Nick Scali Limited
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18 February 2010

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

By electronic lodgement

Nick Scali Limited
ACN 000 403 896
ASX Code: NCK

Half Year Ended 31 December 2009

The following documents are attached for release to the market.

- Appendix 4D
- Financial Statements

For further information, contact:

David Clarke
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 2009

Results for announcement to the market

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

Revenue from ordinary activities	Up	21.9%	to	48,676
Profit (loss) from ordinary activities after tax attributable to members	Up	146.3%	to	6,261
Profit (loss) from extraordinary items after tax attributable to members		-		-
Net profit (loss) for the period attributable to members	Up	146.3%	to	6,261

Net tangible asset backing per share (cents per share)	December 2009	21.81
	December 2008	19.81

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 2010
Date the dividend is payable	31 March 2010

Nick Scali Limited

Half - Year Financial Report

31 December 2009

Half-Year Financial Report 31 December 2009

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Directors' report

Your directors submit their report for the half-year ended 31 December 2009.

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 $6.3 million for the six months ended 31 December 2009. This represents an increase of 146% on the corresponding period in the last financial year. Sales increased 22% to $48.7 million.

Contributing to the increased sales was the opening of three new stores and a 14.4% growth in comparable store revenue. This growth was driven by positive consumer sentiment and a more buoyant housing sector. The higher sales volume has delivered the benefits sought by the leveraging of the existing infrastructure in recent years.

Profit in the previous period was significantly affected by the impact of the broader economic crises on consumer confidence.

At the end of the first half a new store was opened at Southwharf in Victoria. Two more stores are expected to be opened before the end of the current Financial Year.

Auditors independence declaration

We have obtained the independence declaration on page 14 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, 18 February 2010

Statement of income

For the half year ended 31 December 2009

	Notes	Half-year Ended 31 Dec 09 $'000	Half-year Ended 31 Dec 08 $'000
Revenue from sale of goods	2	48,676	39,924
Cost of goods sold		(18,281)	(16,980)
Gross profit		**30,395**	**22,944**
Other income	2	278	263
Distribution expenses		(2,548)	(2,550)
Sales and Marketing expenses		(8,627)	(7,010)
Administrative expenses		(1,933)	(1,995)
Occupancy expenses		(8,176)	(7,506)
Other expenses		(445)	(500)
Finance costs		-	(14)
Profit before income tax		**8,944**	**3,632**
Income tax expense		(2,683)	(1,090)
Profit after tax		**6,261**	**2,542**

Earnings per share (cents per share)		
Basic for profit for the half-year	7.7	3.1
Diluted for profit for the half-year	7.7	3.1
Dividends per share declared (cents per share)	4.5	0.0

Statement of comprehensive income

For the half year ended 31 December 2009

	Half-year Ended 31 Dec 09 $'000	Half-year Ended 31 Dec 08 $'000
Profit after tax	6,261	2,542
Other comprehensive income		
Cash flow hedges gain/(loss) taken to equity	218	-
Other comprehensive income for the period	**218**	**-**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**6,479**	**2,542**

Statement of financial position

As at 31 December 2009

	As at 31 Dec 09 $'000	As at 30 Jun 09 $'000
ASSETS		
Current assets		
Cash and cash equivalents	16,607	11,498
Receivables	521	639
Inventories	12,956	11,609
Other financial assets	4	-
Prepayments and Other assets	671	877
Total current assets	**30,759**	**24,623**
Non-current assets		
Prepayments and Other assets	104	-
Deferred tax assets	862	782
Property, plant and equipment	4,453	4,388
Intangible assets	2,378	2,378
Total non-current assets	**7,797**	**7,548**
TOTAL ASSETS	**38,556**	**32,171**
LIABILITIES		
Current liabilities		
Payables	16,195	12,368
Current tax liabilities	1,887	1,005
Provisions	163	163
Total current liabilities	**18,245**	**13,536**
Non-current liabilities		
Provisions	268	211
Total non-liabilities	**268**	**211**
TOTAL LIABILITIES	**18,513**	**13,747**
NET ASSETS	**20,043**	**18,424**
EQUITY		
Contributed equity	3,364	3,364
Reserves	102	(116)
Retained profits	16,577	15,176
TOTAL EQUITY	**20,043**	**18,424**

