

FORM: Full Year Preliminary report

Name of issuer

BETTA STORES LTD

ACN or ARBN	Half yearly (tick)	Preliminary final (tick)	Half year/financial year ended ('Current period')
009 710 605		✓	30 June 2006

For announcement to the market

Extracts from this statement for announcement to the market (see note 1).

				\$A'000
Sales (or equivalent) operating revenue (item 1.1)	up	43.8 %	to	356,985
Operating profit (loss) before abnormal items and tax (item 1.4)	down	2,711.2 %	to	(8,365)
Abnormal items before tax (item 1.5)	gain (loss) of	-	to	-
Operating profit (loss) after tax but before outside equity interests (item 1.8)	down	2,988.3 %	to	(7,651)
Extraordinary items after tax attributable to members (item 1.13)	gain (loss) of	-	to	-
Operating profit (loss) and extraordinary items after tax attributable to members (item 1.16)	down	(235,413.9) %	to	(6,030)
Exploration and evaluation expenditure incurred (item 5.2)	N/A	- %	to	
Exploration and evaluation expenditure written off (item 5.3)	N/A	- %	to	
Dividends				
Franking rate applicable		30%		
Current period		Nil		
Previous corresponding period		3.2 cents		
Record date for determining entitlements to the dividend, (in the case of a trust distribution) (see item 15.2)		n/a		
Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:				
Nil				

Consolidated profit and loss account*(The figures are not equity accounted)*

* Some opening balances have been adjusted to reflect prior period accounting errors.

As restated to include the effect of International Financial Reporting Standards.

		Current period* \$A'000	Previous corresponding period # \$A'000
1.1	Sales (or equivalent operating) revenue	356,985	248,330
1.2	Other revenue	2,718	2,251
1.3	Total revenue	359,703	250,581
1.4	Operating profit (loss) before abnormal items and tax	(8,365)	(298)
1.5	Abnormal items before tax (detail in item 2.1)	-	-
1.6	Operating profit (loss) before tax (items 1.4 + 1.5)	(8,365)	(298)
1.7	Less tax	713	50
1.8	Operating profit (loss) after tax but before outside equity interests	(7,651)	(248)
1.9	Less outside equity interests	1,622	250
1.10	Operating profit (loss) after tax attributable to members	(6,030)	3
1.11	Extraordinary items after tax (detail in item 2.3)	-	-
1.12	Less outside equity interests	-	-
1.13	Extraordinary items after tax attributable to members	-	-
1.14	Total operating profit (loss) and extraordinary items after tax (items 1.8 & 1.11)	(7,651)	(248)
1.15	Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 & 1.12)	1,622	250
1.16	Operating profit (loss and extraordinary items after tax attributable to members (items 1.10 & 1.13)	(6,030)	3
1.17	Retained profits at beginning of financial period before error adjustments	10,518	12,344
1.17b	Prior period accounting errors reflected in opening balances	(926)	-
1.18	Aggregate of amounts transferred from reserves	(98)	-
1.19	Total available for appropriation (carried forward)	3,465	12,347
1.20	Total available for appropriation (brought forward)	10,518	12,344

Consolidated profit and loss account continued

1.21	Dividends provided for or paid	-	-
1.22	Aggregate or amounts transferred to reserves	-	-
1.23	Retained profits (accumulated losses) at end of financial period	3,465	12,347

Abnormal and extraordinary items

		Consolidated - current period		
		Before tax \$A'000	Related tax \$A'000	After tax \$A'000
2.1	Abnormal items	-	-	-
2.2	Total abnormal items	-	-	-
2.3	Extraordinary items	-	-	-
2.4	Total extraordinary items	-	-	-

Comparison of half year profits

(Preliminary final statement only)

		Current year - \$A'000	Previous year - \$A'000
3.1	Consolidated operating profit (loss) after tax attributable to members reported for the 1st half year (item 1.10 in the half yearly statement)	(4,951)	830
3.2	Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	(1,079)	(828)

Consolidated balance sheet

(See note 5)

* Some opening balances have been adjusted to reflect prior period accounting errors.

