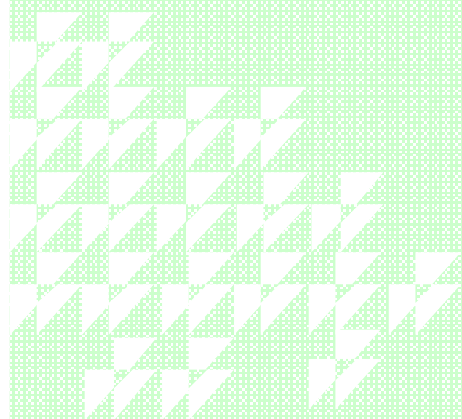


Betta Stores Limited Shareholder Presentation

November 2005



Agenda

- Purpose of Meeting
- Key Items of Strategic Plan
- Market Research
- Growth Retailers
- BSL-Wholesale
- Constitutional Changes
- Boards Recommendation

Key Proposed Resolutions



- **Appointment of New Auditors**
- **Change our Constitution**
 - **Remove 7.5% cap ordinary shareholding**
 - **Right of Veto**
 - **Structure of Board**



BSL – our Strategic Plan remains



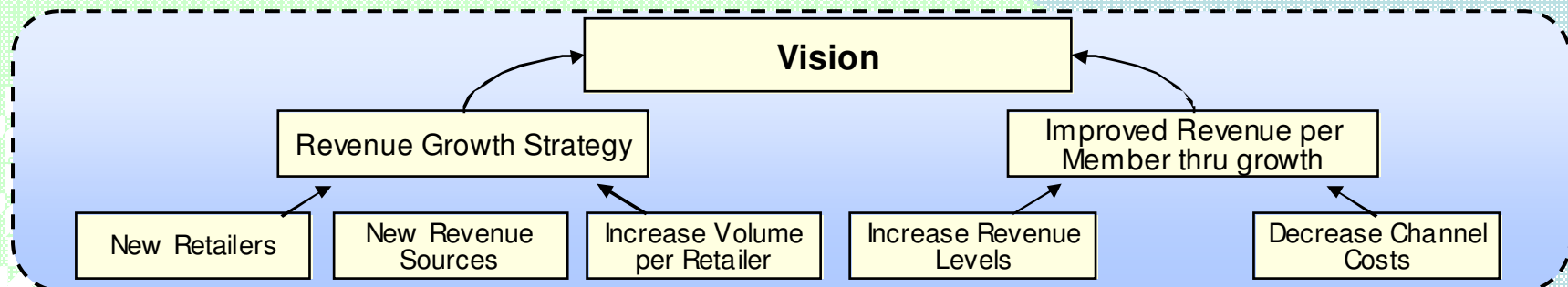
March 2000 -
formulated

*Securing our future
Together*

Our Vision - then as it is now -

To be an industry leader that people

- want to do business with
- want to work for
- want to own



REMAIN FOCUSED ON OUR VISION

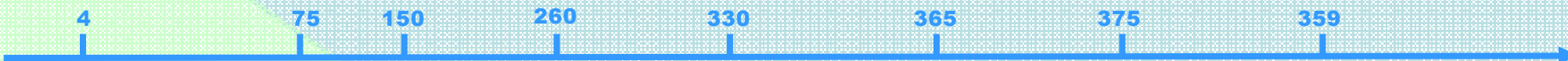
- AS IT ADAPTS WITH THE CHANGING NEEDS OF THE MARKET



BSL Timeline



NUMBER OF STORES



1961

The beginning of the BSL Group and Beta Appliance Centre store opened

1978

BSL takes over SAMTA (NSW buying group)

1993

First Beta Electrical store opens

1995

First 3ms computer system released

2000

BSL formulates "Securing our Future Together" strategy map

2003

BSL Group acquires Buy-Rite Discounts (Victoria)

2004

BSL Finance is created
Beta Electrical Pty Ltd is created as a franchisee

2006

Launch BSL-W



1966

BSL becomes an unlisted public company

1985

BSL offers membership to all USA members
BSL becomes a National Group

1991

First computer system introduced

1995

BSL and ANSL (New Zealand) sign licensing agreement

2000

BSL Group acquires assets of Fox business including Chandelers

2003

Sleepy's joint venture commences
JB Global retail management system is released
Buy-Rite stores acquires 2 Chandelers stores in the NT

