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.

- Results Presentation.

For further information, contact:

David Clarke
Chief Financial Officer

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Results Presentation

Six months ended 31 December 2008 (1H09)

Key points

Profit	• Achieved market guidance in a difficult half • NPBT of $3.6m, down from $6.6m in FY08 • EPS for Half Year of 3.1 cents, down from 5.7 cents in FY08 • A combination of reduced same store sales due to economic conditions and rapidly weakened Australian Dollar were the primary factor for the lower result
Sales	• Decreased 8% to $39.9m from $43.5m • Same store sales growth was negative 12% for the period
New Stores	• New stores opened Frankston and Richmond, both in Victoria, at the end of December. A further store will open in South Australia by the end of the financial year.
Cash Flow	• Operating cash flow was $2.9m, up from $2.5m (14%)
Balance Sheet	• Strong balance sheet • Net cash at balance date of $6.6m vs $6.2m June 08 and $6.0m Dec 07 • Minimal debt - used for flexibility in cash management • Controlled inventory levels
Dividend	• Market uncertainty prompts prudent approach by Directors to determine any fiscal 2009 dividend at the end of the fiscal year. • Therefore, Directors declare no interim dividend

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Earnings Summary

HY/End 31 Dec ($m)	1H08	1H09	Change
Sales revenue	**43.5**	**39.9**	**-8%**
Cost of sales	(17.6)	(17.0)	
Gross profit	**25.8**	**22.9**	
Other income	0.1	0.2	
Operating expenses	(19.1)	(19.3)	
EBITDA	**6.8**	**3.8**	**-44%**
Depreciation	(0.5)	(0.5)	
EBIT	**6.3**	**3.3**	**-48%**
Net interest	0.3	0.3	
Profit before tax	**6.6**	**3.6**	**-45%**
Taxation	(2.0)	(1.1)	
NPAT	**4.6**	**2.5**	**-45%**
Gross margin	59.4%	57.4%	
Op expenses / sales	43.9%	48.4%	
EBITDA margin	15.7%	9.5%	
EBIT margin	14.5%	8.3%	
Effective tax rate	29.7%	29.6%	
Earnings ¢ per share	5.7	3.1	
Dividends ¢ per share	4.5	0.0	

- Sales were down 8% in difficult trading environment
- Same store sales down 12%
- Gross margins are lower due to the rapid weakening in the Australian dollar
- Gross margins fell to 55.7% from Fx impacts in Q2 and are now recovering
- Operating expenses were well controlled in dollar terms
- Two new stores opened at the end of the period, though were a net cost in the first half.

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Cashflow

HY/End 31 Dec ($m)	1H08	1H09
Receipts from customers	46.7	42.0
Pmts to suppliers/employees	(42.2)	(38.3)
Other	0.2	0.2
Income tax paid	(2.2)	(1.1)
Operating Cash Flow	**2.5**	**2.8**
Capital expenditure	(0.7)	(0.4)
Investing Cash Flow	**(0.7)**	**(0.4)**
Borrowings	0.0	(0.8)
Dividends	(3.7)	(2.0)
Financing Cash Flow	**(3.7)**	**(2.8)**
Net Cash Flow	**(1.9)**	**(0.4)**

- Strong operating cash flow
- Non-operating cash out for new stores and dividends

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Balance Sheet

Period End ($m)	Jun'08	Dec'08
Cash	7.5	7.1
Receivables	0.6	0.7
Inventories	12.7	13.0
Fixed assets	4.0	3.9
Intangibles	2.4	2.4
Other	1.0	1.3
Total Assets	**28.2**	**28.4**
Borrowings	1.3	0.5
Payables	10.3	10.6
Current tax payable	0.7	0.6
Provisions	0.2	0.4
Total Liabilities	**12.5**	**12.1**
Net Assets	**15.7**	**16.3**
Net cash (debt)	6.2	6.6
Working capital	3.0	3.1

- Strong Balance Sheet
- Debt reflects extension of trade payables to provide additional flexibility for cash management
- Stable inventory levels and working capital

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Outlook

- The deteriorating economy has made trading conditions challenging and the future results of the business difficult to predict. Management is confident that the company is well placed operationally and financially to work through this period of uncertainty and make the most of opportunities that may arise along the way.

- January is the industry's strongest month. Written sales for 2009 were down 2.5% on the previous January; 6.5% on a same store basis.

- Foreign currency impact on gross profit margin is being recovered; gross margin was 58% in January 09 compared to 55.7% in Q2. If the dollar remains relatively stable at the current levels we expect margins will be restored to above 58%. We are also experiencing lower freight costs and easing of supplier pricing pressure.

- Nick Scali continues to leverage investments in distribution infrastructure and geographic marketing spend by opening further stores in Victoria (Frankston & Richmond) in this period, with further openings planned:

  - Queensland – seeking stores in Brisbane metro and regional centres

  - South Australia – store planned to open late FY09

  - Victoria – further openings planned for 1H10, and pursuing 3-4 additional opportunities over FY10 and FY11.

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Store Numbers

	June 06	June 07	June 08	Dec 08	June 09 (expected)
NSW	10	11	11	11	11
Queensland	5	5	6	6	5 *(note 1)*
South Australia	5	5	6	6	7
Victoria	1	3	3	5 *(note 2)*	5
Total	**21**	**24**	**26**	**28**	**28**

Note 1 - Gold Coast Pacific Fair store relocation to Bundall completed January 2009
Note 2 - Opened Frankston and Richmond in Victoria end December 2008

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