As restated to include the effect of International Financial Reporting Standards.

	Current assets	At end of current period* \$A'000	As shown in last annual report # \$A'000	As in last half yearly statement # \$A'000
4.1	Cash	3,125	9,098	7,490
4.2	Receivables	35,573	43,610	52,523
4.3	Investments	195	196	197
4.4	Inventories	12,472	17,927	19,263
4.5	Other (provide details if material)	(167)	2,195	2,485
4.6	Total current assets	51,199	73,025	81,957
	Non-current assets			
4.7	Receivables	1,151	1,766	1,588
4.8	Investments	-	-	-
4.9	Inventories	-	-	-
4.10	Exploration and evaluation expenditure capitalised (see para .71 of AASB 1022)	-	-	-
4.11	Development properties (mining entities)	-	-	-
4.12	Other property, plant and equipment (net)	10,545	9,278	11,590
4.13	Intangibles (net)	(0)	483	-
4.14	Other (provide details if material)	5,791	1,501	2,331
4.15	Total non-current assets	17,487	13,028	15,509
4.16	Total assets	68,686	86,053	97,466
	Current liabilities			
4.17	Accounts payable	31,636	24,593	45,332
4.18	Borrowings	26,143	29,694	28,819
4.19	Provisions	1,118	1,611	1,356
4.20	Other (provide details if material)	-	-	-
4.21	Total current liabilities	58,898	55,897	75,508
	Non-current liabilities			
4.22	Accounts payable	-	-	-
4.23	Borrowings	3,192	17,796	17,192
4.24	Provisions	1,653	296	-
4.25	Other (provide details if material)	-	-	-
4.26	Total non-current liabilities	4,845	18,092	17,192
4.27	Total liabilities	63,743	73,989	92,700
4.28	Net assets	4,943	12,064	4,766

Consolidated balance sheet continued

Equity				
4.29	Capital	340	359	340
4.30	Reserves	2,070	1,469	1,469
4.31	Retained profits (accumulated losses)	3,464	10,518	4,642
4.32	Equity attributable to members of the parent entity	5,873	12,347	6,450
4.33	Outside equity interests in controlled entities	(930)	(283)	(1,685)
4.34	Total equity	4,943	12,064	4,766
4.35	Preference capital and related premium included as part of 4.31	N/A	N/A	N/A

Exploration and evaluation expenditure capitalised

To be completed only by issuers with mining interests if amounts are material. Include all expenditure incurred regardless of whether written off directly against profit

		Current period \$A'000	Previous corresponding period \$A'000
5.1	Opening balance	N/A	N/A
5.2	Expenditure incurred during current period	N/A	N/A
5.3	Expenditure written off during current period	N/A	N/A
5.4	Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
5.5	Expenditure transferred to Development Properties	N/A	N/A
5.6	Closing balance as shown in the consolidated balance sheet (item 4.9)	N/A	N/A

Development properties

(To be completed only by issuers with mining interests if amounts are material)

		Current period \$A'000	Previous corresponding period \$A'000
6.1	Opening balance	N/A	N/A
6.2	Expenditure incurred during current period	N/A	N/A
6.3	Expenditure transferred from exploration and evaluation	N/A	N/A
6.4	Expenditure written off during current period	N/A	N/A
6.5	Acquisitions, disposals, revaluation increments, etc.	N/A	N/A
6.6	Expenditure transferred to mine properties	N/A	N/A
6.7	Closing balance as shown in the consolidated balance sheet (item 4.10)	N/A	N/A

Consolidated statement of cash flows

(See note 6)

		Current period \$A'000	Previous corresponding period \$A'000
Cash flows related to operating activities			
7.1	Receipts from customers	399,888	251,470
7.2	Payments to suppliers and employees	(378,935)	(260,104)
7.3	Dividends received	28	17
7.4	Interest and other items of similar nature received	109	159
7.5	Interest and other costs of finance paid	(3,292)	(2,013)
7.6	Income taxes paid	(1,246)	(1,590)
7.7	Other (provide details if material)	-	-
7.8	Net operating cash flows	16,552	(12,062)