2005

BSL acquires Truscott HFL
Opens first Superstore
Finalisation of Sleepy's Sale

SALES - FLOOR SPACE

127,000sqm

185,000sqm

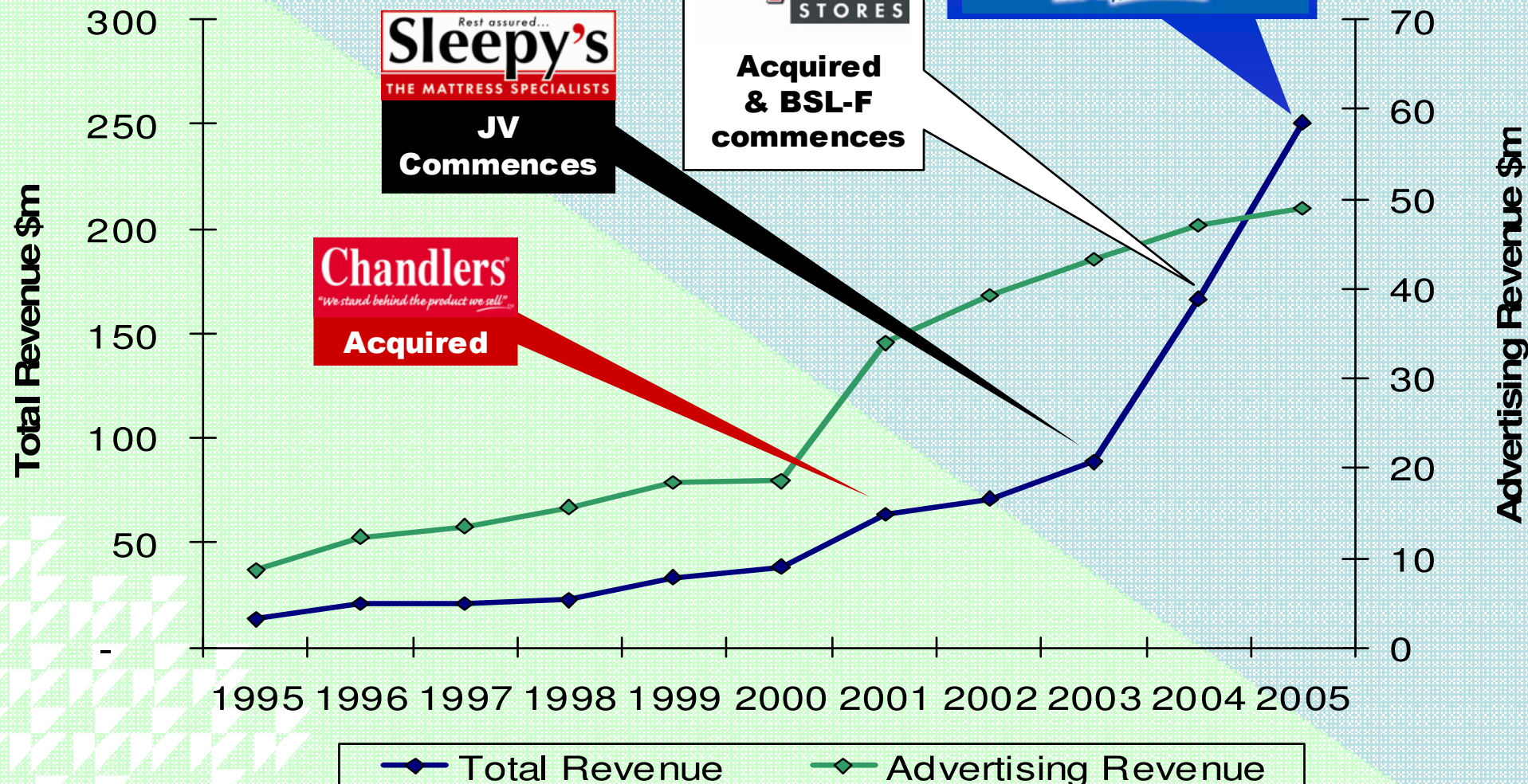
46% increase

REMAIN FOCUSED ON OUR VISION

- AS IT ADAPTS WITH THE CHANGING NEEDS OF THE MARKET



BSL - Group Historic Performance



REMAIN FOCUSED ON OUR VISION
- AS IT ADAPTS WITH THE CHANGING NEEDS OF THE MARKET



2006 - Strategic Plan



As our Industry changes, driven by the demands of consumers for larger stores with a larger range of products, so we must continue to change and adapt.

In 2006

- we will continue to drive and accelerate the Company to new heights while our competitive environment will not get any easier
- the changes we are making will provide us with the right platform to out perform our competitors.

OUR MISSION

To utilise our expertise across the industries we operate in by developing and delivering integrated services that build value for our customers, company and shareholders



BSL – Strategic Plan



- Ever changing market
 - New players
 - Growth of non traditional
 - Mass market retailers entering key segments
 - Customers demanding more

BSL must ensure that the future direction will provide the platform for Retailer to move with the demands of the market and our customers, we have to understand

- What our customers want ?*
- How is the market changing ?*
- Future growth -Where is the opportunity?*

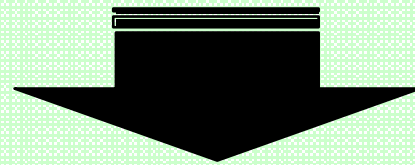


BSL – Strategic Plan



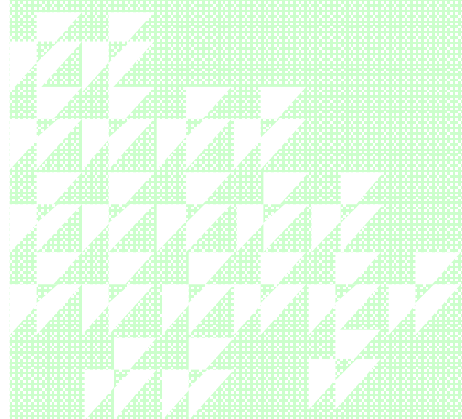
**To fully understand our changing market
& the needs of our customers**

- BSL commissioned research to identify and assess:
 - Where we are today
 - What do our customers want
 - Current and forecasted emerging market trends
 - Vehicles for future growth
 - Business requirements to ensure sustainability & survival



***Ensuring we
REMAIN FOCUSED ON OUR VISION
– AS IT ADAPTS WITH THE CHANGING NEEDS OF THE
MARKET***





Market Research

BSL Research - Opportunities



What are our customers saying they want !

“A shop that I would go to for new electrical technologies”

“Caters for female shoppers”

“Has a wide range of products”

“Has staff that will listen and understand my needs”

“Is willing to negotiate the best price”

“Are friendly to customers”

“Can work out what is the best product for me”

“Has quality brands”

