

Nick Scali Limited
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20 August 2009

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

Year Ended 30 June 2009

The following document is attached for release to the market.

- Press Release.

For further information, contact:

David Clarke
Chief Financial Officer

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Press Release
20th August 2009

Stronger Second Half Supports Nick Scali

	Year ended June 2009 \$'000	Year ended June 2008 \$'000	Change %
Sales revenue	77,507	78,840	-1.7%
Profit before tax	6,882	9,370	-26.6%
Net profit after tax	4,817	6,596	-27.0%

Australian furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) has announced a net profit before tax of \$6.9 million (after tax \$4.8 million) for the year ended 30 June 2009. Managing Director, Mr Anthony Scali said "The Company has produced a result ahead of market expectations which was buoyed by a materially stronger second half. Net profit before tax for the second half was 16% above the previous corresponding period whereas the first half saw a decline of 45% over the previous first half" Mr Scali said. Full year net profit before tax was 27% below the previous year.

The full year result was achieved despite unusually difficult trading conditions, particularly during the period from September 2008 to February 2009, that saw consumer confidence fall to very low levels as a consequence of great economic uncertainty and wealth erosion. This was compounded by the very rapid fall in the value of the Australian dollar against the US dollar in the first half of the year which, as reported previously, put pressure on managing margins in what was a very tough market.

The Directors have declared a fully franked dividend of 6 cents per share, with a Record Date of 9 October 2009 and payable on 30 October 2009. As no interim dividend was paid, this represents a full year dividend of 6 cents per share and a payout ratio of 101%.

From March 2009 trading conditions improved and the Company's focus on product offering, pricing and marketing initiatives also began to deliver benefits. This recovery lifted sales in the

second half to 6.2% above the same period last year, with comparable store sales increasing 3.5%. The Company has responded to the adjustment in the dollar exchange rate and margins have returned to near their previous levels.

The Company's ongoing focus on cost controls and inventory management served it well during the year, helping to mitigate the adverse profit impact of the subdued market.

The Company achieved strong operating cashflows throughout the year and has solid cash reserves, no debt, and a strong balance sheet. Mr Scali said "the Company is well positioned to take advantage of opportunities that might become available, and has continued its commitment to open additional stores in strategically sound locations despite the conditions that prevailed during the year".

Three new stores were opened during the year; two in Victoria in December 2008, and the third in South Australia in June 2009. The location of these stores leverages the Company's existing distribution infrastructure and marketing investment in those regions. Further stores are committed or planned within the next 18 months, particularly in Queensland and Victoria.

Outlook

In the final quarter of the year the Company achieved a level of sales orders higher than experienced in recent years. This higher level of demand has continued into the early weeks of the current financial year and the Company's customer forward order book is currently at an historic high.

There may be some risk of a slowing in retail demand particularly in the first half, as forecast by some commentators, but at this stage the Directors believe that the Company will achieve a materially increased profit for the year ending 30 June 2010.

For further information contact:

Anthony Scali
Managing Director

or

David Clarke
Chief Financial Officer