

29 March, 2006

BSL Shareholders
Via NSX & corporate website

BSL Group Retailers
Via retailers' intranet

BSL Group Suppliers
By email

Dear Ladies and Gentlemen

Betta Stores Limited (NSX Code – BSZ)

Recently BSL's securities have, at the request of BSL, been suspended from trading. The reason for this request was that BSL was not in a position to lodge financial statements for the half year ended 31 December, 2005.

The half year accounts were not completed by the date required by the listing rules for a range of reasons, some of which remain unresolved.

Accompanying this letter is an announcement by the company highlighting the issues, current status and steps being undertaken by the company to attend to rectification of the issues in an efficient and timely manner.

These steps include an engagement of external systems accountant expert. The timeframe for completion of the review, rectification and lodgement of the half year financial statements will be better understood once this review has commenced. We will inform you of the appropriate dates when they are determined.

At all times in assessing how to address the issues surrounding the completion of the half year accounts, the Directors and management have continued to deliberate as to the most efficient manner to enable completion of the audit and lodgement of the half year accounts and keep all stakeholders appropriately informed in relation to the financial affairs of the company.

It is still not considered appropriate or prudent, given the issues surrounding the systems, to lodge financial statements prior to completion of the accounting systems review and review by the incoming auditors.

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The company announcement provides details of the anticipated result for the half year ended 31 December, 2005.

The half year result, as included in the Company Announcement, was impacted by a number of factors including:

- A provision for bad and doubtful debts of \$1.3 million, reflecting the current difficult trading conditions experienced by electrical retailers. Included in the provision is an amount for Hi Fi Supermarket, a member of our Buying Group, who went into administration on 6 February, 2006 and was placed in liquidation on 3 March 2006;
- The write-off of goodwill of \$0.9 million on the acquisition of Buy Rite Southern (now Betta Stores Southern) under the new IFRS impairment test;
- A poor result experienced by some of our subsidiary companies; and
- A relatively strong performance by the core business unit of franchising.

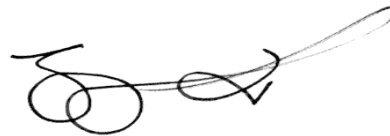
The Directors and Management are currently reviewing all aspects of the business with a view to refocusing the company on the core business of franchising and retail services.

We are committed to keeping all stakeholders fully informed as we fulfil this strategy and return the company to a position of strong growth.

Yours sincerely
BETTA STORES LIMITED

A handwritten signature in black ink, appearing to read 'Patrick Tynan', written over a horizontal line.

Patrick Tynan
Chairman of Directors

A handwritten signature in black ink, appearing to read 'Guy Houghton', written over a horizontal line.

Guy Houghton
Chief Executive Officer