standards and performance

The Board acknowledges the need for and continued maintenance of the highest standards of corporate governance practice and ethical conduct by all directors and employees of Harvey Norman Holdings Limited.

The directors and management carry out their functions with a view to maximising financial performance of the economic entity. This concerns both propriety of decision making in conflict of interest situations and quality of decision making for the benefit of shareholders.

BALANCE SHEET AS AT 30 JUNE 1996

		CONSOLIDATED		PARENT ENTITY	
	NOTE	1996	1995	1996	1995
		\$000	\$000	\$000	\$000
Current Assets					
Cash		7,662	34,602	-	-
Receivables	5	207,459	192,549	150,318	103,438
Inventories	6	12,069	9,857	-	-
Other	7	1,695	5,808	-	-
Total current assets		228,885	242,816	150,318	103,438
Non-Current Assets					
Receivables	8	5,490	11,433	-	-
Investments	9	18,954	4,766	9,261	9,261
Property, plant and equipment	10	165,785	109,916	-	-
Intangibles	11	2,541	2,772	-	-
Other	12	2,129	1,663	288	946
Total non-current assets		194,899	130,550	9,549	10,207
TOTAL ASSETS		423,784	373,366	159,867	113,645
Current Liabilities					
Creditors and borrowings	13	134,891	102,779	74	68
Provisions	14	20,112	21,789	12,636	14,103
Total current liabilities		155,003	124,568	12,710	14,171
Non-Current Liabilities					
Creditors and borrowings	15	52,000	88,550	-	-
Provisions	16	280	437	-	-
Total non-current liabilities		52,280	88,987	-	-
TOTAL LIABILITIES		207,283	213,555	12,710	14,171
NET ASSETS		216,501	159,811	147,157	99,474
Shareholders' Equity					
Share capital	17	19,153	17,956	19,153	17,956
Reserves	18	105,107	69,964	81,976	52,644
Retained Profits		92,241	71,891	46,028	28,874
TOTAL SHAREHOLDERS' EQUITY		216,501	159,811	147,157	99,474

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1996

		CONSOLIDATED		PARENT ENTITY	
	NOTE	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Operating Profit	2	47,757	48,823	37,204	28,290
Income tax attributable to Operating Profit	3	17,351	16,246	9,994	9,389
Operating Profit after Income Tax		30,406	32,577	27,210	18,901
Retained profits at the beginning of the financial year		71,891	47,843	28,874	18,502
Total available for Appropriation		102,297	80,420	56,084	37,403
Dividends provided for or paid		10,056	8,529	10,056	8,529
RETAINED PROFITS AT THE END OF THE FINANCIAL YEAR		92,241	71,891	46,028	28,874
Basic earnings per share (cents per share)	4	32.36	37.53	-	-
Diluted earnings per share (cents per share)	4	32.18	37.17	-	-

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

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 1996

		CONSOLIDATED		PARENT ENTITY	
	NOTE	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Cashflows from operating activities					
Receipts from customers and franchisees		77,864	81,330	-	4
Net proceeds from sale of receivables		65,962	-	-	-
Trust distributions received		3,095	-	27,172	28,367
Dividends received		-	-	10,134	-
Payments to suppliers and employees		(52,464)	(47,242)	(98)	(81)
Interest received		2,155	1,420	-	-
Interest and other costs of finance paid		(9,305)	(7,639)	-	-
Income taxes paid		(19,513)	(11,814)	(11,579)	(6,582)
Net cash provided by operating activities	27(b)	67,794	16,055	25,629	21,708
Cashflows from investing activities					
Payments for property, plant and equipment		(63,665)	(27,890)	-	-
Proceeds from disposal of plant & equipment		3,420	622	-	-
Payments for investments		(14,400)	(181)	-	-
Net loans provided		(12,003)	-	(46,880)	(46,273)
Other - monies held on behalf of F.A.S.T		7,213	-	-	-
Net cash used in investing activities		(79,435)	(27,449)	(46,880)	(46,273)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 1996 (continued)

		CONSOLIDATED		PARENT ENTITY	
	NOTE	1996	1995	1996	1995
		\$000	\$000	\$000	\$000
Cashflows from financing activities					
Proceeds from issues of shares		30,529	32,070	30,529	32,070
Proceeds from borrowings		26,606	15,567	-	-
Repayment of borrowings		(63,156)	-	-	-
Dividends paid		(9,278)	(7,505)	(9,278)	(7,505)
Net cash (used in)/provided by financing activities		(15,299)	40,132	21,251	24,565
Net (decrease) increase in cash held		(26,940)	28,738	-	-
Cash at the beginning of the financial year		34,602	5,864	-	-
Cash at the end of the financial year	27(a)	7,662	34,602	-	-

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1996

1. Statement of Significant Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared as a general purpose financial report in accordance with Australian Accounting Standards.

The financial statements have been prepared in accordance with the historical cost convention using the accounting policies described below. These policies are consistent with those adopted in the previous year. Further they do not take account of changes in either the general purchasing power of the dollar or in the prices of specific assets, except for land and buildings, which are stated at valuations, as described in Note 10.

(b) Principles of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Harvey Norman Holdings Limited, and its controlled entities (refer Note 31). The term "Economic Entity" used throughout these financial statements means the parent entity and its controlled entities. All intergroup transactions and balances have been eliminated. The parent entity controls each of the subsidiary companies and unit trusts listed in Note 31 which have been consolidated in accordance with AASB 1024. Franchisees are not controlled by the economic entity and in accordance with AASB 1024 have not been consolidated.

(c) Investments

Shares in listed and unlisted companies, and units in unit trusts are included in investments and carried at the lower of cost or recoverable amount. Income is brought to account as received.

(d) Freehold Land and Buildings

It is the policy of the economic entity to review annually the values of freehold land and buildings based on the use of the properties by the economic entity 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 economic entity to hold the properties as part of its ongoing operations.

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

Property, plant and equipment, other than freehold land, are depreciated at rates based upon their estimated useful lives using the straight line method. Properties in the 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. Buildings on these sites are depreciated over their useful lives. New assets are depreciated from the time of acquisition. Profits and losses on disposal of property, plant and equipment are taken into account in determining the profit for the year.

(f) Leases

The economic entity has adopted the following accounting policies for leases:

Company as lessee

Operating leases

Operating leases are not capitalised and minimum lease payments are charged against operating profit in equal instalments over the accounting periods covered by the lease term.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1996 (continued)**

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 whilst the interest component is credited to profit and loss account.

(g) 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 the 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 presented in the balance sheets as a "future income tax benefit" or "deferred tax liability", at current tax rates. A future income tax benefit relating to timing differences is only carried forward as an asset where realisation of the benefit can be regarded as being assured beyond reasonable doubt.

(h) 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.

(i) 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 comes due.

(j) Intangible Assets

Goodwill represents the future benefits associated with businesses as 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 a 20 year period from the date of acquisition on a straight line basis.

(k) Income Recognition and Unearned Income

- (i) Unearned revenue on customer loans has been calculated using actuarial method so that revenue earned over the term of the contract bears a constant relationship to funds employed.
- (ii) Income is brought to account on customer loans only where it is being paid or where it is unpaid but recovery is certain.

(l) Employee Benefits

Provision has been made in the financial statements for benefits accruing to employees in relation to such matters as sick leave, annual leave, long service leave and workers' compensation in accordance with AASB1028.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1996 (continued)**

(m) Comparative Figures

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

(n) Provision for Doubtful Debts

The economic entity establishes a provision for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off when they are identified.

(o) Recoverable amounts of non-current assets

The carrying amounts of all non-current assets are reviewed at least annually to determine whether they exceed their recoverable amount. The recoverable amounts of all non-current assets, except the future income tax benefit, have been 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.

(p) Joint Ventures

An interest in a joint venture is brought to account by including in the respective financial statement categories:

- the economic entity's share in each of the individual assets employed in the joint venture;
- liabilities incurred by the economic entity in relation to the joint venture including the economic entity's share of any liabilities for which the economic entity is jointly and/or severally liable; and
- the economic entity's share of expenses of the joint venture.

The accounts for the joint venture are not shown as they are considered immaterial.

