Nick Scali Limited
ABN 82 000 403 896
Head Office
3-9 Birnie Avenue
Lidcombe NSW 2141
Australia
.
Phone: 61 2 9748 4000.
Facsimile: 61 2 9748 4022.

nickscali FURNITURE

15 February 2007

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGMENT

NICK SCALI LIMITED
ACN 000 403 896

Financial Reports
Half year Ended 31 December 2006

This following documents are attached.

- Appendix 4D
- Press Release
- Half Year Financial Report

For further information, contact:

Dominic Chiera
Chief Financial Officer & Company Secretary

Appendix 4D

Half-Year Financial Report

Name of entity

Nick Scali Limited

ABN: 82 000 403 896

Half-year ended ('current period'):
31 DECEMBER 2006

Results for announcement to the market

Extracts for announcement to the market **$A'000**

Revenue from ordinary activities	Up	13.4%	to	37,106
Profit (loss) from ordinary activities after tax attributable to members	Down	7.9%	to	4,522
Profit (loss) from extraordinary items after tax attributable to members		-		-
Net profit (loss) for the period attributable to members	Down	7.9%	to	4,522

Dividends (distributions)	Amount per security	Franked amount per security
	4.5 cents	4.5 cents

Record date for determining entitlements to the dividend 9 March 2007
Date the dividend is payable 30 March 2007

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Press Release

15 February 2007

	Half Year End Dec 2006 $'000	Half Year End Dec 2005 $'000	Change %
Sales revenue	37,106	32,713	13.4%
EBIT	6,243	6,753	-7.6%
Profit After Tax	**4,522**	**4,909**	-7.9%
Dividend	**4.5 cents**	**4.5 cents**	-

Nick Scali Limited, a leading retailer of furniture, today announced a Net Profit After Tax of $4.5 million for the half-year ended 31 December 2006. The result was in line with expectations.

Sales revenue was $37.1 million, up 13.4% from the same period last year due to continued network expansion. Market conditions however remained subdued, particularly in NSW. On a same store basis, sales revenue was down 1.3% although there is some evidence of an upturn.

Managing Director, Mr Anthony Scali, said: "It is encouraging that sales orders received during the six months, on a same store basis, were up 3.6% compared with the six months to 31 December 2005. This is a positive sign for the future."

The decline in net profit after tax of 7.9% compared with the previous corresponding period was as foreshadowed and was mainly the result of establishing the infrastructure to support on-going network expansion. Mr Anthony Scali added however: "I am pleased that throughout this period we were able to hold our gross margins."

During the six months three new stores were opened. Two were opened in Melbourne at Nunawading (October 2006) and Essendon (December 2006), bringing the Company to three stores in Victoria and a new store was also opened at Belrose (October 2006) in Sydney's north. All three stores are performing up to expectations and will add value in the long term.

Mr Anthony Scali said: "in the last eighteen months we have opened seven new stores and we are very pleased with their performance to date. These additions will continue to generate sales growth as they mature. The Company's short term network expansion will remain focused in Melbourne, although a number of strong opportunities in other states are being pursued," Mr Scali added.

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Press Release
15 February 2007
(continued)

The additional infrastructure expenditure to support future growth included the establishment of a distribution centre in Melbourne. This is currently serving only the three new Victorian stores but has significant extra capacity and will generate economies of scale in the future.

Directors have declared a fully franked dividend of 4.5 cents per share, in line with the previous interim dividend. This represents a payout ratio of 81%, and reflects the Board's confidence in the long term growth of the Company and its ability to fund expansion through internally generated cashflow. The dividend will be paid on 30 March 2007 and the record date will be 9 March 2007.

The Company confirms it's previous guidance that it remains on track to achieve Net Profit After Tax for the full year of $9.0 million.

For further information, contact:

Anthony Scali or Dominic Chiera
Managing Director — Chief Financial Officer
(02) 9748 4000 — 02 9748 4000

NICK SCALI LIMITED
A.B.N. 82 000 403 896

Half-Year Financial Report 31 December 2006

Index

Directors' Report

Your directors submit their report for the half-year ended 31 December 2006.

Directors
The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

John W. Ingram	*Chairman*
Nick D. Scali	*Director*
Greg R. Laurie	*Director*
Anthony J. Scali	*Managing Director*
Nicky D. Scali	*Alternate Director*

Review and Results of Operations
The Company achieved a Net Profit After Tax of $4.5 million for the half-year ended 31 December 2006. The result was in line with expectations.

Sales revenue was $37.1 million, up 13.4% from the same period last year due to continued network expansion. Market conditions however remained subdued, particularly in NSW. On a same store basis, sales revenue was down 1.3% although there is some evidence of an upturn.

