



Company Announcement

29 March, 2006

PRELIMINARY HALF YEAR RESULTS

In the company's letter to the NSX General Manager dated 16 March 2006 the company made reference to a number of issues that were impacting on the company's ability to release its financial statements for the half year ended 31 December 2005. These issues included:

- change in Auditor during the relevant period;
- finalisation of matters with the outgoing Auditors;
- change in Chief Financial Officer during the relevant period including the change in a number of senior accounting staff;
- issues with and modifications required of accounting practices and systems; and
- assessment of the full impact of Australian equivalent of the International Financial Reporting Standards ('IFRS') on the BSL Group of companies.

Some of these issues remain unresolved.

There has been a delay in the company's incoming auditors (KPMG) gaining access to and reviewing the outgoing auditor's (Grant Thornton) files. It is expected the review will be finalised this week.

It was noted that a review was being conducted by the company's finance team on the integrity of the company's financial reporting systems and the potential impact this may have on the financial statements of the company.

This integrity review has been completed with a recommendation being made to, and accepted by, the Board for an external accounting systems expert to be engaged by the company. The company is currently finalising the terms of engagement of a consulting firm to undertake this review.

Although the company does not believe that the existing accounting system produces information that is materially incorrect, the integrity review did reveal some deficiencies.

The terms of reference for the accounting systems review will include:

- the analysis of all transactional data to confirm that it is posting to the correct accounts within the accounting system;
- assistance in correcting any identified weaknesses in the company's accounting systems; and
- assistance with the identification and establishment of a new system and associated rectification work.

After extensive deliberations, both the Board and Executive Management consider prudent practice requires the withholding of the release of financial statements (audited or unaudited) until the accounting systems review has been completed. The incoming auditors, KPMG, endorse this position.

Subject to the finalisation of the accounting systems review, IFRS adjustments and review of the accounts by KPMG, the company anticipates:

- it will report a net loss after tax and outside equity interests for the six months to 31 December 2005 of between \$1.8 and \$2.3 million; and
- its net asset position will be between \$9.5 and \$10.0 million.

Any enquiries should be directed to:

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