(q) Foreign Currency Transactions

Foreign currency items are translated to Australian currency on the following bases:

- Transactions are converted at exchange rates approximating those in effect at the date of each transaction; and
- Amounts payable and receivable are translated at the average of the buy and sell rates available on the close of business at balance date.

Exchange differences relating to monetary items are included in the profit and loss, as exchange gains or losses, in the period when the exchange rates change, except where:

- The exchange difference relates to a transaction intended to hedge the purchase or sale of goods or services in which case the exchange difference is included in the measurement of the purchase or sale.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1996 (continued)**

		CONSOLIDATED		PARENT ENTITY	
	NOTE	1996	1995	1996	1995
		\$000	\$000	\$000	\$000
2. Operating Profit					
Operating Profit is after crediting the following revenues:					
Sales Revenues		18,660	12,765	-	-
Other operating revenue:					
Gross revenue from franchisees (excluding rent and interest received)		70,666	75,720	-	-
Rent received from franchisees		27,949	23,421	-	-
Trust distribution received		3,095	71	27,172	28,367
Dividends received from subsidiaries		-	-	10,134	-
Interest received from:					
Franchisees		11,565	12,207	-	-
Other persons		1,175	947	-	-
Other		2,476	391	-	4
Proceeds from the disposal of non-current assets	(a)	3420	622	-	-
		120,346	113,379	37,306	28,371
		139,006	126,144	37,306	28,371
(a) Profit on disposal of non-current assets		-	-	-	-

Operating profit is after charging the following expenses:

Interest paid or payable to: other persons		8,381	7,306	-	-
Bad debts and provision for doubtful debts		311	193	-	-
Depreciation of property, plant and equipment:					
Buildings on freehold land		1,128	873	-	-
Plant and equipment		8,862	6,117	-	-
Total depreciation of property, plant and equipment		9,990	6,990	-	-

2. Operating Profit (continued)

		CONSOLIDATED		PARENT ENTITY	
	NOTE	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Amortisation of intangibles					
Goodwill	11	231	231	-	-
Loss on disposal of					
Non-current assets	10	432	263	-	-
Operating lease rentals		16,509	13,886	-	-
Provision for employee entitlements		(930)	684	-	-

3. Income Tax Expense

Operating profit	47,757	48,823	37,204	28,290
Prima facie tax thereon at 36% (1995: 33%)	17,193	16,112	13,393	9,336
Amortisation of goodwill	83	76	-	-
Building depreciation	62	58	59	53
Legal Fees	9	-	9	-
Dividends			(3,648)	
Sundry items	4	-	181	-
	158	134	(3,399)	53
Income tax attributable to operating profit.	17,351	16,246	9,994	9,389
Total income tax expense comprises additions to:				
- provision for income tax	17,817	16,351	9,336	9,287
- provision for deferred income tax	-	-		-
- future income tax benefit	(466)	(105)	658	102
	17,351	16,246	9,994	9,389

		CONSOLIDATED		PARENT ENTITY	
		1996	1995	1996	1995
		\$000	\$000	\$000	\$000
4. Earnings per share					
Basic earnings per share					
(cents per share)		32.36	37.53		
Diluted earnings per share					
(cents per share)		32.18	37.17		
(a) Weighted average number of ordinary shares used in calculation of basic earnings per share		93,970,842	85,488,207		
(b) Potential ordinary shares not considered dilutive.					
All potential ordinary shares being options to acquire ordinary shares, are considered dilutive.					
(c) Conversion, call, subscription or issue after 30 June 1996.					
There have been no conversions to, calls of or subscriptions for ordinary shares or issues of potential ordinary shares since 30 June 1996 and before completion of these financial statements.					
5. Receivables (Current)					
Trade debtors		180,196	166,440	-	-
Customer loans		19,843	27,876	-	-
Unearned interest		(6,492)	(4,278)	-	-
Provision for doubtful debts		(733)	(437)	-	-
Customer loans, net		12,618	23,161	-	-
Amounts receivable in respect of finance leases, net		1,436	1,324	-	-
Non-trade debts receivable from:					
Wholly owned controlled entities		-	-	150,318	103,438
Other Persons and Corporations		13,209	1,624		-
		13,209	1,624	150,318	103,438
Total current receivables, net		207,459	192,549	150,318	103,438
6. Inventories					
Finished goods:					
At cost		12,069	9,857	-	-

	CONSOLIDATED		PARENT ENTITY	
	1996	1995	1996	1995
	\$000	\$000	\$000	\$000
7. Other Current Assets				
Short term deposits	-	3,600	-	-
Prepayments	1,695	2,208	-	-
	1,695	5,808	-	-

8. Receivables - Non Current

Customer loans	1,962	8,588	-	-
Unearned interest	(500)	(521)	-	-
Provision for doubtful debts	(73)	(86)	-	-
Customer loans, net	1,389	7,981	-	-
Amounts receivable in respect of finance leases, net	4,101	3,452	-	-
Total non-current receivables, net	5,490	11,433	-	-

9. Investments (Non-Current)

Unlisted shares - at cost				
in wholly owned controlled entities (Note 31)	-	-	500	500
Units in unit trusts				
- at cost	14,500	100	8,761	8,761
Investment in first mortgage - at cost	4,454	4,456	-	-
Put-call Option - at cost	-	210	-	-
Total investments - at cost	18,954	4,766	9,261	9,261

Units in Unit Trusts

Certain customer receivables and proprietor loans are sold, in accordance with an agreement, to a special purpose trust, "The Financial Assets Specialised Trust No. 1" (FAST). The economic entity may, but is not obliged to, sell receivables to FAST and FAST may, but is not obliged to, purchase some or all of customer receivables and/or proprietor loans. The receivables and proprietor loans that have been sold to FAST, and which at balance date remain outstanding, total \$65.692 million.

In these financial statements, the economic entity's interest in FAST is 20% of all issued equity units in FAST. These units are of variable amounts and are included in the consolidated financial statements in investments - \$14.4 million. Customer receivables and proprietor loans that have not been sold pursuant to this arrangement are included in customer loans.

The economic entity, prior to selling the receivables, establishes a provision for doubtful debts, adequate to cover any bad or doubtful debts that may be sold back to the economic entity.

10. Property, Plant and Equipment

Freehold land				
at directors' valuation				
1996	60,890	-	-	-
1995	-	41,710	-	-
	60,890	41,710	-	-

10. Property, Plant and Equipment (continued)

	CONSOLIDATED		PARENT ENTITY	
	1996	1995	1996	1995
	\$000	\$000	\$000	\$000
Leasehold property at directors' valuation				
1996	6,830	-	-	-
1995	-	5,671	-	-
	6,830	5,671	-	-
Buildings at directors' valuation				
1996	64,510	-	-	-
1995	-	36,682	-	-
	64,510	36,682	-	-
Total freehold land, leasehold property and buildings	132,230	84,063	-	-
Provision for depreciation of buildings	(5,799)	(3,183)	-	-
Total freehold land, leasehold property and buildings, net	126,431	80,880	-	-
Plant and equipment - at cost	63,371	45,381	-	-
Provision for depreciation of plant and equipment	(24,033)	(16,345)	-	-
Total plant and equipment, net	39,338	29,036	-	-
Plant and equipment - leased	16	-	-	-
Provision for amortisation of plant and equipment	(1)	-	-	-
Total plant and equipment leased, net	15	-	-	-
Total property, plant and equipment	195,617	129,444	-	-
Provision for depreciation	(29,832)	(19,528)	-	-
Total property, plant and equipment, net	165,785	109,916	-	-

Valuations of freehold land and buildings were made by directors of the parent entity as at 30 June 1996 on the basis of market value. The valuations used for 1995 comparatives were made by directors of the parent entity as at 30 June 1995 on the basis of market value. All properties are valued at market valuations which have been calculated using the capitalisation method of valuation. The capitalisation method involves capitalising the net income capable of being produced by the property on an existing use basis at an appropriate capitalisation rate.

10. Property, Plant and Equipment (continued)

The capitalisation rate is selected to reflect such factors as the quality of accommodation, age of improvements and strength of the tenure.

The valuations were performed by Gerald Harvey and Raymond John Skippen and submitted to the Board of Directors for approval. This assumed a sale on lease back by the economic entity, assuming they are paying market rent and are taking a 10 year lease.