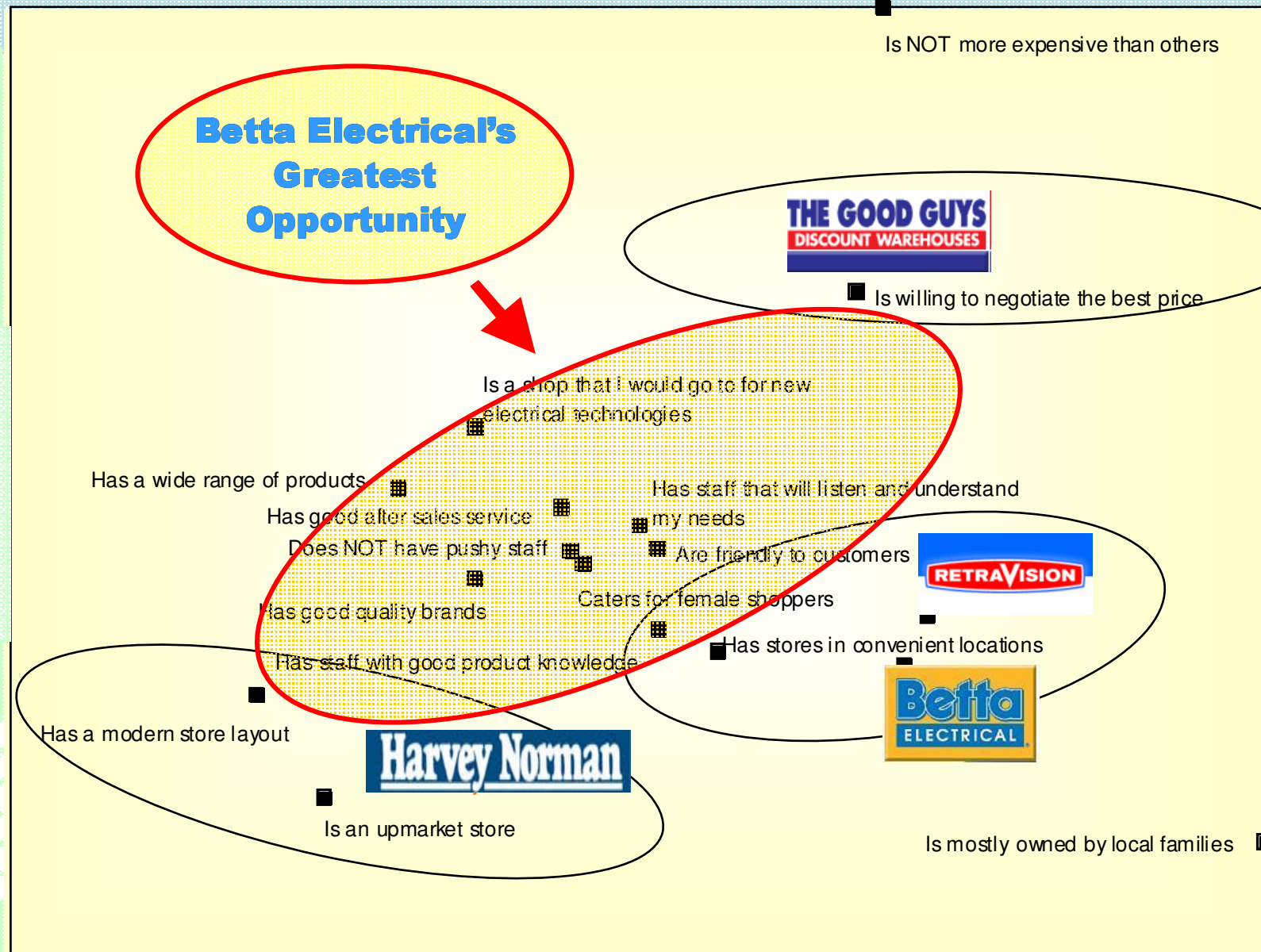
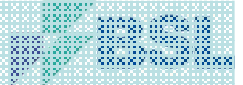
“Has a modern store layout”

Identified opportunities include:

- **Improve perception of our stores, product & service**
- **Increase focus on new technologies**
- ***And address and cater to what our customers want***



BSL Research – Where is the Opportunity



W35L



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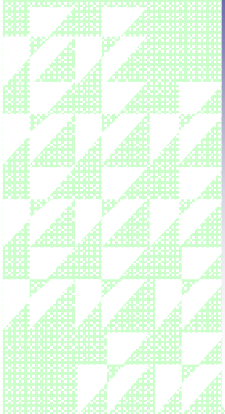
BSL - Need for a New Business Model



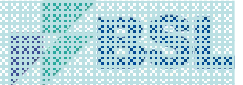
BSL has reached a turning point in its development as a service provider

- *The Industry is polarised toward corporate and independent retailers*
- *Growing requirement for corporate support for franchised retailers*
- *We must evolve and change to meet the market trends*
- *Deliver to what our customers want*

***The Challenge was to find a model that
facilitated a retailing focus
and
provide for sustainable growth for both
Retailers and Shareholders***



The Retail Market



“The middle retailer is being squeezed right out”

THE Daily Telegraph

SAT 12 NOV 2005,

By BYRON KAYE

Nostalgia sells - Gowings' history is its major asset

YOU may not have heard of Ipana toothpaste, but John Gowing might have. And he might do well to read up on the rise and fall and rise again of the legendary American household brand for inspiration. A bestseller in the 1940s and 50s, Ipana was eventually declared a spent force for its owner, Bristol-Myers, by the mid 60s.

In 1968, BM sold the brand cheaply to two Texas entrepreneurs. To great surprise, they kept the packaging the same, recognising the product's key attraction: nostalgia.

By the early 1970s, sales were booming again.

As administrators for stricken Sydney menswear shop Gowings make their first redundancies, the man with the rights to the family name might listen to retail experts pondering what went wrong -- and could go right again. And the Ipana story might offer a very useful moral.

“Gowings ... are an anachronism,” Gordon Alexander, chairman of Sydney retail marketing consultant, IdeaWorks, said.

“Their offering really is a quirky nostalgia, which really could support a small store in Bondi and Manly Corso. But it can't support a city store of five storeys.”

Gowings was not the only mid-range retailer losing relevance, Mr Alexander said.

The concept of a large mid-range retailer was becoming obsolete.

“Everyone's moving up,” he said. “The quality offered by the mass discount retailer -- everything from Harvey Norman to Big W and Target -- has been lifted.

