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Press Release
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Top Line Growth Drives Record Profit

	Year ended June 2010 \$'000	Year ended June 2009 \$'000	Change %
Sales revenue	96,365	77,507	24.3%
Profit before tax	16,079	6,882	133.7%
Net profit after tax	11,255	4,817	133.7%

Australian furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) has today reported net profit before tax of \$16.1 million (after tax \$11.3 million) for the year ended 30 June 2010; in both cases an increase of 134% on the previous year.

"The Company has produced an excellent profit result, ahead of expectations, due to continued strong sales growth in the second half and improved margins" observed Managing Director, Mr Anthony Scali. "Sales for the full year were up 24% on last year due to the contribution from and maturing of new stores and robust like-for-like sales growth of 18%. We were also able to increase margins through improved volume buying of the categories in which we specialise", Mr Scali added.

The increase in revenue to \$96.4 million was particularly pleasing in the current environment, as talk of interest rate rises has dampened consumer enthusiasm for retail spending and where frequent and substantial discounting has become common place. "Despite the fickle conditions and downward pressure on prices we have lifted our like-for-like store sales revenue growth in the second half of the year to 21%, up from 14% in the first half, and protected our margin" said Mr Scali.

The Directors have declared a fully franked dividend 4.5 cents per share, with a record date of 8 October 2010 and payable on 29 October 2010. When added to the interim dividend of 4.5 cents per share, the total dividend for the year amounts 9.0 cents per share fully franked. This compares with a fully franked dividend of 6.0 cents per share for the previous year.

With strong cash flow throughout the year the Company is well positioned financially to fund future growth.

During the year one new store was opened, at South Wharf in Victoria. The Company is committed to increasing the rate of store openings over the next 12 months, particularly in Queensland, Victoria and New South Wales. In July 2010 a new store in Jindalee, Brisbane was opened.

Also in July 2010, a showroom at Alexandria NSW was purchased, and this new store is expected to open in November 2010. The Alexandria purchase represents the first real estate acquisition by the Company and indicates a preparedness to acquire sites in strategically important locations when suitable leased sites are unavailable. Negotiations are underway for further store openings, mainly from leased sites, this financial year.

Outlook

Orders taken for the fourth quarter of FY10 were up 2.6% on the previous corresponding period. The directors believe that trading conditions remain fragile and consumer spending susceptible to increases in interest rates and further volatility in the global economy.

Given the significant increase in sales in FY10 and the present market uncertainties, the directors believe that further sales and profit growth in FY11 will largely be dependent on the successful execution of the store roll-out programme.

For further information contact:

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