	CONSOLIDATED		PARENT ENTITY	
	1996	1995	1996	1995
	\$000	\$000	\$000	\$000
Goodwill - at cost	4,621	4,621	-	-
Accumulated amortisation	(2,080)	(1,849)	-	-
	2,541	2,772	-	-

11. Intangibles

12. Other Assets (Non-Current)

Future income tax benefit:

Attributable to timing differences:

Provision for employee entitlements	409	740	409	529
Provision for doubtful debts	274	188	-	-
Unearned charges on customer loans	1,624	964	9	559
Prepayment	215	92	80	92
Other	75	36	53	36
Deferred income on lease receivables	(468)	(357)	(263)	(270)
	2,129	1,663	288	946

13. Creditors & Borrowings (Current)

Unsecured:

Trade creditors	125,261	95,795	74	68
Lease Liabilities	33	-	-	-
Non trade amounts owing to:				
Directors	2,181	5,707	-	-
Other persons	203	1,277	-	-
FAST No. 1 Trust (see Note 9)	7,213	-	-	-
	134,891	102,779	74	68

14. Provisions (Current)

Dividends	5,267	4,489	5,267	4,489
Taxation	13,987	15,683	7,369	9,614
Employee entitlements	858	1,617	-	-
	20,112	21,789	12,636	14,103

CONSOLIDATED		PARENT ENTITY	
1996	1995	1996	1995
\$000	\$000	\$000	\$000

15. Creditors & Borrowings (Non-Current)

Bills payable	52,000	88,550	-	-
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1. 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.
2. Bills payable have been classified as non-current liabilities on the basis that no principal repayments are intended to be made prior to 30 June 1997. 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, which, in the opinion of directors, are being fully complied with.
3. These facilities are subject to annual review.

16. Provisions (Non-Current)

Employee entitlements	280	437	-	-
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17. Share Capital

Authorised				
250,000,000 ordinary shares				
of \$0.20 each	50,000	50,000	50,000	50,000
Issued and paid up capital				
95,767,754 ordinary shares				
of \$0.20 each	19,153	17,956	19,153	17,956

	Number of Ordinary Shares	
	1996	1995
Opening number of shares	89,781,699	77,000,030
Issued during the year as a result of a one for fifteen renounceable rights issue on 20 November 1995	5,986,055	-
Issued during the prior year as a result of a one for sixteen renounceable rights issue on 21 November 1994	-	5,281,669
Options converting to shares option exercised on 9 October 1994	-	7,500,000
	95,767,754	89,781,699

17. Share Capital (continued)

Unissued shares in respect of which options are outstanding:

Options are outstanding in respect of 2,000,000 unissued ordinary shares. These options are exercisable between 1 July 1997 and 30 June 1999 at \$5.05 per share, being \$0.20 at par and a premium of \$4.85 per share. These options were granted to trusts for each of G. Harvey (1,000,000 options), K. L. Page (300,000 options), M. J. Harvey (300,000 options), R. J. Skippen (300,000 options) and A. B. Brew (100,000 options) at the Annual General Meeting held on 22 November 1994.

On 20 November 1995, a renounceable rights issue of one for fifteen was made at \$5.10 per share. The purpose of this rights issue was to raise funds for ongoing operations and further expansion.

	CONSOLIDATED		PARENT ENTITY	
	1996	1995	1996	1995
	\$000	\$000	\$000	\$000
Share premium	81,976	52,644	81,976	52,644
Asset revaluation	23,131	17,320	-	-
	105,107	69,964	81,976	52,644
Movement in reserves				
Share premium				
Balance at beginning of year	52,644	23,130	52,644	23,130
Issue of shares as described in note 17	29,332	29,514	29,332	29,514
Balance at end of year	81,976	52,644	81,976	52,644
Asset revaluation				
Balance at beginning of year	17,320	15,420	-	-
Revaluation of land and buildings during the year	5,811	1,900	-	-
Balance at end of year	23,131	17,320	-	-

19. Lease Commitments

Operating lease expenditure contracted for is payable as follows:

Not later than one year	18,506	16,212	-	-
Later than one year but not later than two years	16,365	15,677	-	-
Later than two years but not later than five years	40,110	34,406	-	-
Later than five years	46,504	34,039	-	-
	121,485	100,334	-	-

CONSOLIDATED		PARENT ENTITY	
1996	1995	1996	1995
\$000	\$000	\$000	\$000

20. Commitments for Expenditure

(a) Capital expenditure
contracted as at 30 June,
but not provided for:

Not later than one year	63,076	47,308	-	-
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(b) Capital expenditure commitments on
behalf of joint ventures are payable
as follows

Not later than one year	3,000	-	-	-
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21. Contingent Liabilities

Bank performance guarantees
given to various councils
and other third parties on
behalf of economic entity.

3,268	667	-	-
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Irrevocable letters of credit

1,149	2,075	-	-
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Put and Call Option on purchase of land

-	2,600		
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The parent entity has guaranteed
the performance of a number of
controlled entities which have
entered into leases with other parties.

-	-	108,742	78,835
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4,417	5,342	108,742	78,835
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22. 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 economic
entity during the financial year.
Particulars have been summarised
as the directors believe that
provision of full particulars
would be unreasonable given
the detail required.

38	77	-	-
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Remuneration of directors and executives and retirement benefits of prescribed officers has been determined in accordance with relief granted by ASC class order 95/741.

CONSOLIDATED

PARENT ENTITY

1996	1995	1996	1995
\$000	\$000	\$000	\$000

23. Superannuation Commitments

Yoogalu Superannuation Funds:

A company within the economic entity contributes to superannuation funds for certain employees. The funds are all accumulation plans.

The company is obliged to contribute to the funds 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 economic entity 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.

24. Remuneration of Auditors

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

Auditing the accounts	144	140	-
Other services	22	54	-
	166	194	-

CONSOLIDATED

PARENT ENTITY

1996
\$000

1995
\$000

1996
\$000

1995
\$000

25. Directors' and Executives' Income

Aggregate income received, or due and receivable, by directors	931	894	931	894
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Number of directors of the parent company whose total income falls within the following bands:

\$10,000 - \$19,999	2	2	2	2
\$60,000 - \$69,999	1	-	1	-
\$70,000 - \$79,999	-	2	-	2
\$80,000 - \$89,999	-	1	-	1
\$110,000 - \$119,999	1	-	1	-
\$150,000 - \$159,999	-	1	-	1
\$160,000 - \$169,999	1	-	1	-
\$220,000 - \$229,999	-	1	-	1
\$240,000 - \$249,999	1	1	1	1
\$290,000 - \$299,999	1	-	1	-

The total of all remuneration received or due and receivable, directly or indirectly from the respective corporation of which they are director or any related body corporate, by all the directors of each corporation in the economic entity was \$931,437 (1995 \$894,306).

The number of executive officers domiciled in Australia who received, or were due to receive, directly or indirectly from the company, or from any related body corporate, a total remuneration (excluding retirement benefits) in connection with the management of affairs of the company, or any related body corporate, whether as executive officers or otherwise were:

\$100,000 - \$109,999	1	1
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The aggregate remuneration of the executive officer referred to above was \$101,850 (1995 \$106,334)

25. Directors' and Executives' Income (continued)

The following persons held the position of director of the parent entity during both financial years, unless otherwise stated:

G. Harvey
I. J. Norman
K. L. Page
C. H. Brown
M. J. Harvey
R. J. Skippen
A. B. Brew

CONSOLIDATED		PARENT ENTITY	
1996	1995	1996	1995
\$000	\$000	\$000	\$000

26. 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, R. J. Skippen M. J. Harvey and G. Harvey. Interest is payable at normal commercial rates. These loans are unsecured and repayable at call.

Net amounts received from/(repaid to) entities associated with the abovementioned directors.

(3,526)	4,574	-	-
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Interest paid/payable

424	91	-	-
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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.

473	192	-	-
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3. On 25 November 1992 Edbrook Pty Limited a wholly owned subsidiary, entered into a lease of a retail showroom and office premises at Bundall, Queensland from Ruzden Pty Limited, a company in which certain directors have an interest. This transaction was approved by shareholders at an Extraordinary Meeting held 25 May 1993.

The lease is subject to normal commercial terms and conditions. Rent paid.