“The in-between retailer doesn't have the discount prices and it doesn't have a better quality.

“The middle retailer is being squeezed right out.”

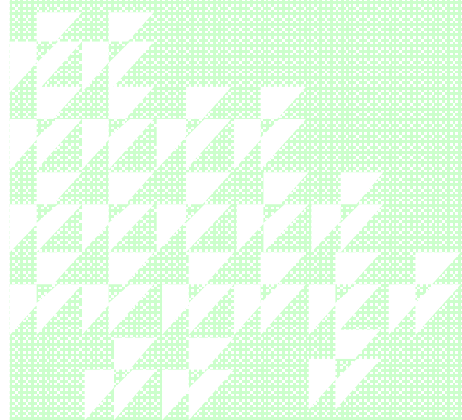
Administrators for the Gowings holding company, G Retail, were locked in talks with bankers and prospective buyers and unavailable for comment yesterday.

But administrator Peter Yates, of Deloitte, said in a statement sales were up 100per cent late this week. “The support we are receiving from the public has been tremendous,” he said. “Continued support from the public is vital to keeping Gowings afloat.”

One potential buyer, Damien Scarf, of Reuben F Scarf, has no doubt about Gowings' future.

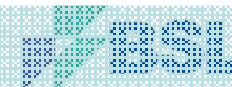
“All businesses go through this,” Mr Scarf said. “They've made serious money and lost a little bit of money. With proper management, of course Gowings could get up and go again. It's the best site in NSW.” The Gowing family's Gowing Bros owns 20per cent in the listed company, but also owns arguably its most valuable asset -- its name. Could history be what saves the struggling Sydney business? “It could,” Mr Alexander said.

“Someone out there should buy the name and build a small chain of quirky nostalgia.” Administrator Mr Yates and his partner, David Lombe, are still assessing the profitability of each Gowings store and have advertised the business for sale. The company has continually missed profit forecasts since listing, posting a \$1.1million profit in 2002 against a \$2million forecast -- and a loss each year since. Mr Yates says there are “several interested parties”

