



14 June, 2006

Mr Scott Evans
General Manager
Stock Exchange of Newcastle Limited
Ground Floor
384 Hunter Street
NEWCASTLE NSW 2300

Dear Sir,

Betta Stores Limited (BSL – NSX Code: BSZ)

BSL is providing an update on the completion of its Half Year Financial Report for the six months to December 31, 2005.

As previously explained in the company's announcements to the NSX on 16 March 2006, 29 March 2006, and 3 May 2006, a number of issues have caused BSL to delay the release of its audited Half Year Financial Report.

These issues have included a change in Auditor; change in Chief Financial Officer and a number of senior accounting staff; and a review of our accounting practices and systems.

BSL has performed an integrity review of its accounting systems, which has highlighted a number of issues, particularly in relation to inconsistent data. This inconsistency was also evident in previous financial years.

It has taken considerable time and extra resources, including the assistance of IBM and Professional Advantage, to reconcile data underlying the accounts from previous years to assist in finalising the Half Year Financial Report.

It is expected that the inconsistencies, whilst not yet quantified as they are still being reconciled, will result in adjustments to accounts within the company's Balance Sheet and Profit & Loss statement for the six months to 31 December 2005.

Work is continuing to remedy these issues on a priority basis, including ensuring appropriate steps are taken to ensure the same issues are not repeated for the full year results

BSL anticipates that its Half Year Financial Report for the six months to December 31, 2005 will be completed within the next three weeks. While the delay is beyond any expectation of the company, the work that has been undertaken will ensure BSL's accounting systems are fully integrated and underlying data is accurate and reconcilable.

Yours sincerely

A handwritten signature in black ink, appearing to read "Scott McLennan", written over a light blue horizontal line.

Scott McLennan
Chief Financial Officer
BSL