Appendix 4D

Half-Year Financial Report

Name of entity

Nick Scali Limited

ABN: 82 000 403 896

Half-year ended ('current period'):
31 DECEMBER 2005

Results for announcement to the market

Extracts for announcement to the market **$A'000**

Revenue from ordinary activities	Up	21.7%	to	32,713
Profit (loss) from ordinary activities after tax attributable to members	Up	3.5%	to	4,909
Profit (loss) from extraordinary items after tax attributable to members		-		-
Net profit (loss) for the period attributable to members	Up	3.5%	to	4,909

Dividends (distributions)	Amount per security	Franked amount per security
	4.5 cents	4.5 cents

Record date for determining entitlements to the dividend 10 March 2006
Date the dividend is payable 31 March 2006

Nick Scali Limited
ABN 82 000 403 896
Head Office
3-9 Birnie Avenue
Lidcombe NSW 2141

Phone: 61 2 9748 4000.
Facsimile: 61 2 9748 4022.

Press Release

14 February 2006

Nick Scali Continues the Growth

Nick Scali Limited is pleased to announce Net Profit After Tax of $4.909 million for the half-year ended 31 December 2005, an increase of 3.5% on the same period last year. This was achieved during difficult market conditions, particularly for the furniture retail segment.

Sales revenue grew by 21.7% to $32.7 million. A significant factor in this was the revenue contribution from the seven new stores opened during the 2004/05 financial year.

Commenting on the results, Anthony Scali, the Managing Director, said "We are satisfied with the result, given the subdued trading environment, and we are pleased that our new store rollout program has met expectations."

Directors are pleased to announce a dividend of 4.5 cents per share, fully franked. This compares to 3.0 cents for the same period last year.

The Company continued to generate strong cash flows. The net cash flow from operations increased to $4.6 million.

The new stores opened between December 2004 and March 2005, have been successfully integrated into the network, and are making a strong profit contribution.

In December 2005, a new store was opened in Townsville, and the company's first store in Melbourne was opened at Chirnside. "We have plans to open additional stores in Victoria during calendar 2006", said Mr Scali, "and a number of other stores in existing markets. The new store rollout is a fundamental part of our strategy, and has proved successful to date. New stores have mitigated the impact of the difficult trading conditions."

Mr Scali added: "Consumer spending on discretionary items remains constrained. However the company is well positioned to take advantage of any uplift in consumer confidence and we expect our profit growth to be underpinned by the continued expansion of the store network."

For further information, contact:

Anthony Scali	or	Dominic Chiera
Managing Director		Chief Financial Officer
(02) 9748 4000		02 9748 4000

Nick Scali Limited

Half - Year Financial Report

31 December 2005

NICK SCALI LIMITED
A.B.N. 82 000 403 896

Half-Year Financial Report 31 December 2005

Index

NICK SCALI LIMITED
A.B.N. 82 000 403 896

Directors' Report

Your directors submit their report for the half-year ended 31 December 2005.

Directors
The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for the entire period unless otherwise stated.

John W. Ingram	*Chairman*
Nick D. Scali	*Director*
Greg R. Laurie	*Director*
Anthony J. Scali	*Managing Director*
Nicky D. Scali	*Alternate Director*

Review and Results of Operations
The Company has recorded a net profit after tax of $4.9 million. Revenue grew by 21.7% to $32.7 million, which was assisted by new store openings. Whilst industry conditions remain difficult, the directors are pleased with the result. A dividend of 4.5 cents per share (compared to 3.0 cents per share for the same period last year) has been declared.

Two new stores were opened in December 2005 - Townsville and Chirnside, the Company's first store in Victoria. Infrastructure costs were also incurred during the period to support future growth in the store network.

This store roll out plan remains on track with a number of new stores committed.

Rounding
The amounts contained in this half-year report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

Auditors Independence Declaration
We have obtained the independence declaration on page 18 from our auditors, Ernst & Young.

On behalf of the Board, signed in accordance with a resolution of the directors.