The decline in net profit after tax of 7.9% compared with the previous corresponding period was as foreshadowed and was mainly the result of establishing the infrastructure to support on-going network expansion.

During the six months three new stores were opened. Two were opened in Melbourne at Nunawading (October 2006) and Essendon (December 2006), bringing the Company to three stores in Victoria and a new store was also opened at Belrose (October 2006) in Sydney's north. All three stores are performing up to expectations and will add value in the long term.

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Auditors Independence Declaration
We have obtained the independence declaration on page 13 from our auditors, Ernst & Young.

On behalf of the Board, signed in accordance with a resolution of the directors.

J.W. Ingram Chairman **A.J. Scali** Managing Director

Sydney, 15 February 2007

Condensed Income Statement
For the half year ended 31 December 2006

	Notes	Half-year Ended 31 Dec 06 $'000	Half-year Ended 31 Dec 05 $'000
Revenue	2	37,106	32,713
Cost of sales		(15,038)	(13,291)
GROSS PROFIT		**22,068**	**19,422**
Other income	2	240	280
Other expenses	2	(15,881)	(12,719)
PROFIT FROM OPERATIONS BEFORE TAX AND FINANCE COSTS		**6,427**	**6,983**
PROFIT BEFORE INCOME TAX		**6,427**	**6,983**
Income tax expense		**(1,905)**	**(2,074)**
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO MEMBERS		**4,522**	**4,909**
Earnings per share (cents per share)			
Basic for profit for the half-year		5.58	6.06
Diluted for profit for the half-year		5.58	6.06
Dividends per share declared (cents per share)		4.50	4.50
Net tangible asset backing per share (cents per share)		16.85	14.85

Balance Sheet
For the half year ended 31 December 2006

	As at Dec-06 $'000	As at Jun-06 $'000
CURRENT ASSETS		
Cash assets	5,401	6,291
Receivables	1,013	944
Inventories	11,952	10,985
Other financial assets	-	1
Other assets	544	378
TOTAL CURRENT ASSETS	**18,910**	**18,599**
NON-CURRENT ASSETS		
Deferred tax assets	296	319
Property, plant and equipment	3,656	3,136
Intangible assets	2,378	2,378
TOTAL NON-CURRENT ASSETS	**6,330**	**5,833**
TOTAL ASSETS	**25,240**	**24,432**
CURRENT LIABILITIES		
Payables	7,034	8,943
Current tax liabilities	694	849
Provisions	1,399	623
TOTAL CURRENT LIABILITIES	**9,127**	**10,415**
NON-CURRENT LIABILITIES		
Provisions	90	86
TOTAL NON-CURRENT LIABILITIES	**90**	**86**
TOTAL LIABILITIES	**9,217**	**10,501**
NET ASSETS	**16,023**	**13,931**
EQUITY		
Contributed equity	3,364	3,364
Reserves	78	78
Retained profits	12,581	10,489
TOTAL EQUITY	**16,023**	**13,931**

Condensed Cash Flow Statement
For the half year ended 31 December 2006

	Half-year Ended 31 Dec 06 $'000	Half-year Ended 31 Dec 05 $'000
Cash Flows from Operating Activities		
Receipts from customers	40,792	34,830
Payments to suppliers and employees	(36,455)	(28,234)
Other	(1,876)	(2,008)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**2,461**	**4,588**
Cash Flows from Investing Activities		
Proceeds from sale of property, plant & equipment	-	17
Purchase of property, plant & equipment	(921)	(582)
NET CASH FLOWS (USED) IN INVESTING ACTIVITIES	**(921)**	**(565)**
Cash Flows from Financing Activities		
Equity dividends paid	(2,430)	(2,835)
Repayment of finance leases	-	(7)
NET CASH (USED) IN FINANCING ACTIVITIES	**(2,430)**	**(2,842)**
NET (DECREASE)/INCREASE IN CASH HELD	(890)	1,181
Add Opening Cash brought forward	6,291	6,683
Closing Cash carried forward	**5,401**	**7,864**

Statement of Changes in Equity
For the half year ended 31 December 2006

	Issued Capital	Retained Profits	Other Reserves	Total
Half Year Ended 31 December 2006				
As at 1 July 2006	3,364	10,489	78	13,931
Profit for the period	-	4,522	-	4,522
Equity dividends	-	(2,430)	-	(2,430)
As at 31 December 2006	**3,364**	**12,581**	**78**	**16,023**
Half Year Ended 31 December 2005				
As at 1 July 2005	3,364	8,887	78	12,329
Profit for the period	-	4,909	-	4,909
Equity dividends	-	(2,835)	-	(2,835)
As at 31 December 2005	**3,364**	**10,961**	**78**	**14,403**

Notes to the Financial Statements
For the half year ended 31 December 2006

Note 1: Basis of preparation of the half-year financial report

(a) Corporate information

The financial report of Nick Scali Limited (the Company) for the half-year ended 31 December 2006 was authorised for issue in accordance with a resolution of the directors on 15 February 2007. Nick Scali Limited is a company incorporated in Australia and limited by shares, which are publicly traded on the Australian Stock Exchange.