1,314	1,411	-	-
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4. Certain franchises are operated by relatives of directors under normal franchisees terms and conditions. Total gross income received by relatives of directors.

1,123	1,273	-	-
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26. Related Party Transactions (continued)

	1996 \$000	1995 \$000	1996 \$000	1995 \$000
5. The economic entity entered into an agreement, as lessor, with Noble House Retail Pty Limited, in which the economic entity has a minority interest holding, on 1 June 1994. The value of the lease has been included in current receivables	152	188	-	-
6. Director's shareholdings				
Shares and share options acquired during the year:				
Ordinary shares	3,141	10,568	3,141	10,568
Ordinary share options	-	2,000	-	2,000
Shares and share options disposed of during the year:				
Ordinary shares	2,879	7,194	2,879	7,194
Shares and share options held at the end of the year:				
Ordinary shares	49,751	50,238	49,751	50,238
Ordinary share options	2,000	2,000	2,000	2,000

27. Notes to the Statement of Cash Flows

(a) Reconciliation of Cash

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:

Cash	7,662	34,602	-	-
Bank overdraft	-	-	-	-
	7,662	34,602	-	-

27. Notes to the Statement of Cash Flows (continued)

	CONSOLIDATED		PARENT ENTITY	
	1996	1995	1996	1995
	\$000	\$000	\$000	\$000
(b) Reconciliation of net cash provided by operating activities to operating profit after income tax:				
Operating profit after income tax	30,406	32,577	27,210	18,901
Adjustments for non-cash income and expense items:				
Bad and doubtful debts	311	193	-	-
Depreciation of property, plant and equipment	9,990	6,990	-	-
Amortisation of goodwill	231	231	-	-
Transfers of provisions:				
Employee entitlements	(916)	683	-	-
(Profit)/loss on disposal of:				
Property, plant and equipment	432	263	-	-
Increase/(decrease) in provision for:				
Income tax payable	(1,696)	4,693	(2,245)	2,761
Changes in assets and liabilities:				
(Increase)/decrease in:				
Accounts receivable	11,141	(42,369)	-	-
Inventory	(2,212)	(1,654)	-	-
Future income tax benefit	(466)	(243)	658	22
Other assets	4,113	(1,454)	-	-
Trade creditors	16,460	16,145	6	24
Net cash from operating activities	67,794	16,055	25,629	21,708

28. Segment Information

Industry Segments	Retailing		Advisory & Advertising Services		Property Investments		Investments & Financial Services		Corporate Items		Total Consolidated	
	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000	1996 \$000	1995 \$000
Segment Revenue	18,660	12,765	84,742	86,162	27,949	23,421	7,655	3,796	-	-	139,006	126,144
Segment Result	288	355	23,931	26,872	5,105	4,176	1,313	1,405	(231)	(231)	30,406	32,577
Segment Assets	10,682	3,153	191,753	247,896	140,760	81,402	78,048	38,143	2,541	2,772	423,784	373,366

The economic entity operates predominantly in Australia.

29. Financing Arrangements

Corporations in the economic entity had access to the following financing facilities with a financial institution:

	<i>1996 Consolidated</i>		
	Accessible \$000	Drawndown \$000	Unused \$000
Bank bill standby arrangements (a)	96,000	52,000	44,000
Bank Overdraft (a)	650	-	650
Total financing facilities	96,650	52,000	44,650

	<i>1995 Consolidated</i>		
	Accessible \$000	Drawndown \$000	Unused \$000
Bank bill standby arrangements (a)	95,000	72,150	22,850
Fully drawn advance facility (a)	16,400	16,400	-
Bank Overdraft (a)	500	-	500
Total financing facilities	111,900	88,550	23,350

(a) No specific expiry date

All of the economic entity's facilities are subject to annual review and subject to cancellation at either party's election at each review date or upon expiry of each arrangement.

30. Foreign Currency Exposure

The Australian dollar equivalents of foreign currency monetary items included in the balance sheet headings to the extent that they were not effectively hedged, are as follows:

	<i>Consolidated</i>		<i>Parent</i>	
	1996	1995	1996	1995
	\$000	\$000	\$000	\$000
<hr/>				
Current Assets				
Amounts receivable in foreign currency which are not effectively hedged:				
- New Zealand Dollars	6,760	---	---	---

31. Controlled Entities and Unit Trusts

Shares held by Harvey Norman Holdings Limited

Name	Country of Formation/ Incorporation	Book Value of Investment		Name	Country of Formation/ Incorporation	Book Value of Investment	
		1996	1995			1996	1995
		\$	\$			\$	\$
Aloku Pty Limited	Australia	2	2	Gordinia Pty Limited	Australia	2	-
Anwarah Pty Limited	Australia	2	2	Hardly Normal Discounts Pty Limited	Australia	2	2
Arlenu Pty Limited	Australia	2	2	Hardly Normal Pty Limited	Australia	2	2
Arpayo Pty Limited	Australia	2	2	Harvey Norman Financial Services Pty Limited	Australia	2	2
Balwundu Pty Limited	Australia	2	2	Harvey Norman Leasing (N.Z.) Limited*	New Zealand	2	-
Bena Pty Limited	Australia	-	2	Harvey Norman Limited*	New Zealand	2	-
Bestest Pty Limited	Australia	2	2	Harvey Norman Net.Works Pty Limited	Australia	2	-
Bogardo Pty Limited	Australia	2	-	Harvey Norman Properties (N.Z.) Limited*	New Zealand	2	-
Bossee Pty Limited*	Australia	1	1	Harvey Norman Retailing Pty Limited	Australia	2	2
Bradiz Pty Limited	Australia	2	2	Harvey Norman Shopfitting Pty Limited*	Australia	2	-
Braxpine Pty Limited	Australia	2	2	Harvey Norman Stores Pty Limited	Australia	2	2
Calardu Pty Limited	Australia	2	2	Harvey Norman Stores (N.Z.) Pty Limited*	Australia	2	-
Calardu Cannington Pty Limited	Australia	2	-	Harvey Norman Victoria Pty Limited	Australia	2	2
Calardu Edwardstown Pty Limited	Australia	2	-	Jartoso Pty Limited	Australia	2	2
Calardu Maribyrnong Pty Limited	Australia	2	2	Jondarlo Pty Limited	Australia	2	2
Calardu Penrith Pty Limited	Australia	2	-	Kambaldu Pty Limited	Australia	2	2
Calardu Port Macquarie Pty Limited	Australia	2	-	Keybare Pty Limited	Australia	2	-
Calardu Preston Pty Limited	Australia	2	2	Kita Pty Limited*	Australia	2	-
Calardu Queensland Pty Limited	Australia	2	2	Koodero Pty Limited	Australia	2	2
Calardu South Australia Pty Limited	Australia	2	-	Korinti Pty Limited	Australia	2	2
Calardu Vicfurn Pty Limited*	Australia	2	-	Krimshaw Pty Limited	Australia	-	2
Calardu Victoria Pty Limited	Australia	2	2	Kroomba Pty Limited	Australia	2	-
Carlando Pty Limited	Australia	2	2	Lamino Pty Limited	Australia	3	3
Charmela Pty Limited	Australia	2	2	Lesandu Pty Limited	Australia	2	2
Clambruno Pty Limited	Australia	2	2	Lesandu W.A. Pty Limited	Australia	2	-
Daldere Pty Limited	Australia	2	2	Lexeri Pty Limited	Australia	2	2
Dandolena Pty Limited	Australia	2	2	Lodare Pty Limited	Australia	2	2
Derni Pty Limited	Australia	500,000	500,000	Loreste Pty Limited	Australia	2	2
Divonda Pty Limited	Australia	2	2	Malvis Pty Limited	Australia	2	2
Durslee Pty Limited	Australia	2	2	Manutu Pty Limited	Australia	2	2
Farane Pty Limited	Australia	2	2	Maradoni Pty Limited	Australia	2	2
Flormonda Pty Limited	Australia	2	2	Marinski Pty Limited	Australia	2	2
Ganoru Pty Limited	Australia	2	2	Misstar Pty Limited*	Australia	1	1
Geevarne Pty Limited	Australia	2	-	Nedcroft Pty Limited	Australia	2	2
Gestco Pty Limited	Australia	2	2				
Glaydon Pty Limited	Australia	2	-				