J.W. Ingram Chairman

A.J. Scali Managing Director

Sydney, 13 February 2006

Condensed Income Statement
For the half year ended 31 December 2005

	Notes	Half-year Ended 31 Dec 05 $'000	Half-year Ended 31 Dec 04 $'000
Continuing Operations			
Revenue	2	32,713	26,876
Cost of sales		(13,291)	(11,456)
GROSS PROFIT		**19,422**	**15,420**
Other income	2	280	370
Other expenses	2	(12,719)	(8,986)
PROFIT FROM CONTINUING OPERATIONS BEFORE TAX AND FINANCE COSTS		**6,983**	**6,804**
Finance costs		-	(20)
PROFIT BEFORE INCOME TAX		**6,983**	**6,784**
Income tax expense		**(2,074)**	**(2,041)**
NET PROFIT FOR THE PERIOD ATTRIBUTABLE TO MEMBERS		**4,909**	**4,743**

Earnings per share (cents per share)		
Basic for profit for the half-year	6.06	5.86
Diluted for profit for the half-year	6.06	5.86
Dividends paid per share (cents per share)	3.50	1.00
Net tangible asset backing per share (cents per share)	14.85	14.10

Condensed Balance Sheet
For the half year ended 31 December 2005

	As at Dec-05 $'000	As at Jun-05 $'000
CURRENT ASSETS		
Cash and cash equivalents	7,864	6,683
Trade and other receivables	1,044	572
Inventories	10,001	9,888
Prepayments	417	291
Derivatives	66	1,605
TOTAL CURRENT ASSETS	**19,392**	**19,039**
NON-CURRENT ASSETS		
Deferred income tax asset	249	341
Property, plant and equipment	3,027	2,888
Intangible assets	2,378	2,378
TOTAL NON-CURRENT ASSETS	**5,654**	**5,607**
TOTAL ASSETS	**25,046**	**24,646**
CURRENT LIABILITIES		
Trade and other payables	8,833	8,849
Interest bearing loans and borrowings	-	6
Income tax payable	1,147	1,403
Provisions	269	225
Derivatives	66	1,605
TOTAL CURRENT LIABILITIES	**10,315**	**12,088**
NON-CURRENT LIABILITIES		
Interest bearing loans and borrowings	-	1
Provisions	328	252
TOTAL NON-CURRENT LIABILITIES	**328**	**253**
TOTAL LIABILITIES	**10,643**	**12,341**
NET ASSETS	**14,403**	**12,305**
EQUITY		
Issued capital	3,364	3,364
Retained profits	10,961	8,863
Other reserves	78	78
TOTAL EQUITY	**14,403**	**12,305**

Condensed Cash Flow Statement
For the half year ended 31 December 2005

	Half-year Ended 31 Dec 05 $'000	Half-year Ended 31 Dec 04 $'000
Cash Flows from Operating Activities		
Receipts from customers	34,830	29,598
Payments to suppliers and employees	(28,234)	(26,860)
Other	(2,008)	(1,226)
NET CASH FLOWS FROM OPERATING ACTIVITIES	**4,588**	**1,512**
Cash Flows from Investing Activities		
Proceeds from sale of property, plant & equipment	17	-
Purchase of property, plant & equipment	(582)	(424)
NET CASH FLOWS FROM INVESTING ACTIVITIES	**(565)**	**(424)**
Cash Flows from Financing Activities		
Equity dividends paid	(2,835)	(810)
Repayment of finance leases	(7)	-
NET CASH (USED) IN FINANCING ACTIVITIES	**(2,842)**	**(810)**
NET (DECREASE)/INCREASE IN CASH HELD	1,181	278
Add Opening Cash brought forward	6,683	8,581
Closing Cash carried forward	**7,864**	**8,859**

Condensed Statement of Changes in Equity
For the half year ended 31 December 2005

	Issued Capital	Retained Profits	Other Reserves	Total
Half Year Ended 31 December 2005				
As at 1 July 2005	3,364	8,887	78	12,329
Profit for the period	-	4,909	-	4,909
Equity dividends	-	(2,835)	-	(2,835)
As at 31 December 2005	**3,364**	**10,961**	**78**	**14,403**
Half Year Ended 31 December 2004				
As at 1 July 2004	3,364	4,022	78	7,464
Profit for the period	-	4,765	-	4,765
Equity dividends	-	(810)	-	(810)
As at 31 December 2004	**3,364**	**7,977**	**78**	**11,419**

Notes to the Financial Statements
For the half year ended 31 December 2005

Note 1: Basis of preparation of the half-year financial report

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the company as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Nick Scali Limited as at 30 June 2005, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 (‘AGAAP).

