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Nick Scali Limited A.B.N: 82 000 403 896.

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FURNITURE

09 December 2004

COMPANY ANNOUNCEMENTS OFFICE
Australian Stock Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

BY ELECTRONIC LODGEMENT

Dear Sir or Madam:

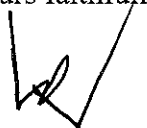
Nick Scali Limited ACN 000 403 896 ("Company")

We attach an announcement for release to the Australian Stock Exchange:

- Expansion into Adelaide

Please do not hesitate to contact the writer if you have any queries.

Yours faithfully



Bernard C Y Hui BBus, CA, MBA, FCIS
Chief Financial Officer & Company Secretary

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Nick Scali Limited
ABN 82 000 403 896
3-9 Birnie Avenue
Lidcombe NSW 2141
Tel: 61-2-9748 4000
ASX Code: NCK



ASX Announcement

9 December 2004

Expansion into Adelaide

Nick Scali Limited today announced that it has entered into an Asset Sale Agreement to acquire the businesses of the Payneham Home Furnishings Group (PHF Group), a long established furniture importer and retailer in Adelaide, for \$3.1 million cash. Separately, the company has also secured a prime position in Adelaide's newest homemaker centre located at Mile End.

The businesses of PHF Group to be acquired by Nick Scali include its 3 retail showrooms (Payneham Home Furnishings located in Payneham and City Living and Leather World located on the outskirts of the Adelaide CBD) and its new warehouse being constructed in Brompton. PHF Group recorded sales of approximately \$9 million in the 2004 financial year.

Nick Scali and PHF Group have similar product ranges and largely have common suppliers, which will simplify the integration process. The proposed completion date for the transfer of the business is 1 March 2005. Nick Scali intends to lease the various properties from the vendor of the PHF Group.

Also in Adelaide, Nick Scali has secured one of the largest stores to be included in the Mile End Homemaker Centre. The construction of this centre is nearing completion and is set to become Adelaide's premier homemaker precinct. Nick Scali plans to open this store at about the same time it takes over the operations of PHF Group.

Anthony Scali, the Managing Director of Nick Scali, commented that "Nick Scali and Payneham Home Furnishings have had a close relationship for many years. Combining the PHF Group with the new Mile End store will allow us to achieve quickly the critical mass in Adelaide necessary for the business to be immediately profitable."

For further information contact:

Anthony Scali
Managing Director
Ph: (02) 8737 7213

About Nick Scali

Nick Scali is an importer and retailer of contemporary furniture, with a specialty being lounges. The business was founded over 40 years ago and currently retails from 11 stores within New South Wales, Queensland and the Australian Capital Territory.

Nick Scali Limited is a public company listed on the Australian Stock Exchange (ASX Symbol: NCK). For more information visit the Nick Scali web site at www.nickscali.com.au