

Nick Scali Limited
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13 February 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

Half Year Ended 31 December 2008

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
13th February 2009

Nick Scali achieves market guidance in a difficult half

	Half Year ended December 2008 \$'000	Half Year ended December 2007 \$'000	Change %
Sales revenue	39,924	43,463	-8.1%
Profit before tax	3,632	6,571	-44.7%
Net profit after tax	2,542	4,619	-45.0%

Australian furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) has announced a net profit before tax of \$3.6 million (after tax \$2.5 million) for the half year ended 31 December 2008. In doing so, the Company has delivered a net after tax profit consistent with the market guidance provided by the Company at its AGM in October.

This result was achieved in very difficult trading conditions, which saw a decline in sales revenue of 8% to \$39.9m and pressure on gross margin as a result of the rapid depreciation of the Australian dollar in the period.

The current turmoil in the economic environment has created great uncertainty and the Directors are of the view that to be responsible and prudent, any dividend for the 2009 fiscal year should be determined at the end of the fiscal year. Therefore, the Directors have declared that no interim dividend will be paid. This also reflects the Directors' desire to preserve a strong balance sheet and cash position during a continuing period of high economic uncertainty.

The global and domestic economic situation continues to make the trading environment difficult, despite the stimulus packages provided by the Government. The Company's products can be considered in the most part to be "big ticket" discretionary spending items, an area of the economy particularly struggling. Overall, the first half of fiscal 2009 saw a decrease in same store sales of 12%.

Net profit after tax has declined 45% compared with the same period last year as a result of both reduced sales, and the very rapid decline in the Australian dollar that impacted margins on customer pre-committed products. The Company has good cost controls in place and well managed inventory which has helped to partially mitigate the profit impact of these external factors.

Despite the economic slowdown, the Company continues to experience strong positive operating cashflows, has solid cash reserves, essentially no debt, and overall a strong balance sheet. The Company is well positioned to take advantage of opportunities that might not otherwise become available in more positive market conditions. The Directors continue to assess new store locations and will commit to open stores in strategic locations.

Two new stores opened at the end of December, at Richmond and Frankston, both in Victoria, increasing the utilisation of the Victorian distribution infrastructure and furthering the Company's presence in this underpenetrated market. Further stores are planned or committed nationally within the next 18 months, including in South Australia, Queensland and Victoria.

Outlook

January is traditionally the industry's biggest trading month and in January 2009 sales orders were down 2% overall and 6.5% on a comparative store basis, compared with last year. The December Government stimulus package, which was primarily aimed at those other than our typical demographic, provided only a short-lived boost for orders in early January. As market conditions remain unpredictable and the implementation and impact of further Government stimulus initiatives uncertain, it remains very difficult at present to forecast trading results for the full 2008/09 year.

For further information contact:

Anthony Scali
Managing Director

or

David Clarke
Chief Financial Officer