	Cash flows related to investing activities		
7.9	Payments for purchases of property, plant and equipment	(3,355)	(1,596)
7.10	Proceeds from sale of property, plant and equipment	705	-
7.11	Payment for purchases of equity investments	-	(19,028)
7.12	Proceeds from sale of equity investments	8,340	198
7.13	Loans to other entities	-	-
7.14	Loans repaid by other entities	-	-
7.15a	Payments for purchased Goodwill	-	-
7.15b	Other (provide details if material)	-	(407)
7.16	Net investing cash flows	5,690	(20,834)
	Cash flows related to financing activities		
7.17	Proceeds from issues of securities (shares, options, etc.)	-	0
7.18	Proceeds from borrowings	1,750	42,931
7.19	Repayment of borrowings	(29,919)	-
7.20	Dividends paid	-	(1,313)
7.21	Payment for share buy back	-	(2)
7.22	Net financing cash flows	(28,169)	41,616
	Net increase (decrease) in cash held	(5,927)	8,721
7.23	Cash at beginning of period (see Reconciliations of cash)	9,052	332
7.24	Exchange rate adjustments to item 7.23		
7.25	Cash at end of period (see Reconciliation of cash)	3,125	9,052

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

During the period the economic entity acquired leased plant, equipment & motor vehicles with an aggregate fair value of \$58,493 by means of finance lease (2005: \$208,645). These acquisitions are not reflected in the statement of cash flows.

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A'000	Previous corresponding period \$A'000
8.1 Cash on hand and at bank	3,125	9,052
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	-
8.4 Other (provide details)	-	-
8.5 Total cash at end of period (item 7.25)	3,125	9,052

Ratios		Current period	Previous corresponding period
Profit before abnormals and tax/sales			
9.1	Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1)	-2.1%	-0.1%
Profit after tax/equity interests			
9.2	Consolidated operating profit (loss) after tax attributable to members (item 1.10) as a percentage of equity (similarly attributable) at the end of the period (item 4.34)	-122.0%	0.0%

Earnings per security (EPS)

10.1	Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
	(a) Basic EPS (cents per share)	-12.7	0.0
	(b) Diluted EPS (if materially different from (a))	NA	NA

NTA backing

(see note 7)

		Current period	Previous corresponding period
11.1	Net tangible asset backing per ordinary security	\$0.10	\$0.24

Details of specific receipts/outlays, revenues/expenses

		Current period \$A'000	Previous corresponding period \$A'000
12.1	Interest revenue included in determining items 1.4	109	159
12.2	Interest revenue included in item 12.1 but not yet received (if material)	-	-
12.3	Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	(3,356)	(2,069)
12.4	Interest costs excluded from item 12.3 and capitalised in asset values (if material)	-	-
12.5	Outlays (except those arising from the acquisition of an existing business) capitalised in intangibles (if material)	-	-
12.6	Depreciation (excluding amortisation of intangibles)	1,834	1,211
12.7	Impairment of intangibles	1,466	154

Control gained over entities having material effect

(See note 8)

13.1	Name of issuer (or group)	N/A
13.2	Consolidated operating profit (loss) and extraordinary items after tax of the issuer (or group) since the date in the current period on which control was acquired	N/A
13.3	Date from which such profit has been calculated	N/A
13.4	Operating profit (loss) and extraordinary items after tax of the issuer (or group) for the whole of the previous corresponding period	N/A

Loss of control of entities having material effect*(See note 8)*

14.1	Name of entity (or <i>group</i>)	Sleepy's Pty Ltd
14.2	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or <i>group</i>) for the current period to the date of loss of control	296,526
14.3	Date to which the profit (loss) in item 14.2 has been calculated	30 September 2005
14.4	Consolidated operating profit (loss) and extraordinary items after tax of the entity (or <i>group</i>) while controlled during the whole of the previous corresponding period	(45)
14.5	Contribution to consolidated operating profit (loss) and extraordinary items from sale of interest leading to loss of control	995,471

