

Nick Scali Limited
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17 June 2016

BY EMAIL: violetta.codreanu@asx.com.au

Ms Violetta Codreanu
Adviser
ASX Compliance Pty Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Ms Codreanu

We refer to your letter dated 15 June 2016 and the following documents lodged by Nick Scali Limited (the **Company**) on 30 May 2016:

- Appendix 3Y – Change of Director's Interest Notice in respect of Mr Anthony Scali; and
- Appendix 3Z – Final Director's Interest Notice in respect of Mr Nicodemo Scali, (together, the **Appendices**).

We respond to each of the questions raised in your letter as follows:

1. The Appendices were lodged late due to an internal administrative oversight. As soon as the omission was discovered, the Company promptly lodged the Appendices with ASX.

The Company notes that the circumstances giving rise to the change to Mr Anthony Scali's notifiable interest, as well as the change in that notifiable interest, was previously disclosed to the market in the Form 604 – Notice of Change of Interests of Substantial Holder (**Substantial Holder Notice**), lodged by or on behalf Mr Anthony Scali with ASX on 22 March 2016.

As described in the Substantial Holder Notice, the change in Mr Anthony Scali's notifiable interest arose in connection with a shareholding restructure and sell-down undertaken announced by the Company on 22 March 2016 (i.e. the same day). On this basis, the Company considers that while, owing to an internal administrative oversight, there was a technical failure to lodge the Appendix 3Y within the time period specified by ASX Listing Rule 3.19A.2, the market has been and continues to be fully informed as to the notifiable interests of Mr Anthony Scali.

2. Under the Company's securities trading policy, directors of the Company are required, among other things, to notify the Company as soon as possible after a trade in the Company's securities has occurred, with sufficient time so that the Company can notify the ASX within 5 Business Days of that trade.

In addition, directors are required, where they cease to be a director (or alternate director), to notify the Company of their notifiable interests no later than 3 business days after they cease to be a director (or alternate director).

3. The Company does not view its current arrangements as inadequate or not being enforced. However, following this isolated internal administrative oversight, the directors of the Company and relevant Company officers have been reminded of the director interest notification obligations under the ASX Listing Rules.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kevin Fine', written in a cursive style.

Kevin Fine
Company Secretary



15 June 2016

Mr Kevin Fine
Chief Financial Officer and Company Secretary
Nick Scali Limited
3-29 Birnie Avenue
Lidcombe NSW 2141

By email

Dear Mr Fine

Nick Scali Limited (the “Entity”)

We refer to the following:

1. The Appendix 3Y lodged by the Entity with ASX Limited (“ASX”) on Monday, 30 May 2016 for Mr Anthony Scali (the “Appendix 3Y”);
2. The Appendix 3Z lodged by the Entity with ASX on Monday, 30 May 2016 for Mr Nicodemo Scali (the “Appendix 3Z”);
3. Listing rule 3.19A which requires an entity to tell ASX the following:
 - 3.19A.2 A change to a notifiable interest of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) including whether the change occurred during a closed period where prior written clearance was required and, if so, whether prior written clearance was provided. The entity must complete Appendix 3Y and give it to ASX no more than 5 business days after the change occurs.
 - 3.19A.3 The notifiable interests of a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) at the date that the director ceases to be a director. The entity must complete Appendix 3Z and give it to ASX no more than 5 business days after the director ceases to be a director.
4. Listing rule 3.19B which states as follows.

An entity must make such arrangements as are necessary with a director of the entity (or in the case of a trust, a director of the responsible entity of the trust) to ensure that the director discloses to the entity all the information required by the entity to give ASX completed Appendices 3X, 3Y and 3Z



within the time period allowed by listing rule 3.19.A. The entity must enforce the arrangements with the director.

The Appendix 3Y indicates that a change in Mr Anthony Scali's notifiable interest occurred on 22 March 2016. It appears that Mr Anthony Scali's Notice should have been lodged with ASX by 31 March 2016. Consequently, the Entity may be in breach of listing rules 3.19A and/or 3.19B. It also appears the director concerned may have breached section 205G of the Corporations Act.

Further, as the Appendix 3Z indicated that Mr Nicodemo Scali ceased to be a director on 29 April 2016, it appears the Appendix 3Z should have been lodged with ASX by 6 May 2016. As it was lodged on 30 May 2016, it also appears that there may have been a further breach by the Entity of listing rules 3.19A and/or 3.19B.

Please note that ASX is required to record details of breaches of the listing rules by listed entities for its reporting requirements.

ASX reminds the Entity of its contract with ASX to comply with the listing rules. In the circumstances, ASX considers that it is appropriate that the Entity make necessary arrangements to ensure there is not a reoccurrence of a breach of the listing rules.

Having regard to listing rules 3.19A and 3.19B and Guidance Note 22: *Director Disclosure of Interests and Transactions in Securities - Obligations of Listed Entities*, under listing rule 18.7 we ask that you answer each of the following questions.

1. Please explain why the Appendices were lodged late.
2. What arrangements does the Entity have in place under listing rule 3.19B with its directors to ensure that it is able to meet its disclosure obligations under listing rule 3.19A?
3. If the current arrangements are inadequate or not being enforced, what additional steps does the Entity intend to take to ensure compliance with listing rule 3.19B?

Your response should be sent to me by e-mail. It should not be sent to the ASX Market Announcements Office.

A response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (**i.e., before 9.30 a.m. AEST) on Monday, 20 June 2016.**

Under listing rule 18.7A, a copy of this letter and your response will be released to the market, so your response should be in a form suitable for release and must separately address each of the questions asked.

If you have any queries or concerns about any of the above, please contact me immediately.



Yours sincerely

[sent electronically without signature]

Violetta Codreanu

Adviser, Listings Compliance (Sydney)