It is also recommended that the half-year financial report be considered together with any public announcements made by Nick Scali Limited during the half- year ended 31 December 2005 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of Accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, applicable Accounting Standards including AASB 134 “Interim Financial Reporting” and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except derivatives, which are on a fair value basis.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which includes Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 31 December 2004 and full-year ended 30 June 2005 have been restated accordingly, where material. A summary of the significant accounting policies of the Company under AIFRS are disclosed in Note 1(c) below.

(c) Summary of significant accounting policies

(i) Property, Plant and Equipment

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

Depreciation is provided on a straight line basis on all property, plant and equipment, over the estimated useful life of the assets as follows:

Major depreciation periods are:

	2005	2004
Office equipment	10%-33.3%	20%-33%
Furniture and fittings	20%-33%	10%-33%
Leasehold improvements	Lease term	Lease term
Plant & Equipment	20%-22.5%	20%-22.5%
Motor vehicles	10%-22.5%	20%-22.5%

Notes to the Financial Statements
For the half year ended 31 December 2005

Impairment
The carrying values of plant & equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which it belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases
Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the term on the same basis as the lease income.

Operating leases are recognised as an expense in the income statement on a straight-line basis over the lease term.

The lease incentive liability in relation to the non-cancellable operating lease is being reduced on a straight-line basis over the term of the lease. Contingent rentals are recognised as an expense in the financial year in which they are incurred.

(iii) Inventories

Inventories are valued at the lower of cost and net realisable value. Weighted average cost is used to value inventories.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Finished Goods - Purchase price plus freight, cartage and import duties are included in the cost of finished goods.

(iv) Employee Entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, long service leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts.

Liabilities expected to be settled later than 12 months are valued at their present value.

Notes to the Financial Statements
For the half year ended 31 December 2005

(v) Foreign Currencies

Translation of foreign currency transactions
Transactions in foreign currencies are converted to local currency at the rates of exchange ruling at the date of the transaction.

Amounts payable to and by the entity that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year.

All resulting exchange differences arising on settlement or resettlement are brought to account in determining the net profit or loss for the financial year.

(vi) Derivative financial instruments

Foreign exchange contracts
The Company enters into forward exchange contracts where it agrees to buy or sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies, to protect the Company against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than four months.

Such derivative financial instruments are stated at fair value.

(vii) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(viii) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

Sale of goods
Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of delivery of the goods to the customer.

Interest
Revenue is recognised as the interest accrues to the net carrying amount of the financial asset.

(ix) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Notes to the Financial Statements
For the half year ended 31 December 2005

(x) Recoverable amounts

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this recoverable amount assets are written down. Recoverable amount is the greater of fair value less costs to sell and value in use.

(xi) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the company.

Payables to related parties are carried at the principal amount.

(xii) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before reporting date.

(xiii) Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the company.
Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(xiv) Lease incentive contributions

The Company has received financial incentive contributions from the lessors of certain stores. On receipt, these incentive contributions are recorded as a liability in the financial statements.

The liability is reduced and amortised over the lease term.

(xv) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:
- costs of servicing equity (other than dividend)
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(xvi) Comparatives

Where necessary, comparatives have been reclassified and re-positioned for consistency with current year disclosures.

Notes to the Financial Statements
For the half year ended 31 December 2005

(xvii) Intangibles

Goodwill
Goodwill on acquisition is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

(xviii) Income tax

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences:

- except where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised:

- except where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

Notes to the Financial Statements
For the half year ended 31 December 2005

(xix) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables are stated with the amount of GST included.

(d) AASB1 Transitional exemptions

The Company has made it's election in relation to the transitional exemptions allowed by AASB1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards, as follows:

Property, plant & equipment
The Company has elected to measure property, plant and equipment at it's fair value at the date of transition and use that as it's deemed cost at that date.

