

Harvey Norman Holdings Limited

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Australian Securities Exchange Limited
Exchange Centre
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SALES AND UNAUDITED PRELIMINARY PROFIT FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2011

The Directors of Harvey Norman Holdings Limited announce that sales from the franchised "Harvey Norman" complexes, commercial divisions and other sales outlets in Australia, New Zealand, Slovenia, Ireland and Northern Ireland (excluding Singapore) ("Global Sales") totalled \$1.48 billion for the three (3) months ended 30 September 2011. When compared to Global Sales for the period 1 July 2010 to 30 September 2010, **the decrease was 3.8%**.

Like for like Global Sales for the three (3) months ended 30 September 2011, when compared to the same period ended 30 September 2010, **decreased by 3.8%**.

Global Sales have been negatively affected by the deterioration of the New Zealand dollar by 0.3%, Euro by 5.7% and UK Pound by 10.6% against the Australian dollar, from 1 July 2011 to 30 September 2011.

Global Sales increase / (decrease) in constant local currencies

Country		1Qtr 2012 vs 1Qtr 2011 Total Sales %	1Qtr 2012 vs 1Qtr 2011 Like for Like %
Australia	\$ A	(-2.9)	(-2.8)
New Zealand	NZ \$	(-10.2)	(-10.6)
Slovenia	€ Euro	1.2	(-8.9)
Ireland	€ Euro	(-0.5)	(-0.5)
Northern Ireland	£ Pound	(-11.1)	(-11.1)

Unaudited preliminary accounts for the period 1 July 2011 to 30 September 2011 indicate profit before tax and minority interests for the consolidated entity of \$62.8 million compared to \$77.7 million for the corresponding prior period, **a reduction of 19.3% (\$14.9 million)**.

The factors that contributed to this result included:

- The strength of the Australian dollar, price deflation and intense competition eroded average selling prices and, ultimately, retail gross profit margins. These factors have reduced franchise fees received.
- The closure of 4 Clive Peeters and 3 Rick Hart stores.

As part of our integrated franchise, retail and property strategy, the following new complexes have been opened during the month of October 2011:

- Springvale, Victoria, the biggest homemaker complex in Australia anchored by IKEA, Harvey Norman and Domayne;
- A 10,000m² Harvey Norman superstore in Zagreb, Croatia;
- A 10,000m² Harvey Norman superstore in Maribor, Slovenia;
- The new SPACE Asian hub in Bencoolen Street, Singapore.

Yours faithfully



Chris Mentis
Company Secretary