

**Nick Scali Limited**  
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**Press Release**  
9<sup>th</sup> August 2012

**New stores drive sales growth**

	<b>Year ended June 2012 \$'000</b>	<b>Year ended June 2011 \$'000</b>	<b>Change %</b>
<b>Sales revenue</b>	<b>109,391</b>	<b>100,015</b>	<b>9.4%</b>
<b>Profit before tax</b>	<b>12,645</b>	<b>16,809</b>	<b>-24.8%</b>
<b>Net profit after tax</b>	<b>9,024</b>	<b>11,608</b>	<b>-22.3%</b>
<b>Final Dividend</b>	<b>3.5 cents per share</b>	<b>4.5 cents per share</b>	<b>-22.2%</b>

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Furniture retailer Nick Scali Limited ("the Company") (ASX:NCK) today reported Sales Revenue of \$109.4m for the year ended 30 June 2012, a 9.4% increase on the previous corresponding financial year. Net profit after tax was \$9.0m, a \$2.6m reduction on the previous year. This was driven by lower margins in a tough retail environment and higher operating expenses that arose from an increase in new stores that are yet to reach maturity.

The Managing Director, Mr Anthony Scali, said "Whilst sales revenue increased, total order intake for the year was \$7 million higher than invoiced sales. This was largely due to a strong fourth quarter for order intake which will now benefit the 2013 year. The order book at year end was materially higher than in the previous year and the success of the recently introduced Sofas2Go brand was a contributor to this."

The Directors have declared a fully franked Final Dividend of 3.5 cents per share. The record date will be 9 October 2012 with the dividend payable on 31 October 2012. When added to the Interim Dividend of 4.5 cents per share, the Total Dividend for the year is 8.0 cents per share fully franked.

Two Nick Scali stores were opened during the year; one in Warrawong NSW, and the other at Springvale in Melbourne Victoria. Both stores have achieved encouraging results so far and have performed in line with expectations.

The Sofas2Go brand added four stores, one in Springvale, Victoria and three in New South Wales, at Prospect, Campbelltown and Moore Park. This brings the total number of Sofas 2 Go stores to five. Mr Scali said "We have seen encouraging signs from the early rollout of the Sofas 2 Go brand and are confident of its future. The financial returns are in line with our projections and we expect these to improve as we grow the store network and achieve additional economies of scale."

## **Outlook**

The Company has firm commitments for two new Nick Scali stores and one Sofas 2 Go store to be opened in the first half of the current financial year. The two Nick Scali stores are located at Maroochydore, Queensland and Bankstown, NSW. The Sofas 2 Go store will open in Fyshwick ACT. A number of other new store opportunities are currently under review.

The strong 4<sup>th</sup> quarter order intake will flow into Sales Revenue in the first quarter of the 2013 financial year. However the July order intake has been weak in comparison to the previous year. The volatility of the last twelve months continues and it is therefore difficult to predict full year results for 2013. Consumers may continue to save rather than spend and the Australian housing construction market is showing few signs of improvement. The Directors believe that profit growth will be dependent largely upon the contribution from new stores opened during the previous 18 months and any improvement in consumer confidence.

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