(e) Impact of adoption of AIFRS

There was no material impact of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

Notes to the Financial Statements
For the half year ended 31 December 2005

	Half-year Ended 31 Dec 05 $'000	Half-year Ended 31 Dec 04 $'000

Note 2: Revenue and Expenses

(a) Specific Items

Profit before income tax expense includes the following revenues and expenses whose disclosure is relevant in explaining the performance of the entity

	Half-year Ended 31 Dec 05 $'000	Half-year Ended 31 Dec 04 $'000
(i) Revenue		
Sale of goods	32,713	26,876
	32,713	26,876
(ii) Other income		
Finance income	230	206
Other income	50	164
	280	370
(iii) Expenses		
Sales and marketing	2,564	1,835
Employment costs	4,577	3,089
General and administration expenses	909	878
Operating lease rental	3,749	2,530
Property expenses	494	389
Depreciation	426	265
	12,719	8,986

(b) Seasonality of Operations

There are no significant seasonal factors for the business.

(c) Revision of Accounting Estimates

There was no revision of accounting estimates made during the period.

Notes to the Financial Statements
For the half year ended 31 December 2005

	Half-year Ended 31 Dec 05 $'000	Half-year Ended 31 Dec 04 $'000

Note 3: Dividends Paid and Proposed

Equity dividends on ordinary shares

(a) Dividends paid during the half-year		
Final franked dividend for financial year 30 June 2005: 3.5 cents (2004: 1.0 cents)	2,835	810
(b) Dividends proposed and not recognised as a liability		
Interim franked dividend for financial year 30 June 2006: 4.5 cents (2004: 3.0 cents)	3,645	2,430

Note 4: Issued Capital

	As at 2005 '000	As at 2004 '000
Ordinary shares		
Issued and fully paid	81,000	81,000

Note 5: Segment Reporting

The Company operates in one industry segment, being retail furniture, and in one geographical location, being Australia.

Note 6: Contingent Assets and Liabilities

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

Note 7: Events after the Balance Date

There have been no material or significant events that have occurred after the balance date.

Note 8: Additional Information

Reconciliation of cash

For the purposes of the Condensed Cashflow Statement, cash and cash equivalents comprise the following at 31 December:

	Half-year Ended 31 Dec 05 $'000	Half-year Ended 31 Dec 04 $'000
Cash at bank and in hand	1,870	3,727
Short term deposits	5,994	5,132
	7,864	8,859

NICK SCALI LIMITED
A.B.N. 82 000 403 896

Directors' Declaration

In accordance with a resolution of the directors of Nick Scali Limited, we state that:

In the ‹ In the opinion of the directors :

(1) the financial statements and notes of the company

(i) give a true and fair view of the financial position as at 31 December 2005 and the performance for the half-year ended on that date; and

(ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(2) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

J.W. Ingram Chairman **A.J. Scali** Managing Director

Sydney, 13 February 2006

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

Tel 61 2 9248 5555
Fax 61 2 9248 5959
DX Sydney Stock
Exchange 10172

Independent review report to members of Nick Scali Limited

Scope

The financial report and directors' responsibility
The financial report comprises the statement of balance sheet, income statement, cash flow statement, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Nick Scali Limited (the company), for the half-year ended 31 December 2005.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards AASB 134 "Interim Financial Reporting", in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted an independent review of the financial report in order to make a statement about it to the members of the company' and in order for the company to lodge the financial report with the Australian Stock Exchange and the Australian Securities and Investments Commission.

Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements, in order to state whether, on the basis of the procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with the *Corporations Act 2001*, Accounting Standard AASB 134 "Interim Financial Reporting" and other mandatory financial reporting requirements in Australia, so as to present a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

A review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration. In addition to our review of the financial report, we were engaged to undertake other non-audit services. The provision of these services has not impaired our independence.

ERNST & YOUNG

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Nick Scali Limited is not in accordance with:

(a) the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the financial position of Nick Scali Limited at 31 December 2005 and of its performance for the half-year ended on that date; and

  (ii) complying with Accounting Standard AASB 134 "Interim Financial Reporting" and the *Corporations Regulations 2001*; and

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

J K Haydon

J K Haydon
Partner
Sydney
Date: 13 February 2006

ERNST & YOUNG

Ernst & Young Centre
680 George Street
Sydney NSW 2000
Australia

GPO Box 2646
Sydney NSW 2001

Tel 61 2 9248 5555
Fax 61 2 9248 5959
DX Sydney Stock
Exchange 10172

Auditor's Independence Declaration to the Directors of Nick Scali Limited

In relation to our review of the financial report of Nick Scali Limited for the half-year ended 31 December 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

J K Haydon

J K Haydon
Partner
Sydney
Date: 13 February 2006