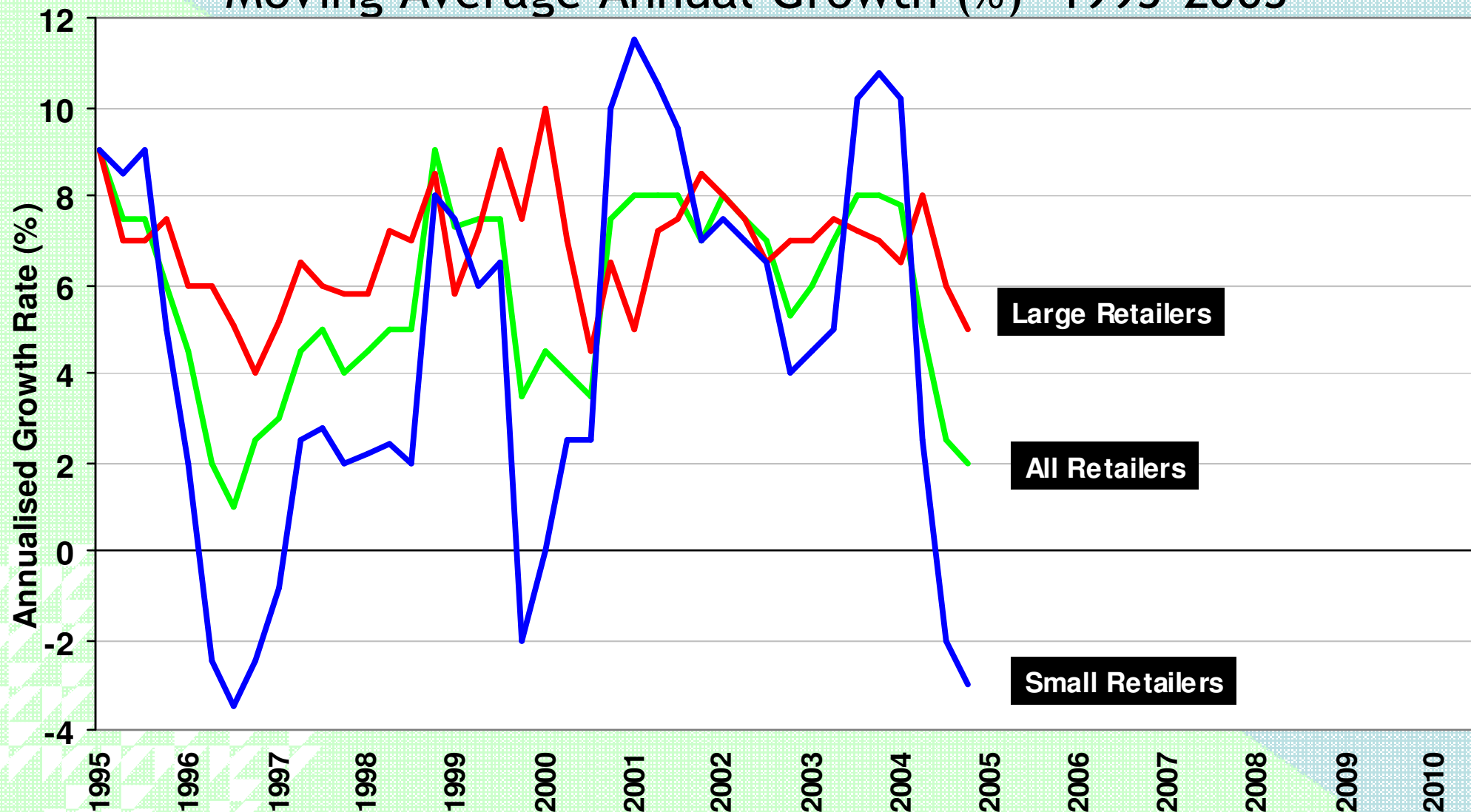


Other Corporate Examples

Australian Retail Store Sales Growth



Moving Average Annual Growth (%) 1995-2005

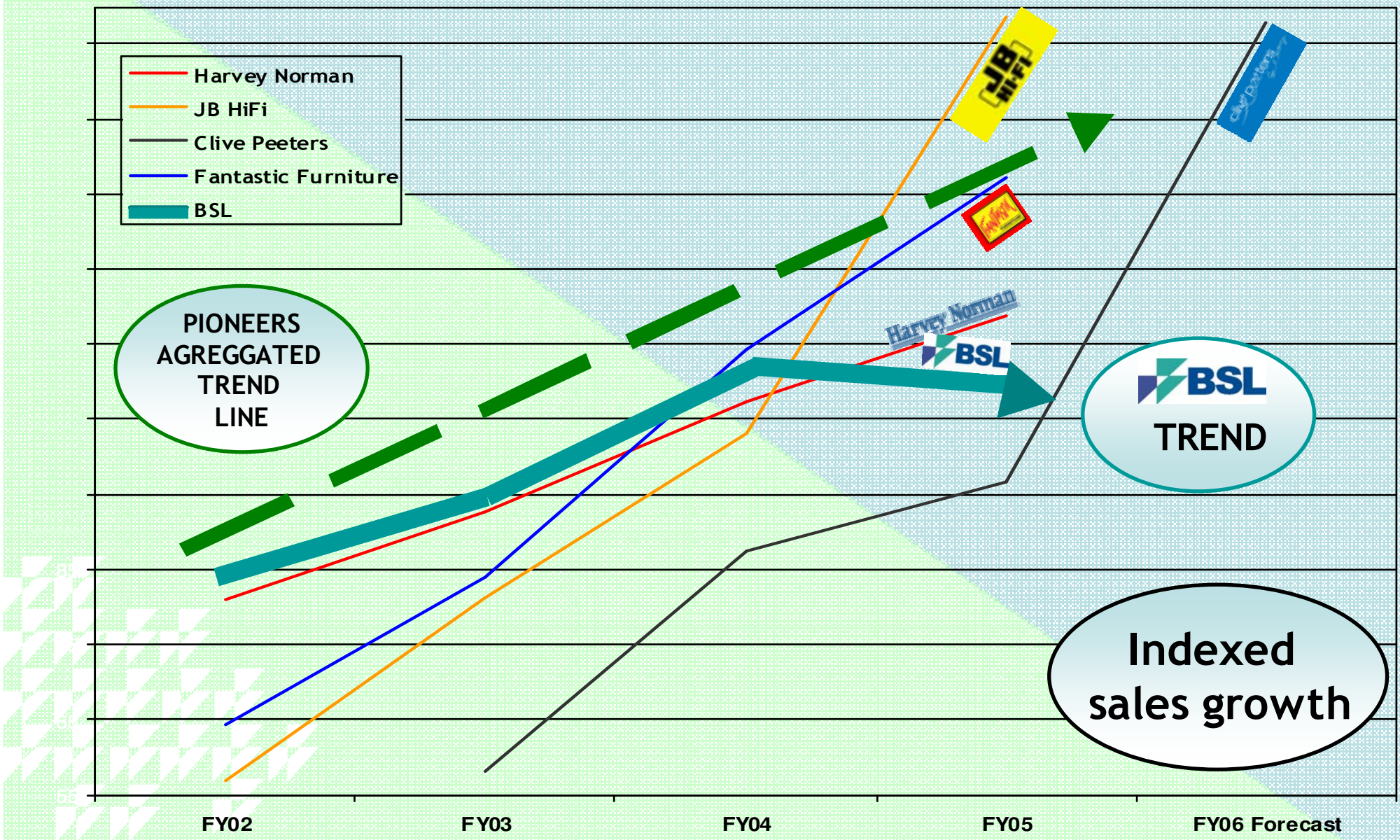
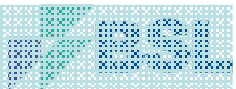


Large Retailers have maintained a more consistent growth pattern through market changes

Year, ended June

Source: BRW/ABS/IBISWorld

Competitors and Other Industry Pioneers



(Source: Companies Annual Financial Reports)

➤ Current impediments to Growth

- Limited access to equity
- Capital restrained
 - Retailers, impacts ability to grow within an already difficult market
 - BSL, due to high gearing
- Not attractive to external investors
- Fragmented buying
- Inconsistency of customer offer