(b) Statement of significant accounting policies

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of the Company as at 30 June 2006.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half-year ended 31 December 2006 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2006, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2006, which have been determined to have no impact on the accounting policies of the Company.

(c) Basis of preparation

The half-year consolidated financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 Interim Financial Reporting and other mandatory professional reporting requirements. The half-year financial report has been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated under the option available to the company under ASIC Class Order 98/0100, The company is an entity to which the class order applies.

(d) Changes in accounting policies

New / revised standards and interpretations applicable for the years commencing 1 July 2006 have been reviewed and it was determined that changes were not required to the existing accounting policies adopted by the Nick Scali Limited. Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but not yet effective and have not been adopted by the Company for the interim reporting period. The directors' have not yet assessed the impact of these new or amended standards (to the extent relevant to the Company) and interpretations.

Notes to the Financial Statements
For the half year ended 31 December 2006

	Half-year Ended 31 Dec 06 $'000	Half-year Ended 31 Dec 05 $'000
Note 2: Revenue and Expenses		
(a) Specific Items		
Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity		
(i) Revenue		
Sale of goods	37,106	32,713
	37,106	32,713
(ii) Other income		
Finance income	184	230
Other income	56	50
	240	280
(iii) Expenses		
Sales and marketing	2,925	2,564
Employee costs and benefits	5,652	4,577
General and administration expenses	1,043	909
Property expenses	5,860	4,243
Depreciation	401	426
	15,881	12,719

(b) Seasonality of Operations

There are no significant seasonal factors for the business.

(c) Revision of Accounting Estimates

There was no revision of accounting estimates made during the period.

Notes to the Financial Statements
For the half year ended 31 December 2006

	Half-year Ended 31 Dec 06 $'000	Half-year Ended 31 Dec 05 $'000

Note 3: Dividends Paid and Proposed

Equity dividends on ordinary shares

(a) Dividends paid during the half-year		
Final franked dividend for financial year 30 June 2006: 3.0 cents (2005: 3.5 cents)	2,430	2,835
(b) Dividends proposed and not recognised as a liability		
Interim franked dividend for financial year 30 June 2007: 4.5 cents (2006: 4.5 cents)	3,645	3,645

Note 4: Issued Capital

	As at 2006 '000	As at 2005 '000
Ordinary shares		
Issued and fully paid	81,000	81,000

Note 5: Segment Reporting

The Company operates in one industry segment, being retail furniture, and in one geographical location, being Australia.

Note 6: Contingent Assets and Liabilities

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

Note 7: Events after the Balance Date

There have been no material or significant events that have occurred after the balance date.

Note 8: Additional Information

Reconciliation of cash	Half-year Ended 31 Dec 06 $'000	Half-year Ended 31 Dec 05 $'000
For the purposes of the Condensed Cashflow Statement, cash and cash equivalents comprise the following at 31 December:		
Cash at bank and in hand	1,813	1,870
Short term deposits	3,587	5,994
	5,401	7,864

Directors' Declaration

In accordance with a resolution of the directors of Nick Scali Limited, we state that:

In the opinion of the directors :

(1) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

(i) give a true and fair view of the financial position as at 31 December 2006 and the performance for the half-year ended on that date; and

(ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(2) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

J.W. Ingram Chairman

A.J. Scali Managing Director

Sydney, 15 February 2007

ERNST & YOUNG

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To the members of Nick Scali Limited

Report on the Half-Year Condensed Financial Report

We have reviewed the accompanying half-year financial report of Nick Scali Limited, which comprises the balance sheet as at 31 December 2006, and the condensed income statement, statement of changes in equity and condensed cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the half-year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* and other mandatory financial reporting requirements in Australia. As the auditor of Nick Scali Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence
In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our review of the financial report, we were engaged to undertake taxation compliance services. The provision of these services has not impaired our independence.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Nick Scali Limited is not in accordance with:

(a) the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
Date: 15 February 2007

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Auditor's Independence Declaration to the Directors of Nick Scali Limited

In relation to our review of the financial report of Nick Scali Limited for the half-year ended 31 December 2006, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
Date: 15 February 2007