Nick Scali Limited
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14 February 2008

Company Announcements Office
Australian Stock Exchange Limited
20 Bridge Street
Sydney NSW 200

By electronic lodgement

Nick Scali Limited
ACN 000 403 896

Financial Reports
Half Year Ended 31 December 2007

The following documents are attached.

- Appendix 4D
- Financial Statements

For further information, contact:

Dominic Chiera
Chief Financial Officer

Appendix 4D

Half-Year Financial Report

Name of entity

Nick Scali Limited

ABN: 82 000 403 896

Half-year ended ('current period'):
31 DECEMBER 2007

Results for announcement to the market

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

Revenue from ordinary activities	Up	17.1%	to	43,463
Profit (loss) from ordinary activities after tax attributable to members	Up	2.2%	to	4,619
Net profit (loss) for the period attributable to members	Up	2.2%	to	4,619

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

Record date for determining entitlements to the dividend 10 March 2008
Date the dividend is payable 31 March 2008

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

Half-Year Financial Report 31 December 2007

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

Directors' Report

Your directors submit their report for the half-year ended 31 December 2007.

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 recorded a net profit after tax of $4.62 million for the six months ended 31 December 2007. This represents an increase of 2.2% on the corresponding period in the last financial year. Sales increased by 17.1% to $43.5 million. On a same store basis, sales were marginally above last year.

Sales performance continued to be inconsistent during the period. Queensland and South Australia performed comparatively better than the other states.

Two stores were opened during the period - Bundall on the Gold Coast and Marion in Adelaide. Both these stores are in strategically important locations.

The Company is currently preparing for an entry into the Perth market. Three stores and a distribution centre will be opened during the second half of fiscal 2008.

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

Rounding
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.

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

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

Sydney, 14 February 2008

Condensed Income Statement
For the half year ended 31 December 2007

	Notes	Half-year Ended 31 Dec 07 $'000	Half-year Ended 31 Dec 06 $'000
Revenue	2	43,463	37,106
Cost of sales		(17,648)	(15,038)
GROSS PROFIT		**25,815**	**22,068**
Other income and revenue	2	340	240
Other expenses	2	(19,584)	(15,881)
PROFIT FROM OPERATIONS BEFORE TAX AND FINANCE COSTS		**6,571**	**6,427**
PROFIT BEFORE INCOME TAX		**6,571**	**6,427**
Income tax expense		**(1,952)**	**(1,905)**
NET PROFIT FOR THE PERIOD		**4,619**	**4,522**

Earnings per share (cents per share)		
Basic for profit for the half-year	5.70	5.58
Diluted for profit for the half-year	5.70	5.58
Dividends per share declared (cents per share)	4.50	4.50
Net tangible asset backing per share (cents per share)	18.09	17.00

Balance Sheet
As at 31 December 2007

	As at 31 Dec 07 $'000	As at 30 Jun 07 $'000
CURRENT ASSETS		
Cash assets	5,987	7,846
Receivables	547	797
Inventories	13,303	13,192
Other assets	1,867	1,065
TOTAL CURRENT ASSETS	**21,704**	**22,900**
NON-CURRENT ASSETS		
Deferred tax assets	462	375
Property, plant and equipment	4,183	3,965
Intangible assets	2,378	2,378
TOTAL NON-CURRENT ASSETS	**7,023**	**6,718**
TOTAL ASSETS	**28,727**	**29,618**
CURRENT LIABILITIES		
Payables	8,872	10,864
Current tax liabilities	1,180	1,337
Provisions	1,024	844
TOTAL CURRENT LIABILITIES	**11,076**	**13,045**
NON-CURRENT LIABILITIES		
Provisions	157	53
TOTAL NON-CURRENT LIABILITIES	**157**	**53**
TOTAL LIABILITIES	**11,233**	**13,098**
NET ASSETS	**17,494**	**16,520**
EQUITY		
Issued capital	3,364	3,364
Reserves	78	78
Retained profits	14,052	13,078
TOTAL EQUITY	**17,494**	**16,520**