BSL – How do we improve our performance



➤ Opportunities to Grow

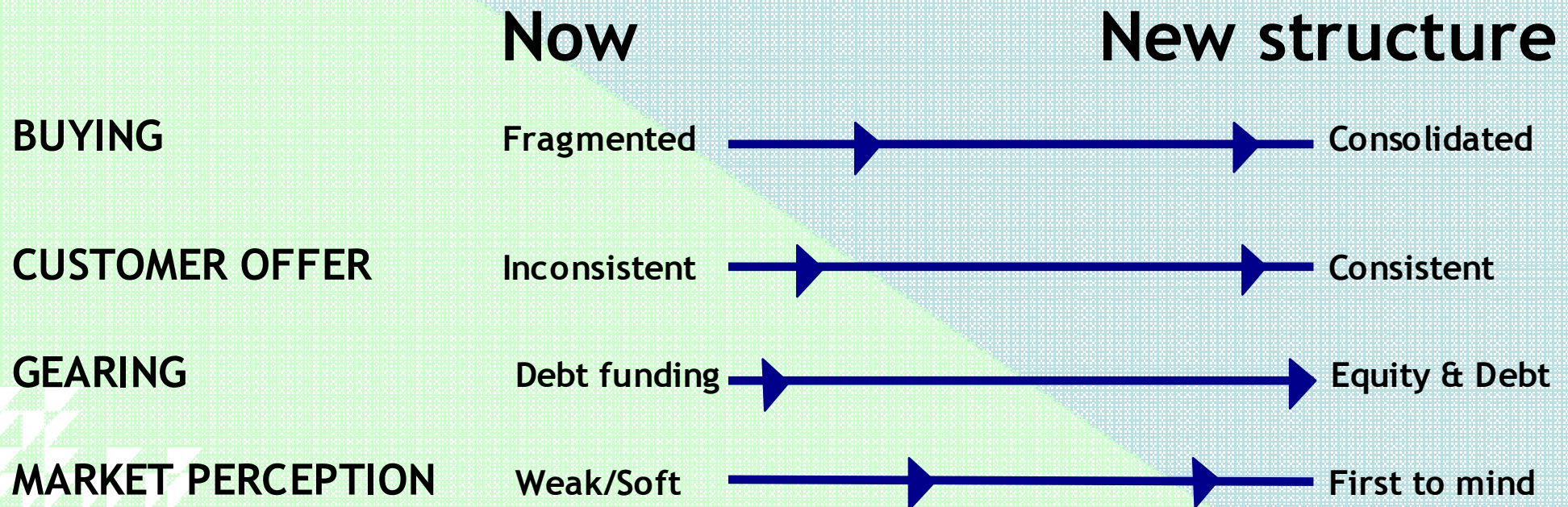
- Access to equity
- Access to capital
 - Retailers, providing ability to grow their business & meet the needs of our customer
 - BSL, provide working capital to deliver new business strategies
- Attract external investors
- Consolidate buying
- Consistency of customer offer



BSL – The transition



➤ *Success will be determined by the manner and how we can move forward*



➤ *We could be doing this now but we are currently limited by restrictions in our structure*

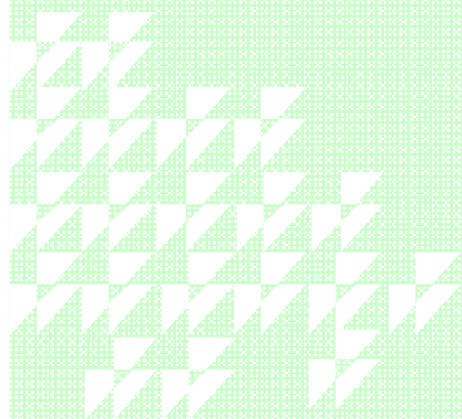
BSL – What are we going to do to deliver growth



- ☑ Capitalising on our key strengths
- ☑ Meeting the demands of our customers
- ☑ Provide a vehicle for Retailers to grow their business
- ☑ Further securing our key supplier relations
- ☑ Ensuring BSL develops a platform for long-term sustainable growth in a changing market

***For the benefit of
all Retailers and Shareholders
We need to deliver
BSL-Wholesale***





BSL-Wholesale

BSL-W – The Key Facts



➤ Under BSL-W, BSL will

- Give working capital back to retailers to allow them to
 - Repay debt
 - Access funds to undertake new fit out
 - Move to larger premises
- Deliver better buying power for Retailers
- Earn additional revenue from the Suppliers
 - For BSL & Retailers
- Deliver a system that addresses customer demands for
 - Wide range of products
 - Consistent offer



Benefits of BSL-W



The benefits of this approach:

➤ **Supplier**

- A Partnership built on planned growth
 - Single order book
 - Quality of presentation
 - Reduced administration costs
 - Single point of credit mgmt'
 - Guaranteed payment
 - Guaranteed ranging & support for promoted lines
 - Forecasting & forward commitments
 - Visibility of sales rates & forecasts

The benefits of this approach:

➤ **Our Customers**

- Consistent offer
- Extensive ranging
- New products offerings
- Improved store ambience
- More competitive pricing
- Service focus



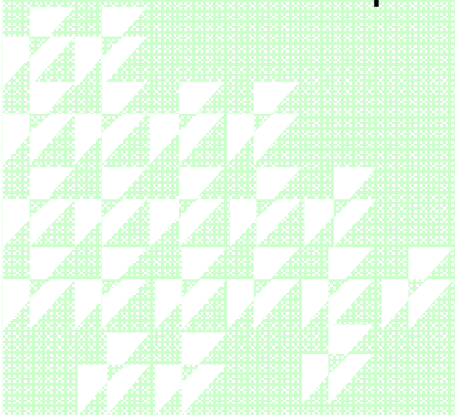
Benefits of BSL-W



The benefits of this approach are:

➤ Retailer

- Stock fully funded
 - Allowing Retailers to improve their stores to deliver to their customers expectations
- Enhanced margins through better buying
- Product speed to market
- Auto replenishment and inventory management
- Automatic price protection
- Focus on retailing
- Improved customer perception



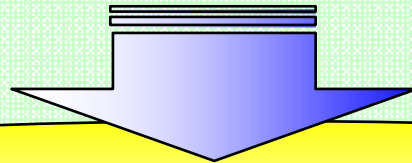
Benefits of BSL-W



The benefits of this approach are:

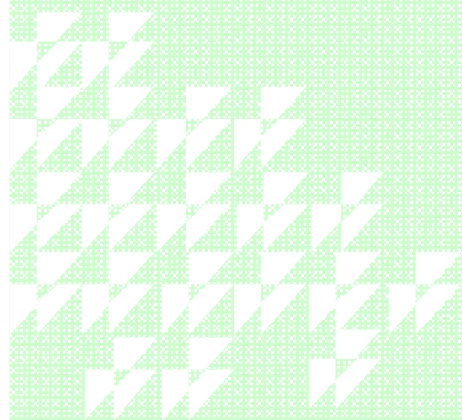
➤ Shareholders

- **Secure Distribution Channels**
 - arising from centrally managed Supplier relationships
- **Increased Revenues**
 - through additional rebates generated from Suppliers over and above those passed on to the Retailer
- **Improved profitability**
 - from growth in gross profit margin driven by additional Supplier income
- **Stronger return on Capital**
 - generated from reduced gearing and greater profitability