Statement of cash flows

For the half-year ended 31 December 2009

	Half-year Ended 31 Dec 09 $'000	Half-year Ended 31 Dec 08 $'000
Cash flows from operating activities		
Receipts from customers	54,304	41,976
Payments to suppliers and employees	(42,122)	(38,245)
Interest received	278	256
Interest paid	-	(14)
Income tax paid	(1,976)	(1,104)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**10,484**	**2,869**
Cash flows from investing activities		
Purchase of property, plant & equipment	(515)	(413)
NET CASH FLOWS (USED) IN INVESTING ACTIVITIES	**(515)**	**(413)**
Cash flows from financing activities		
Equity dividends paid	(4,860)	(2,025)
Repayment of interest bearing loans	0	(804)
NET CASH (USED) IN FINANCING ACTIVITIES	**(4,860)**	**(2,829)**
NET INCREASE / (DECREASE) IN CASH HELD	**5,109**	**(373)**
Add opening cash and cash equivalents brought forward	11,498	7,451
Closing cash carried forward	**16,607**	**7,078**

Statement of changes in equity

For the half-year ended 31 December 2009

	Contributed equity $'000	Assets revaluation reserve $'000	Cash flow hedge reserve $'000	Retained profits $'000	Total $'000
Half Year Ended 31 December 2009					
As at 1 July 2009	3,364	78	(194)	15,176	18,424
Profit for the period	-	-	-	6,261	6,261
Other comprehensive income	-	-	218	-	218
Total comprehensive income	-	-	218	6,261	6,479
Equity dividends	-	-	-	(4,860)	(4,860)
As at 31 December 2009	**3,364**	**78**	**24**	**16,577**	**20,043**
Half Year Ended 31 December 2008					
As at 1 July 2008	3,364	78	-	12,384	15,826
Profit for the period	-	-	-	2,542	2,542
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	2,542	2,542
Equity dividends	-	-	-	(2,025)	(2,025)
As at 31 December 2008	**3,364**	**78**	**-**	**12,901**	**16,343**

Notes to the financial statements

For the half-year ended 31 December 2009

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 2009 was authorised for issue in accordance with a resolution of the directors on 18th February 2010. 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 2009.

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 2009 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 2009.

(c) Basis of preparation

The half-year 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 Interpretations have recently been issued or amended but are 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.

The adoption of the following new and revised standards has resulted in changes to the Company's presentation of the half-year financial report as follows:

AASB 8 Operating Segments
The adoption of AASB8 has resulted in amended segment disclosures and has no impact on the reported results or financial position of the Company. The standard requires the disclosure of information on reportable operating segments which are defined based on information regularly used by the chief operating decision maker. The Company's operating segments and relevant disclosures are outlined in note 5.

AASB101 (Revised) Presentation of Financial Statements
In response to revisions to AASB101 an additional statement of comprehensive income has been included in the financial statements, containing items previously included in the statement of changes in equity that are not "owner related"; and the "balance sheet" has been renamed statement of financial position.

Notes to the financial statements (cont'd)

For the half-year ended 31 December 2009

		Half-year Ended 31 Dec 09 $'000	Half-year Ended 31 Dec 08 $'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	48,676	39,924
		48,676	39,924
	(ii) Other income		
	Finance income	278	256
	Other income	-	7
		278	263

(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.

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 2009: 6.0 cents (2008: 2.5 cents)	4,860	2,025
	(b) Dividends proposed and not recognised as a liability		
	Interim franked dividend for financial year 31 Dec 2009: 4.5 cents (2009: 0.0 cents)	3,645	-

Notes to the financial statements (cont'd)

For the half-year ended 31 December 2009

Note 4:	Issued capital	As at 31 Dec 09 '000	As at 30 Jun 09 '000
	Ordinary shares		
	Issued and fully paid	81,000	81,000

Note 5: Segment reporting

The Company has identified its operating segments based on the information regularly reviewed by the Managing Director and the Board of Directors (the chief operating decision makers) in assessing performance and determining the allocation of resources within the Company. Consideration is given to the manner in which the products are sold, the nature of the products supplied, the organisational structure and the country in which the activity is undertaken.

Reportable segments are based on aggregated operating segments determined by the similarity of products sold, the type of customer and methods of distribution to them. The Company's one reportable segment is the retailing of furniture in Australia, the revenue of which is derived from that activity.

The total of the reportable segments' revenue and profit is the same as that of Company as whole and as disclosed in the income statement.

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 09 $'000	As at 30 Jun 09 $'000
	Reconciliation of cash		
	For the purposes of the cash flow statement, cash and cash equivalents comprise the following at 31 December:		
	Cash at bank and in hand	16,607	11,498

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 2009 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, 18th February 2010

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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 statement of financial position as at 31 December 2009, and the statement of income, statement of comprehensive income, statement of cash flows and statement of changes in equity 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 Interim and other Financial Reports 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 2009 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*. 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 included in the Directors' Report.

Ernst & Young

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year 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 2009 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: 18 February 2010

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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 2009, 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
Date: 18 February 2010