31. Controlled Entities and Unit Trusts (continued)

Shares held by Harvey Norman Holdings Limited (continued)

Name	Country of Formation/ Incorporation	Book Value of Investment	
		1996	1995
		\$	\$
Norman Ross Pty Limited	Australia	2	2
Oldmist Pty Limited	Australia	2	2
Osraidi Pty Limited	Australia	2	2
Piatan Pty Limited	Australia	-	2
Plezero Pty Limited	Australia	2	2
Quinlea Pty Limited	Australia	2	-
Ranano Pty Limited	Australia	2	-
Resum Pty Limited	Australia	2	-
Roowin Pty Limited	Australia	2	-
Rosieway Pty Limited	Australia	2	2
Rudari Pty Limited	Australia	2	-
Sarsha Pty Limited	Australia	2	2
Saywarre Pty Limited	Australia	-	2
Solaro Pty Limited	Australia	2	2
Space Pty Limited*	Australia	51	-
Strathloro Pty Limited	Australia	2	2
Stupendous Pty Limited	Australia	2	2
Swaneto Pty Limited	Australia	2	2
Tampar Pty Limited	Australia	2	-
Tarshellu Pty Limited	Australia	2	-
Tatroko Pty Limited	Australia	2	2
Torcarsa Pty Limited	Australia	2	2
Trialli Pty Limited	Australia	-	2
Truen Pty Limited	Australia	-	2
Wadins Pty Limited	Australia	2	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	2
Yoogalu Pty Limited	Australia	2	2
Yoogalu Warehouse 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
Zoderme Pty Limited	Australia	2	-

500,248 500,153

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

		1996	1995
		\$	\$
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.

		1996	1995
		\$	\$
Hodberg Pty Limited	Australia	4	4
Hodvale Pty Limited	Australia	4	4
(100% owned by Harvey Norman Retailing Pty Limited)			
		8	8

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

		1996	1995
		\$	\$
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
(100% owned by Harvey Norman Stores Pty Limited)			
		14	14

Harvey Norman Holdings Limited owns all the shares in the above companies with the exception of Misstar Pty Limited, Bossee Pty Limited and Space (NSW) Pty Limited. Harvey Norman Holdings Limited owns 50% of shares in Misstar Pty Limited and Bossee Pty Limited, and 51% of the shares in Space (NSW) Pty Limited.

*Company is not part of the class order described in Note 32.

31. Controlled Entities and Unit Trusts (continued)

Units in Unit Trusts held by Harvey Norman Holdings Limited

Name	Book Value of Investment		Name	Book Value of Investment	
	1996 \$000	1995 \$000		1996 \$000	1995 \$000
Anwarah No. 2 Trust	-	-	Lesandu Fairfield Trust	-	-
Avocoe No. 2 Trust	-	-	Lesandu Gordon Trust	-	-
Bena No. 2 Trust	-	-	Lesandu Gosford Trust	149	149
Big Apple Trust	-	-	Lesandu Miranda Trust	17	17
Bogardo No.2 Trust	-	-	Lesandu Newcastle Trust	110	110
Bradiz No. 2 Trust	-	-	Lesandu No. 1 Trust	169	169
Calardu ACT Trust	-	-	Lesandu Penrith Trust	-	-
Calardu Aspley Trust	-	-	Lesandu Rockdale Trust	-	-
Calardu Brookvale Trust	-	-	Lesandu Warrawong Trust	1	1
Calardu Bundaberg Trust	-	-	Lesandu Warringah Mall Trust	1	1
Calardu Maribymong Trust	-	-	Lodare No. 2 Trust	-	-
Calardu No. 1 Trust	-	-	Malvis No. 2 Trust	-	-
Calardu No. 2 Trust	-	-	Marouli No. 2 Trust	-	-
Calardu No. 3 Trust	-	-	Mozzpep No. 2 Trust	-	-
Calardu Oxley Trust	-	-	Nargista No. 2 Trust	-	-
Calardu Penrith Trust	-	-	Osraidi No. 2 Trust	-	-
Calardu Port Macquarie Trust	-	-	Piatan No. 2 Trust	-	-
Calardu Preston Trust	-	-	Posharnu No. 2 Trust	-	-
Calardu Rockhampton Trust	-	-	Quinlea No. 2 Trust	-	-
Calardu Rosebery Trust	-	-	Rozhorn No. 2 Trust	-	-
Calardu Vicfurn Trust	-	-	Ranano No. 2 Trust	-	-
Calardu Warrawong Trust	-	-	Resum No. 2 Trust	-	-
Charmela No. 2 Trust	-	-	Roowin No. 2 Trust	-	-
Fillinde No. 2 Trust	-	-	Rudari No. 2 Trust	-	-
Geevarne No. 2 Trust	-	-	Sardonnu No. 2 Trust	-	-
Glaydon No. 2 Trust	-	-	Saywarre No. 2 Trust	-	-
Gordinia No. 2 Trust	-	-	Seardon No. 2 Trust	-	-
Happee No. 2 Trust	-	-	Shanare No. 2 Trust	-	-
Harvey Norman Discounts No. 1 Trust	1,228	1,228	Sydney No. 1 Trust	-	-
Harvey Norman Lighting Asset Trust	-	-	Tampar No. 2 Trust	-	-
Harvey Norman Lighting No. 1 Trust	-	-	Tarshellu No. 2 Trust	-	-
Harvey Norman No. 1 Trust	1,534	1,534	Torcarsa No. 2 Trust	-	-
Hoxgold No. 2 Trust	-	-	Tortah No. 2 Trust	-	-
Kaboola No. 2 Trust	-	-	Torcarsa No. 2 Trust	-	-
Kanfare No. 2 Trust	-	-	The Calardu Trust	-	-
Keybare No. 2 Trust	-	-	Trialli No. 2 Trust	-	-
Kilcarva No. 2 Trust	-	-	Truen No. 2 Trust	-	-
Krimshaw No. 2 Trust	-	-	Uconu No. 1 Trust	-	-
Kroomba No. 2 Trust	-	-	Valerinar No. 2 Trust	-	-
Lamino Investments No. 1 Trust	1,540	1,540	Vidara No. 2 Trust	-	-
Lamino Investments No. 2 Trust	1,025	1,025	Wartonu No. 2 Trust	-	-
Lamino Investments No. 3 Trust	437	437	Yoogalu Albury Trust	-	-
Lamino Investments No. 4 Trust	-	-	Yoogalu Campbelltown Trust	29	29
Lamino Investments No. 5 Trust	155	155	Yoogalu Fairfield Trust	27	27
Lamino Investments No. 6 Trust	342	342	Yoogalu Gordon Trust	667	667
Lesandu Albury Trust	-	-	Yoogalu Gosford Trust*	445	445
Lesandu Campbelltown Trust	1	1	Yoogalu Lismore Trust*	93	93

31. Controlled Entities and Unit Trusts (continued)

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

Name	Book Value of Investment	
	1996 \$000	1995 \$000
Yoogalu Miranda Trust	410	410
Yoogalu Newcastle Trust	377	377
Yoogalu Warrawong Trust	-	-
Yoogalu Warringah Mall Trust	4	4
Zoderme No. 2 Trust	-	-
	8,761	8,761

*All the units in the Unit Trusts are held by Harvey Norman Holdings Limited except units that exist in Yoogalu Gosford Trust and Yoogalu Lismore Trust. Minority unit holders hold 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 Controlled Entities and Unit Trusts to operating profit after income tax.