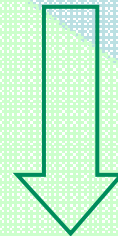
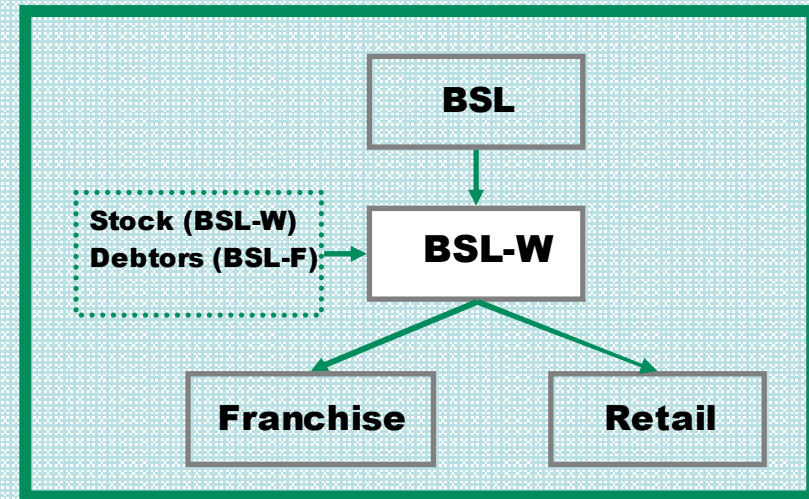
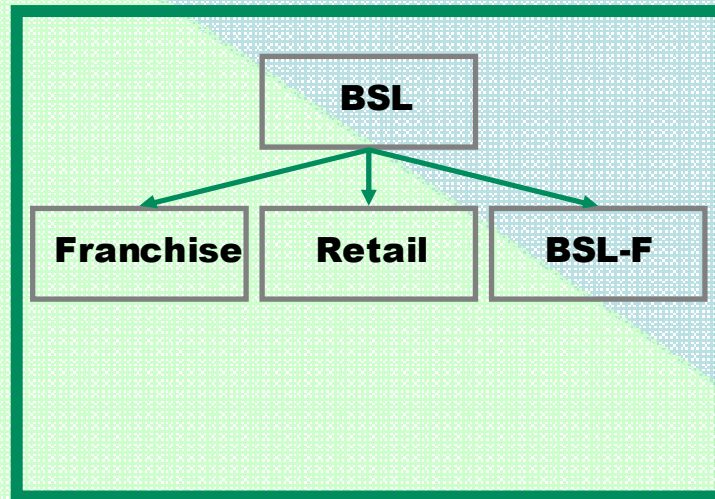
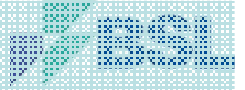
Greater Returns for Shareholders





Transition to BSL-W

Corporate Structure



Benefits:

- ✓ Immediate secure channels to market
- ✓ Current strength of relationship

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BSL-W

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Benefits:

- ✓ Enabling stores to move with the demands of their market – thru stock funding
- ✓ Strong retail presence
- ✓ Strong retail brand
- ✓ “own” retail channels



BSL-W Timeline



May 2005

- KPMG join with BSL to develop project plan (4 months)

Sept 2005

- BSL engages Project Management and key functional leaders to drive Business change



Nov 2005

- Wilson HTM appointed Investment Managers
- BSL tenders IT systems requirements
- Supplier & Market Launch

Mar 2006

- 1st Pilot - test Core Range and Finance Systems
- Confirm IT System

Mar/April 2006

- 2nd Pilot, roll out Corporate Stores & IT system pilot

April 2006

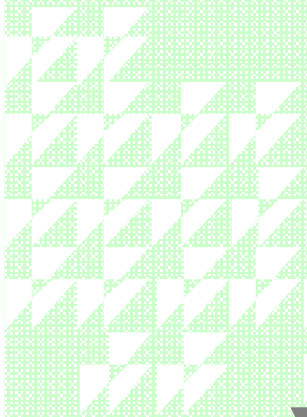
- 3rd pilot - confirm core range and systems

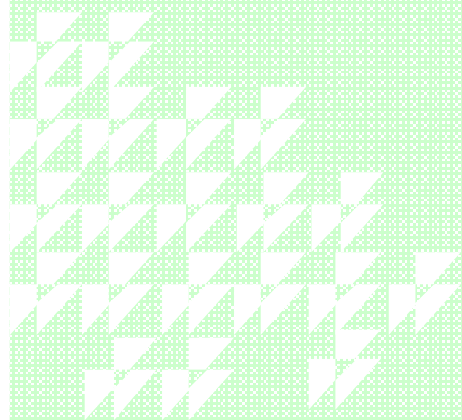
July 2006

- **LAUNCH**

Aug 2006

- Progression of staggered rollout





Constitutional Changes

Our current position

- **Currently implementing strategic plan which includes**
 - **Corporatisation & NSX listing**
 - **Expanding retail presence to add value to BE & Chandlers brand**
 - **Central Accounting**
- **Bank borrowings utilised to fund growth including CA**
- **Further initiatives required within plan including:**
 - **BSL Wholesale**
 - **ASX Listing**
- **Highly geared**
- **Current interest costs restrict us from paying market rate dividends**

Why the need for change?

