Company Announcement **29 November, 2005**

2005 ANNUAL GENERAL MEETING
CHAIRMAN'S ADDRESS

2005 has been a year of mixed fortunes for BSL and its group of companies. We did raise the issues of difficult market conditions in our half year announcement and whilst the final result was not exactly what Board and management desired, it did reflect the changing nature of the industry, the difficult trading times that overtook the industry post Christmas and the investments in our structure made during the financial year just ended.

I would like to break my address into several key areas.

From a structural point of view, we have made significant steps in the 2004/05 year. We completed the transition from an unlisted public company to a listed company on the Newcastle Stock Exchange. Initially, reasonable volumes of shares were traded even though liquidity of shares is an issue, but in more recent months, the share price has levelled off at a point where the price reflects a market capitalisation less than our net assets. Naturally the Board would prefer our stock traded at levels that reflected normal industry benchmarks however there are several influencing factors affecting our ability to do so.

The Board firmly believes that one of the main reasons that our shares settled at the levels they did was because our Constitution was too restrictive to allow us to be viewed as a truly open company. It is therefore the Board's recommendation that these restrictions be removed by way of shareholder votes later in this meeting and at each of the subsequent meetings of ordinary and retailer shareholders later this morning.

From an operational perspective, we continued to develop and roll out several new endeavours within our company. Our BSL Finance company grew substantially in 2004/05. In addition to many of our smaller IT and associated product companies which were already serviced by BSL Finance, we began to centrally account for two of our major suppliers - Panasonic came on-stream just before Christmas and Electrolux Home Products (supplier of such brands as Westinghouse, Kelvinator, Simpson, Hoover, Chef and Dishlex) came on-stream just prior to financial year's end. This represents 2 of our top 5 suppliers to the BSL Group and around $160 million in annual purchases.

Without doubt the 2005/06 year will continue to see significant growth in BSL Finance if for no other reason than we will have a full years trading with these two major suppliers. Whilst revenues grew substantially in the finance company, the nett return was less than satisfactory as we realised a disproportional number of bad debts. These bad debts came about as a result of the impact on our franchisees of the poor trading conditions during the second half of the financial year. These bad debts and future provisions clouded any positive contributions made to the finance company's bottom line. It should be noted that we have increased our provisions for doubtful debts in line with our growth expectations as we continue to ramp up the turnover for this division. Further and subject to approval at today's Board meeting held immediately after this AGM, the Directors have requested the implementation of debtors insurance covering retailer debtors of BSL Finance.

The first four months of the current year has seen a continuation of these tougher conditions and hence the reason for an increase in the provision for doubtful debts and insurance. On a positive note though there are now indications that the worst of these conditions do appear to be behind us, which should reduce this burden somewhat.
The question has been raised as to why there was a large increase in bad debts and an increase in the provision for doubtful debts. Again part of the reason was the tougher market conditions having an impact on some of our more vulnerable retailers. That said, this service is seen as an integral component of the overall company strategy moving forward and whilst today operates on very fine margins, it is clear that as the company grows and the importance of this facility to suppliers and franchisees increases that the margins will also improve.

With regards to our retailing activities, there were several significant developments throughout the year.

All corporate stores have encountered the same consumer demand shifts and trading conditions that have impacted most of the major centres around the country. The consumer's general penchant for bigger stores carrying large comprehensive ranges of products led us to rationalise the smaller stores out of the corporate chain. It also encouraged us to develop the larger stores to cater for the expanded consumer expectations. These store redevelopments have also co-incided with large operating cost reductions achieved through more efficient use of resources and one off staff retrenchments. The changes whilst only recently completed are already showing a vast improvement on last year's results for the Melbourne and Darwin outlets. It should be noted however that the majority of these one off restructure costs will be taken to account in the first half of this year.

In the second half of the 2004 /05 financial year we also entered into a joint venture with three of our existing franchisees in the Brisbane local market. This venture, called BSL Northern is centred around three of our superstores, and with two of the three completed stores only coming on line post balance date, the results are also very encouraging.

We also completed the purchase of the Truscotts Hi Fi and RMS consumer finance businesses on the 30th November last year. We further invested post acquisition through refurbishments and expansion still achieving a positive result for the 7 months we owned the business.

All these individual businesses continued to carry their own administrative cost centres through the 2004/05 financial year. From July 1 this year a lot of the administration was bought under one roof in Brisbane, which will also further improve the operational efficiencies and ultimately the contributions these companies will make to the overall BSL result.

Post balance date we have also announced the sale of our 50 percent interest in the Sleepys bedding franchise. This venture whilst relatively short lived showed an overall positive return for BSL shareholders and enabled us to experience the needs and requirements for an associated industry. It is also positive that the new owners intend to continue their relationship with BSL on a fee for service basis. This transaction is expected to be finalised by December 31.

One other major post balance date event is the announcement of BSL's proposed BSL-Wholesale division. This announcement made to our franchisees and to the market through the recent roadshows, will further secure BSL's position in the electrical retail market place. In effect it will help eliminate BSL's exposure to the vagaries of its individual franchisee's viability whilst securing the major asset of any franchisee, which is its stock. This program which will have pilot sites running in the second half of the current financial year will not be rolled out until the 2006/07 financial year.

So what were the financial highlights for the 2004/05 financial year.

- Operating revenue grew 51% to $250 million. This growth was on the back of increased central accounting and corporate retail acquisition and strong franchise division.
- Earnings before interest and tax fell 37% to $2.731 million. The primary reasons for this result have already been presented being poor consumer sentiment and one off restructure costs resulting from acquisitions.
- Earnings per share were 1.95 cents per share and net Tangible assets per share were 24.75 cents per share.
- Two dividends paid throughout the year equating to 3.2 cents per share.

As previously mentioned, current trading conditions are still tight although signs are emerging that conditions are improving. Our large store offering is giving us confidence about our future and our BSL finance company will experience good revenue growth this year.

Beyond this, with the rollout of the BSL wholesale program, a return to higher returns is foreseeable by the Board.

It is for these reasons and the continued consumer uncertainty that the Board is recommending that no further dividend payment be made at present.

Before closing, I would like to make special mention of several people. Firstly to Dan Carroll representing our retiring auditors Grant Thornton. Grant Thornton have been our auditors for twenty years and have provided exemplary service to our company throughout these years. Dan would you please convey to your company our sincere appreciation for the years of service Grant Thornton have afforded to BSL
I would like to welcome our incoming auditors KPMG. We look forward to working with you into the future.

To our bankers of over 40 years represented by John McDonald from the Commonwealth Bank thank-you for your continued support.

To our staff, also goes the Board's sincere appreciation. Managing a company that is growing as fast as ours and is transforming itself into a new dynamic and focused operation to meet the ever changing market conditions requires dedication and commitment to the task. We are fortunate to have a senior management team that fits this bill entirely. Guy please convey the Board's appreciation to all your staff and express our desire for them to keep pressing on with the pace of change.

So in closing ladies and gentlemen, the Board whilst disappointed with the full year result, is pleased with the pace of change within your company and firmly believes that the investment in our brands and the further integration of the corporate retail business is both necessary and responsible. The market has demanded change and we are delivering change. The market's parameters are continuing to evolve and vigilance is required to ensure our retail offers do not become obsolete before change has been put in place. Our company is on a path of controlled growth and will introduce market leading programs over the next few years that will secure our place as a leader in the Electrical retailing industry.

Any enquiries regarding this announcement should be directed to Guy Houghton on (07) 3222 3999.