Name	Consolidated	
	1996 \$000	1995 \$000
Aloku Pty Limited	1	-
Anwarah Pty Limited	141	131
Arlenu Pty Limited	-	-
Arpayo Pty Limited	-	-
Balwundu Pty Limited	-	-
Bena Pty Limited	-	-
Bestest Pty Limited	-	-
Bogardo Pty Limited	-	-
Bossee Pty Limited*	-	-
Bradiz Pty Limited	58	224
Braxpine Pty Limited	147	231
Calardu Pty Limited	-	-
Calardu Cannington Pty Limited	-	-
Calardu Edwardstown Pty Limited	-	-
Calardu Maribyrnong Pty Limited	-	-
Calardu Penrith Pty Limited	-	-
Calardu Port Macquarie Pty Limited	-	-
Calardu Preston Pty Limited	-	-
Calardu Queensland Pty Limited	-	-
Calardu South Australia Pty Limited	-	-
Calardu Vicfern Pty Limited*	-	-
Calardu Victoria Pty Limited	-	-
Carlando Pty Limited	-	-
Charmela Pty Limited	18	-

Name	1996 \$000	1995 \$000
Clambruno Pty Limited	-	-
Daldere Pty Limited	585	652
Dandolena Pty Limited	-	-
Derni Pty Limited	-	-
Divonda Pty Limited	-	-
Durslee Pty Limited	-	-
Edbrook Pty Limited	108	1
Farane Pty Limited	-	-
Flormonda Pty Limited	315	177
Ganoru Pty Limited	-	-
Geevarne Pty Limited	-	-
Gestco Pty Limited	-	-
Glaydon Pty Limited	-	-
Gordinia Pty Limited	-	-
Happee Pty Limited	-	-
Hardly Normal Discounts Pty Limited	-	-
Hardly Normal Pty Limited	-	-
Harvey Norman Financial Services Pty Limited	1,313	1,405
Harvey Norman Leasing (N.Z.) Limited*	-	-
Harvey Norman Limited*	-	-
Harvey Norman Net.Works Pty Limited	-	-
Harvey Norman Properties (N.Z.)* Pty Limited	-	-
Harvey Norman Retailing Pty Limited	-	-
Harvey Norman Shopfitting Pty Limited*	-	-
Harvey Norman Stores Pty Limited	-	-
Harvey Norman Stores (N.Z) Pty Limited*	-	-
Harvey Norman Victoria Pty Limited	1,422	908
Havrex Pty Limited	6	29
Hodberg Pty Limited	501	560
Hodvale Pty Limited	343	237
Hoxco Pty Limited	152	350
Jartoso Pty Limited	278	327
Jondarlu Pty Limited	-	-
Kambaldu Pty Limited	-	-
Keybare Pty Limited	-	-
Kita Pty Limited*	-	-
Koodero Pty Limited	1	-
Korinti Pty Limited	-	-
Krimshaw Pty Limited	-	-
Kroomba Pty Limited	-	-

31. Controlled Entities and Unit Trusts (continued)

Contribution by Controlled Entities and Unit Trusts to operating profit after income tax (continued).

Name	Consolidated		Name	Consolidated	
	1996 \$000	1995 \$000		1996 \$000	1995 \$000
Lamino Pty Limited	-	-	Wytharra Pty Limited	-	-
Lesandu Pty Limited	-	-	Yoogalu Pty Limited	-	-
Lesandu (WA) Pty Limited	-	-	Yoogalu Warehouse Pty Limited	-	-
Lexeri Pty Limited	-	-	Zabella Pty Limited	2,492	2,284
Lodare Pty Limited	-	-	Zavarte Pty Limited	696	922
Loreste Pty Limited	1	-	Zirdano Pty Limited	-	-
Malvis Pty Limited	775	896	Zirdanu Pty Limited	-	-
Manutu Pty Limited	-	-	Zoderme Pty Limited	-	-
Maradoni Pty Limited	-	-	Anwarah No. 2 Trust	-	-
Marinski Pty Limited	261	369	Avocoe No. 2 Trust	-	-
Misstar Pty Limited*	-	-	Bena No. 2 Trust	-	-
Nedcroft Pty Limited	195	95	Big Apple Trust	-	-
Nomadale Pty Limited	-	-	Bogardo No. 2 Trust	-	-
Norman Ross Pty Limited	-	-	Bradiz No. 2 Trust	-	-
Oldmist Pty Limited	-	-	Calardu ACT Trust	875	944
Onza Pty Limited	1,730	1,717	Calardu Aspley Trust	-	-
Osraidi Pty Limited	879	1,203	Calardu Brookvale Trust	-	-
Piatan Pty Limited	-	-	Calardu Bundaberg Trust	299	-
Plezero Pty Limited	60	243	Calardu Cannington Trust	-	-
Quinlea Pty Limited	-	-	Calardu Edwardstown Trust	-	-
Ranano Pty Limited	-	-	Calardu Mackay Trust	-	-
Resum Pty Limited	-	-	Calardu Maribyrnong Trust	113	201
Roowin Pty Limited	-	-	Calardu Melrose Park Trust	-	-
Rosieway Pty Limited	-	-	Calardu Oxley Trust	-	-
Rudari Pty Limited	-	-	Calardu Penrith Trust	32	-
Sarsha Pty Limited	-	-	Calardu Port Macquarie Trust	-	-
Saywarre Pty Limited	-	-	Calardu Preston Trust	-	-
Shanare Pty Limited	-	-	Calardu Rockhampton Trust	168	-
Solaro Pty Limited	201	225	Calardu Rosebery Trust	-	-
Space (NSW) Pty Limited*	-	-	Calardu Vicfurn Trust	-	-
Strathloro Pty Limited	209	315	Calardu Warrawong Trust	182	108
Stupendous Pty Limited	-	-	Calardu No. 1 Trust	353	273
Swaneto Pty Limited	-	-	Calardu No. 2 Trust	550	552
Swanpark Pty Limited	-	-	Calardu No. 3 Trust	385	377
Tampar Pty Limited	-	-	Charmela No. 2 Trust	-	-
Tarshellu Pty Limited	-	-	Geevarne No. 2 Trust	-	-
Tatroko Pty Limited	-	-	Glaydon No. 2 Trust	-	-
Torcarsa Pty Limited	263	157	Gordinia No. 2 Trust	-	-
Tortah Pty Limited	-	-	Happee No. 2 Trust	-	-
Trialli Pty Limited	-	-	Harvey Norman Discounts No. 1 Trust	129	1,459
Truen Pty Limited	-	-	Harvey Norman Lighting No. 1 Trust	50	33
Ventama Pty Limited	95	85	Harvey Norman Lighting Asset Trust	-	-
Vidara Pty Limited	-	-	Harvey Norman Victoria Trust	-	-
Wadins Pty Limited	-	-	Pty Limited	-	-
Wanalti Pty Limited	-	-	Harvey Norman No. 1 Trust	6,774	6,756
Warungi Pty Limited	-	-			
Waytango Pty Limited	-	-			
Wemeni Pty Limited	136	165			

31. Controlled Entities and Unit Trusts (continued)

Contribution by Controlled Entities and Unit Trusts to operating profit after income tax (continued).

Name	Consolidated		Name	Consolidated	
	1996	1995		1996	1995
Hoxgold No. 2 Trust	-	-	Truen No. 2 Trust	-	-
Kaboola No. 2 Trust	-	-	Uconu No. 1 Trust	-	-
Kanfare No. 2 Trust	-	-	Valerinar No. 2 Trust	-	-
Keybare No. 2 Trust	-	-	Vidara No. 2 Trust	-	-
Kilcarva No. 2 Trust	-	-	Yoogalu Albury Trust	19	55
Krimshaw No. 2 Trust	-	-	Yoogalu Campbelltown Trust	742	696
Kroomba No. 2 Trust	-	-	Yoogalu Fairfield Trust	169	223
Lamino Investments No. 1 Trust	252	239	Yoogalu Gordon Trust	593	612
Lamino Investments No. 2 Trust	492	414	Yoogalu Gosford Trust	529	761
Lamino Investments No. 3 Trust	94	92	Yoogalu Lismore Trust	95	237
Lamino Investments No. 4 Trust	-	-	Yoogalu Miranda Trust	681	892
Lamino Investments No. 5 Trust	-	-	Yoogalu Newcastle Trust	992	1,424
Lamino Investments No. 6 Trust	151	27	Yoogalu Warrawong Trust	643	688
Lesandu Albury Trust	-	-	Yoogalu Warringah Mall	550	626
Lesandu Campbelltown Trust	-	-	Zoderme No. 2 Trust	-	-
Lesandu Fairfield Trust	-	-		30,702	32,859
Lesandu Gordon Trust	-	-			
Lesandu Gosford Trust	252	264			
Lesandu Miranda Trust	-	-	Parent entity loss**	(65)	(51)
Lesandu Newcastle Trust	8	-			
Lesandu No. 1 Trust	65	114			
Lesandu Penrith Trust	12	6	Amortisation of goodwill		
Lesandu Rockdale Trust	-	-	on consolidation	(231)	(231)
Lesandu Warrawong Trust	-	13			
Lesandu Warringah Mall Trust	6	2			
Lodare No. 2 Trust	-	-	Operating profit		
Malvis No. 2 Trust	-	-	after income tax	30,406	32,577
Mozzpep No. 2 Trust	-	-			
Osraidi No. 2 Trust	-	-	**The parent company loss is before the		
Piatan No. 2 Trust	-	-	distribution of profits from unit trusts.		
Posharnu No. 2 Trust	-	-			
Quinlea No. 2 Trust	-	-			
Ranano No. 2 Trust	-	-			
Resum No. 2 Trust	-	-			
Roowin No. 2 Trust	-	-			
Rudari No. 2 Trust	-	-			
Saywarre No. 2 Trust	-	-			
Seardon No. 2 Trust	-	-			
Shanare No. 2 Trust	-	-			
Sydney No. 1 Trust	-	-			
Tampar No. 2 Trust	-	-			
Tarshellu No.2 Trust	-	-			
The Calardu Trust	1,065	863			
Torcarsa No. 2 Trust	-	-			
Tortah No. 2 Trust	-	-			
Trialli No. 2 Trust	-	-			