- **The current Shareholder Cap:**
 - **De-values shares and makes it difficult to attract buyers of current shares, initial analyst report applied a 60% discount**
 - **Restricts our ability to attract new shareholders & raise new equity**
 - **ASX listing rules do not allow this restriction without special ASX approval**
- **BSL-W requires significant new investment of debt/equity**
- **Changes represent good Corporate Governance**
 - **Currently BSL fails several of the ASX Good Corporate Governance Principles**
- **Currently the owners of the Company do not have the right to change the Company's Constitution**
- **Changes will allow for us to extend the experience & expertise of our Board to allow for appropriate skills (finance/legal), fresh ideas and new perspectives. Retailers will still retain board positions**

BSL – Constitutional Changes



Position for Shareholders after the Changes

- **Shareholders to approve new capital:**
 - New equity exceeding 15% requires shareholder approval
 - BSL- W proposal to be put forward at EGM
 - Existing takeovers rules apply
 - No new shareholder can take control without majority shareholder approval

- **Any funding proposal will only be put forward if:**
 - Forecast earnings per share is accretive
 - Forecast total shareholder return is positive

- **Shareholders to approve new board appointments:**
 - Any new appointment to the board has to be approved by the shareholders at the next AGM
 - Retailers as shareholders will still retain board positions



BSL – Constitutional Changes

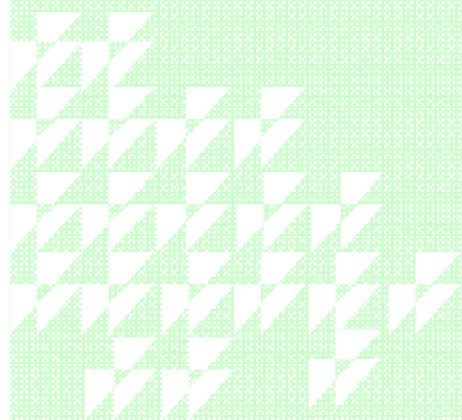


Moving Forward

- **Information Memorandum to be issued to investment market**
- **Bids/proposals will be received**
- **Notice of EGM to be sent to shareholders**
- **Extraordinary General Meeting of Shareholders held to consider & approve proposal**
- **Possible new board members**
- **Capital received to pay down debt & fund BSL-W**



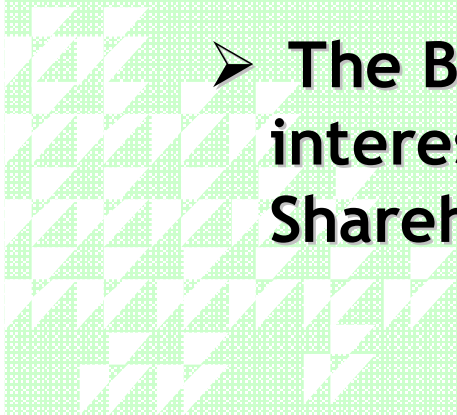
Board's Recommendation



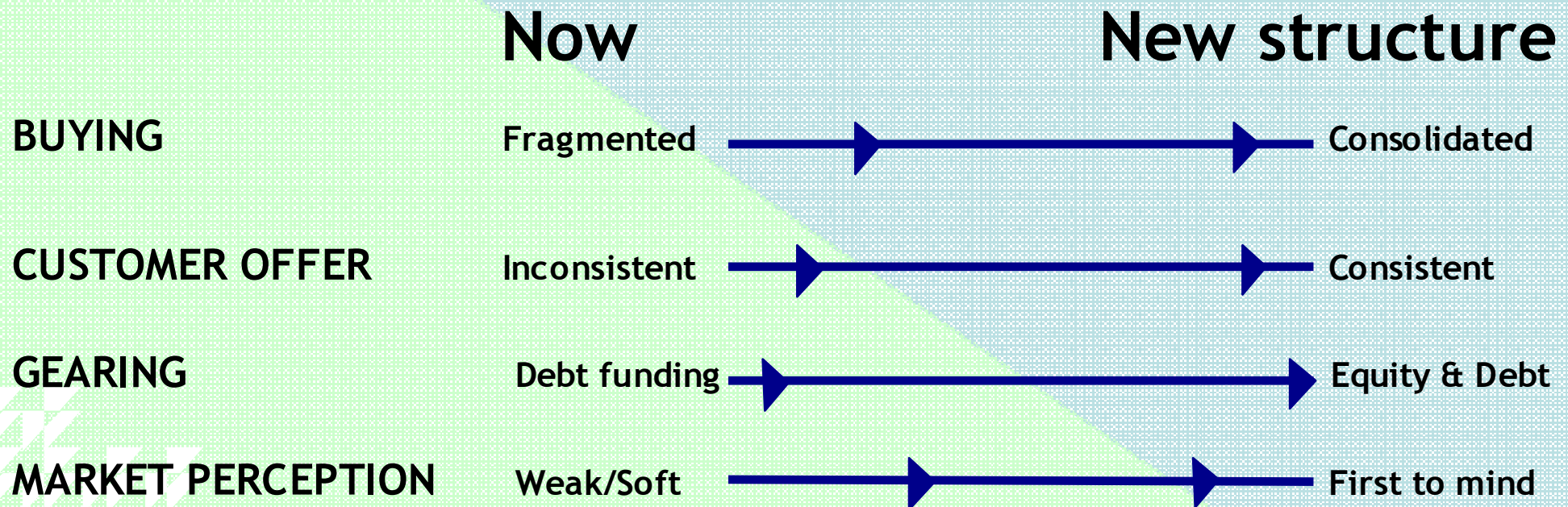
Board's Recommendations



- **The Board has analysed various strategies available to the business**
- **The Board believes this is the right strategy and one that will deliver the vision that was set out in the Strategic Plan in 2000**
- **The Board therefore strongly urge you to vote in favour of all the Constitutional changes**
- **The Board believes a “YES” vote is in the best interests of the Company, it's Retailers and you as a Shareholder**



➤ *For us to realise our true potential we need to make changes*



➤ *Only a YES vote will achieve this*

Conclusion

- The Board has unanimously recommended that all shareholders vote in favour of the Constitutional changes
- The transition to BSL-W will
 - Have a significant positive impact on the business and will allow it to out-perform its rivals and secure strong growth
 - Provides for investment backing to retailer allowing for further business growth
- This in turn will provide strong maintainable returns to shareholders