Condensed Cash Flow Statement
For the half year ended 31 December 2007

	Half-year Ended 31 Dec 07 $'000	Half-year Ended 31 Dec 06 $'000
Cash Flows from Operating Activities		
Receipts from customers	46,679	40,792
Payments to suppliers and employees	(42,220)	(36,455)
Other	(1,939)	(1,876)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**2,520**	**2,461**
Cash Flows from Investing Activities		
Purchase of property, plant & equipment	(734)	(921)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	**(734)**	**(921)**
Cash Flows from Financing Activities		
Equity dividends paid	(3,645)	(2,430)
NET CASH USED IN FINANCING ACTIVITIES	**(3,645)**	**(2,430)**
NET DECREASE IN CASH AND CASH EQUIVALENTS HELD	**(1,859)**	**(890)**
Cash and Cash equivalents at beginning of the period	7,846	6,291
Cash and Cash equivalents at end of the period	**5,987**	**5,401**

Statement of Changes in Equity
For the half year ended 31 December 2007

	Issued Capital $'000	Retained Profits $'000	Other Reserves $'000	Total $'000
Half Year Ended 31 December 2007				
As at 1 July 2007	3,364	13,078	78	16,520
Total income and expense for the period recognised directly in equity	-	-	-	-
Profit for the period	-	4,619	-	4,619
Total income and expense for the period	-	4,619	-	4,619
Equity dividends	-	(3,645)	-	(3,645)
As at 31 December 2007	**3,364**	**14,052**	**78**	**17,494**
Half Year Ended 31 December 2006				
As at 1 July 2006	3,364	10,489	78	13,931
Total income and expense for the period recognised directly in equity	-	-	-	-
Profit for the period	-	4,522	-	4,522
Total income and expense 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**

Notes to the Financial Statements
For the half year ended 31 December 2007

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 2007 was authorised for issue in accordance with a resolution of the directors on 14 February 2008. 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 2007.

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 2007 in accordance with the continuous disclosure obligations arising under the Australian Stock Exchange listing rules.

The half-year financial statements have been prepared using the same accounting policies as used in the annual financial statements for the year ended 30 June 2007, except for the adoption of standards mandatory for the annual periods beginning on or after 1 July 2007. The standards adopted by the company are AASB 7: Financial Instruments: Disclosure and AASB 2007-4: Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments. These standards relate to disclosures required in the annual financial report and will be reflected in the 30 June 2008 financial report 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.

(d) Changes in accounting policies

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 Company has not yet assessed the impact of adopting these new standards.

Notes to the Financial Statements
For the half year ended 31 December 2007

	Half-year Ended 31 Dec 07 $'000	Half-year Ended 31 Dec 06 $'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 company

	Half-year Ended 31 Dec 07 $'000	Half-year Ended 31 Dec 06 $'000
(i) Revenue		
Sale of goods	43,463	37,106
	43,463	37,106
(ii) Other income and revenue		
Finance income	255	184
Other income	85	56
	340	240
(iii) Expenses		
Sales and marketing	6,474	5,612
General and administration expenses	5,302	4,409
Property expenses	7,808	5,860
	19,584	15,881

(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 2007

Note 3: Dividends Paid and Proposed

	Half-year Ended 31 Dec 07 $'000	Half-year Ended 31 Dec 06 $'000
Equity dividends on ordinary shares		
(a) Dividends paid during the half-year		
Final franked dividend for financial year 30 June 2007: 4.5 cents (2006: 3.0 cents)	3,645	2,430
(b) Dividends proposed and not recognised as a liability		
Interim franked dividend for financial year 30 June 2008: 4.5 cents (2007: 4.5 cents)	3,645	3,645

Note 4: Issued Capital

	As at 31 Dec 07 '000	As at 30 Jun 07 '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

	As at 31 Dec 07 $'000	As at 31 Dec 06 $'000
Reconciliation of cash		
For the purposes of the Condensed Cashflow Statement, cash and cash equivalents		
Cash at bank and on hand	5,987	5,401

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 2007 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, 14 February 2008

ERNST & YOUNG

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To the members of Nick Scali Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Nick Scali Limited, which comprises the balance sheet as at 31 December 2007, 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 establishing 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 2007 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, a copy of which is on page 13.

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 the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company's financial position as at 31 December 2007 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.*

Ernst & Young

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
Date: 14 February 2008

ERNST & YOUNG

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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 2007, 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: 14 February 2008