31. Controlled Entities and Unit Trusts (continued)

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
		\$	\$	
Bogardo Pty Limited	100%	2	2	13 December 1995
Calardu Cannington Pty Limited	100%	2	2	14 March 1996
Calardu Edwardstown Pty Limited	100%	2	2	14 March 1996
Calardu Penrith Pty Limited	100%	2	2	10 November 1995
Calardu Port Macquarie Pty Limited	100%	2	2	6 June 1996
Calardu South Australia Pty Limited	100%	2	2	3 August 1995
Calardu Vicfurn Pty Limited	100%	2	2	25 June 1996
Geevarne Pty Limited	100%	2	2	5 March 1996
Glaydon Pty Limited	100%	2	2	28 November 1995
Gordinia Pty Limited	100%	2	2	21 December 1995
Happee Pty Limited	100%	2	2	19 December 1995
Harvey Norman Leasing (N.Z.) Limited	100%	2	2	16 April 1996
Harvey Norman Limited	100%	2	2	4 April 1996
Harvey Norman Net. Works Pty Limited	100%	2	2	12 June 1996
Harvey Norman Properties (N.Z.) Limited	100%	2	2	16 April 1996
Harvey Norman Shopfitting Pty Limited	100%	2	2	23 May 1996
Harvey Norman Stores (N.Z.) Pty Limited	100%	2	2	7 March 1996
Keybare Pty Limited	100%	2	2	15 April 1996
Kita Pty Limited	100%	2	2	8 May 1996
Kroomba Pty Limited	100%	2	2	29 February 1996
Lesandu WA Pty Limited	100%	2	2	16 May 1996
Quinlea Pty Limited	100%	2	2	8 May 1996
Ranano Pty Limited	100%	2	2	20 May 1996
Resum Pty Limited	100%	2	2	18 June 1996
Roowin Pty Limited	100%	2	2	14 May 1996
Rudari Pty Limited	100%	2	2	8 May 1996
Shanare Pty Limited	100%	2	2	24 April 1995
Space (NSW) Pty Limited	100%	51	51	4 June 1996
Tampar Pty Limited	100%	2	2	21 February 1996
Tarshellu Pty Limited	100%	2	2	28 June 1996
Tortah Pty Limited	100%	2	2	27 December 1995
Vidara Pty Limited	100%	2	2	18 November 1995
Zoderme Pty Limited	100%	2	2	5 March 1996
Bogardo No. 2 Trust	100%	100	100	13 December 1995
Calardu Penrith Trust	100%	10	10	11 November 1995
Calardu Port Macquarie Trust	100%	10	10	7 June 1996
Calardu Rosebery Trust	100%	10	10	7 June 1996
Calardu Vicfurn Trust	100%	10	10	26 June 1996
Geevarne No. 2 Trust	100%	100	100	5 March 1996
Glaydon No. 2 Trust	100%	100	100	28 November 1995
Gordinia No. 2 Trust	100%	100	100	21 December 1995
Happee No. 2 Trust	100%	100	100	19 December 1995
Keybare No. 2 Trust	100%	100	100	15 April 1996
Kroomba No. 2 Trust	100%	100	100	29 February 1996
Quinlea No. 2 Trust	100%	100	100	8 May 1996
Ranano No. 2 Trust	100%	100	100	20 May 1996
Resum No. 2 Trust	100%	100	100	18 June 1996
Roowin No. 2 Trust	100%	100	100	14 May 1996
Rudari No. 2 Trust	100%	100	100	8 May 1996

31. Controlled Entities and Unit Trusts (continued)

Acquisition of Subsidiaries (continued)

Name of Company	Portion of Shares Acquired	Consideration Paid for Shares	Fair Value of net Tangible Assets at time of acquisition	Date Acquired
		\$	\$	
Shanare No. 2 Trust	100%	100	100	24 April 1995
Tampar No. 2 Trust	100%	100	100	21 February 1996
Tarshellu No. 2 Trust	100%	100	100	28 June 1996
Tortah No. 2 Trust	100%	100	100	27 December 1995
Vidara No. 2 Trust	100%	100	100	18 November 1995
Zoderme No. 2 Trust	100%	100	100	5 March 1996

Controlled Entities Disposed of:

Name of Company	Portion of Shares Disposed	Profit/Loss on disposal	Fair Value of net Tangible Assets at time of disposal	Date of disposal
		\$	\$	
Bena Pty Limited	100%	-	2	28 August 1995
Happee Pty Limited	100%	-	2	13 June 1996
Krimshaw Pty Limited	100%	-	2	28 August 1995
Piatan Pty Limited	100%	-	2	7 July 1995
Saywarre Pty Limited	100%	-	2	28 August 1995
Shanare Pty Limited	100%	-	2	9 October 1995
Tortah Pty Limited	100%	-	2	13 June 1996
Trialli Pty Limited	100%	-	2	7 July 1995
Truen Pty Limited	100%	-	2	28 August 1995
Vidara Pty Limited	100%	-	2	13 June 1996

32. Deed of Cross Guarantee

A majority of controlled entities (refer Note 31) 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 financial statements.

Controlled Entities (Refer Note 31) 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:

	1996	1995
	\$000	\$000
Assets	263,917	259,485
Liabilities	194,573	199,148
Net profit after tax	3,196	13,676

33. Subsequent Events

On 17 July, 1996 the economic entity made application for, and was allotted 7,600,000 ordinary shares (35¢ par value) at a cost of \$7,600,000 in Freedom Furniture Limited.

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 1996;
- (b) the 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 1996;
- (c) the statement of cash flows is drawn up so as to give a true and fair view of the cash flows of the company for the year ended 30 June 1996; and
- (d) 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 entity who are a party to the deed described in Note 32, will as an economic entity 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 consolidated financial statements have been made out 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 the matters with which they deal.

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



M.J. HARVEY
Managing Director



R. J. SKIPPEN
Director



A.B. BREW
Director

24 September 1996

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 economic entity for the year ended 30 June 1996, as set out on pages 10 to 41. The company's directors are responsible for the preparation and presentation of the 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.

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. These 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 standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) and statutory requirements so as to present a view of the company and of the economic entity which is consistent with our understanding of their financial position, the results of their operations and their cashflows.

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 economic entity 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 economic entity as at 30 June 1996 and of the profit and cashflows of the company and of the economic entity for the year ended on that date; and
 - (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 provisions of the Corporations Law; and
- (c) in accordance with applicable accounting standards and other mandatory professional reporting requirements.

Arthur Andersen
Chartered Accountants

G. C. PATON
Partner

Sydney
24 September 1996

SHAREHOLDER INFORMATION

Distribution of Shareholdings as at 20 September 1996

Size of Holding	Ordinary Shareholders
1 - 1,000	378
1,001 - 5,000	743
5,001 - 10,000	325
10,001 and over	241
	<hr/> 1,687 <hr/>
Number Shareholders with less than a marketable parcel	<hr/> 23 <hr/>

Voting Rights

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

Twenty Largest Shareholders as at 20 September 1996

Number of Ordinary Shares	Shareholder
16,533,467	Dimbulu Pty Limited
16,491,667	G. Harvey Nominees Pty. Limited
14,875,002	Mr. Gerald Harvey
5,276,667	Mrs. Margaret Lynette Harvey
2,836,077	Westpac Custodian Nominees
2,665,911	MLC Life Limited
2,266,980	State Authorities Superannuation Board
1,941,772	Chase Manhattan Nominees Limited
1,880,452	National Nominees Limited
1,792,304	Pendal Nominees Pty Limited
1,742,134	Enbeear Pty Limited
1,646,067	Perpetual Trustees Nominees Limited
1,508,990	Kay Lesley Page
1,407,920	Australian Mutual Provident Society
995,520	Permanent Trustee Australia
799,369	Commonwealth Life Limited
772,654	Norwich Union Life Australia
749,979	Mr. Spencer Murray Gibson
732,862	Permanent Trustee Company Limited
642,183	Permanent Trustee Australia
<hr/> 77,557,977 <hr/>	

Total held by twenty largest shareholders as a percentage - 81%.

DIRECTORY OF "HARVEY NORMAN" SHOPPING COMPLEXES

SYDNEY SUBURBAN

ARNCLIFFE

127 Princes Highway
Arncliffe 2205
Phone (02) 9599 1366

AUBURN

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

250 Parramatta Road
Auburn 2144
Phone (02) 9202 4888

BALGOWLAH

176-180 Condamine Street
Balgowlah 2093
Phone (02) 9948 4511

BLACKTOWN

Unit C5
Cnr Blacktown
& Bungaribee Roads
Blacktown 2148
Phone (02) 9831 2155

CAMPBELLTOWN

4 Blaxland Road
Campbelltown 2560
Phone (046) 28 4088

CARINGBAH

Level 1
Caringbah SupaCenta
220 Taren Point Road
Caringbah 2229
Phone: (02) 9542 7088

CHATSWOOD

Wallaceway Shopping Centre
Cnr Endeavour Street
& Orchard Street
Chatswood 2067
Phone (02) 9419 6133

FAIRFIELD

Shop 4, The Gateway
46-52 Court Road
Fairfield 2165
Phone (02) 9727 8777

GORDON

1st Floor
802-808 Pacific Highway
Gordon 2072
Phone (02) 9498 1499

MIRANDA

4th Floor
Westfield Miranda Fair
The Kingsway
Miranda 2228
Phone (02) 9526 1033

MOORE PARK

Level 2, North SupaCenta
Cnr South Dowling Street
& Dacey Avenue
Moore Park 2021
Phone (02) 9313 6500

PENRITH

Shop 2
61-79 Henry Street
Penrith 2750
Phone (047) 32 1566

WILEY PARK

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

NEW SOUTH WALES COUNTRY

ALBURY

430 Wilson Street
Albury 2640
Phone (060) 41 1944

ARMIDALE

Shop 8
Girraween Shopping Centre
Armidale 2350
(067) 713 788

BATHURST

Sydney Road
Kelso 2795
Phone (063) 32 3399

DIRECTORY OF "HARVEY NORMAN" SHOPPING COMPLEXES

BENNETTS GREEN (NEWCASTLE)

7 Abdon Close
Bennetts Green 2290
Phone (049) 48 4555

COFFS HARBOUR

Park Beach Plaza
Cnr Park Beach Road
& Arthur Street
Coffs Harbour 2450
Phone (066) 51 9011

DENILIQUIN

Cnr. Hardinge &
Harfleur Streets
Deniliquin 2710
Phone (058) 81 5499

DUBBO

195 Cobra Street
Dubbo 2830
Phone (068) 844 977

ERINA (GOSFORD)

Harvey Norman Shopping Complex
Karalta Lane
Erina 2250
Phone (043) 67 6444

GRAFTON

76 Fitzroy Street
Grafton 2460
Phone (066) 43 3266

INVERELL

Cnr Vivian &
Evans Streets
Inverell 2360
Phone (067) 21 0811

LISMORE

17 Zadoc Street
Lismore 2480
Phone (066) 21 8888

MAITLAND

The Maitland Cinema Centre
Ken Tubman Drive
Maitland 2320
Phone (049) 34 2423

MOREE

321 Frome Street
Moree 2400
Phone (067) 527 531

MUDGEE

Cnr Oporto &
Lisbon Roads
South Mudgee 2850
Phone (063) 72 6514

NOWRA

1 O'Keefe Avenue
Nowra 2541
Phone (044) 21 5755

ORANGE

70 Endsleigh Avenue
Orange 2800
Phone (063) 61 4111

PARKES

Shop 1, Saleyards Road
Parkes 2870
Phone (068) 622 800

PORT MACQUARIE

140 Lake Road
Port Macquarie 2444
Phone (065) 81 0088

TAMWORTH

174-176 Peel Street
Tamworth 2340
Phone (067) 66 3999

TAREE

Shop 1
Cnr Mill Close & Whitbread Street
Taree 2430
Phone (065) 513 699

WAGGA

75 Morgan Street
Wagga 2650
Phone (069) 21 7100

WARRAWONG

Cnr King Street &
Shellharbour Road
Warrawong 2502
Phone (042) 75 2722

YOUNG

326 Boorowa Street
Young 2594
Phone (063) 82 5744

DIRECTORY OF "HARVEY NORMAN" SHOPPING COMPLEXES

QUEENSLAND

BRISBANE SUBURBAN

CARINDALE

Homemaker Centre
Cnr Carindale Street and
Old Cleveland Road
Carindale 4152
Phone (07) 3843 1700

JINDALEE

Homebase Centre
17 Mile Rocks Road (off Centenary Hwy)
Jindalee 4074
Phone (07) 3279 0244

MT GRAVATT

Big Top Showrooms
1290 Logan Road
Mt Gravatt 4122
Phone (07) 3849 4299

WINDSOR

Unit C1-3
Windsor Centre
Cnr Lutwyche & Newmarket Roads
Windsor 4030
Phone (07) 3357 7777

QUEENSLAND COUNTRY

BUNDABERG

125 Takalvan Street
Bundaberg 4670
Phone (071) 511 570

BUNDALL (GOLD COAST QLD)

29-45 Ashmore Road
Bundall 4217
Phone (07) 5538 3155

CAIRNS

101 Spence Street
Portsmith 4870
Phone (070) 51 8499

KAWANA WATERS (SUNSHINE COAST QLD)

Lot 28 Nicklin Way
Minyama Gardens
Kawana Waters 4575
Phone (074) 44 8277

MACKAY

Lot 3 Heath's Road
Glenella 4740
Phone (079) 422 688

ROCKHAMPTON

407 Yaamba Road
North Rockhampton 4701
Phone (079) 262 755

TOWNSVILLE

238-262 Woolcock Street
Townsville 4810
Phone (077) 25 5561

AUSTRALIAN CAPITAL TERRITORY

FYSHWICK

Cnr Barrier & Ipswich Streets
Fyshwick 2609
Phone (06) 280 4140

WODEN

Shop 5
Mezzanine Level
Woden Plaza
Woden 2606
Phone (06) 282 2511

VICTORIA

BALLARAT

13 Grenville Street North
Ballarat 3350
Phone (053) 32 9344

BENDIGO

Cnr. High & Furness Streets
Kangaroo Flat 3555
Phone (054) 472 333

DANDENONG

Cnr Frankston-Dandenong & Greens Roads
Dandenong 3175
Phone (03) 9706 9992

GEELONG

420 Princes Highway
Corio 3214
Phone (052) 741 077

DIRECTORY OF "HARVEY NORMAN" SHOPPING COMPLEXES

MARIBYRNONG

169 Rosamond Road
Maribyrnong 3032
Phone (03) 9318 2700

MOORABBIN

420 South Road
Moorabbin 3189
Phone (03) 9555 1222

NUNAWADING

396-408 Whitehorse Road
Nunawading 3131
Phone (03) 9872 6366

SHEPPARTON

Cnr Melbourne Road
& Goulburn Valley Highway
KIALLA 3631
Phone: (058) 232 530

LIGHTING SHOWROOMS

AUBURN

241 Parramatta Road
Auburn 2144
Phone (02) 9202 4888

ERINA (GOSFORD)

168-170 The Entrance Road
Erina 2250
Phone (043) 676 444