Dividends

15.1	Date the dividend is payable	N/A
15.2	Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm)	N/A
18.3	Amount per <i>security</i>	N/A

	<i>Franking rate applicable</i>	39%	36%	30%
	<i>(Preliminary final statement only)</i>			
15.4	Final dividend: Current year ¢	-	-	-
15.5	Previous year ¢	-	-	-
	<i>(Half yearly and preliminary final statements)</i>			
15.6	Interim dividend: Current year ¢ -	-	-	-
15.7	Previous year ¢ 3.2	-	-	1,498,189

Total annual dividend (distribution) per security*(Preliminary final statement only)*

		Current year	Previous year
15.8	Ordinary securities	-	-
15.9	Preference securities	N/A	N/A

Total dividend (distribution)

		Current period \$A	Previous corresponding period \$A
15.10	Ordinary securities	-	1,498,189
15.11	Preference securities	N/A	N/A
15.12	Total	-	1,498,189

The *dividend or distribution plans* shown below are in operation.

The Betta Stores Ltd Dividend Reinvestment Plan was approved at the company's 2004 Annual General Meeting on 22 November 2004. The DRP rules have been lodged with the NSX on 8 March 2005.

The last date(s) for receipt of election notices to the *dividend or distribution plans*

N/A

Any other disclosures in relation to dividends (distributions)

N/A

Equity accounted associated entities and other material interests

Equity accounting information attributable to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Investments in associated entities

16.1	Statutory carrying value of investments in associated entities (SCV)
16.2	Share of associated entities' retained profits and reserves not included in SCV: Retained profits Reserves
16.3	Equity carrying value of investments

Current period \$A'000	Previous corresponding period \$A'000
N/A	N/A
N/A	N/A
N/A	N/A
N/A	N/A

Material interests in entities which are not controlled entities

The economic entity has an interest (that is material to it) in the following entities.

	Equity accounted associated entities	Percentage of ownership interest (ordinary securities, units etc) held at end of period		Contributing to operating profits (loss) and extraordinary items after tax	
		Current period	Previous corresponding period	Current period	Previous corresponding
17.1				Equity accounted	
		N/A	N/A	N/A	N/A
17.2	Other material interests			Not equity accounted (ie part of item 1.14)	
		N/A	N/A	N/A	N/A

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and rates.

Category of securities		Number Issued	Number Listed	Par Value (cents)	Paid-up Value (cents)
18.1	Preference securities (description)	N/A			
18.2	Issued during current period	N/A			
18.3	Ordinary securities		-		
	Retailer Shares	11,350	-	200	200
	Ordinary Shares	47,458,596	47,458,596	0	0
18.4	Issued during current period		-		
	Retailer Shares	-	-	200	200
	Ordinary Shares	-	-	0	0
18.5	Convertible debt securities (description and conversion factor)	N/A			
18.6	issued during current period				

18.7	Options (<i>description and conversion factor</i>)	N/A		Exercise Price	Expiry Date
18.8	Issued during current period				
18.9	Exercised during current period				
18.10	Expired during current period				
18.11	Debentures (<i>totals only</i>)				
18.12	Unsecured Notes (<i>totals only</i>)				

Comments by *directors*

Comments on the following matters are required by the Exchange or, in relation to the half yearly statement, by AASB 1029: Half Year Accounts and Consolidated Accounts. The comments do not take the place of the directors' report and statement (as required by the Corporations Act) and may be incorporated into the directors' report and statement. For both half yearly and preliminary final statements, if there are no comments in a section, state NIL. If there is insufficient space in comment, attach notes to this statement.

Basis of accounts preparation

<p>The financial report is prepared on the historical cost basis except that investment property is stated at its fair value.</p> <p>Amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.</p> <p>The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the consolidated entity.</p> <p>The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.</p> <p>The financial report also includes the correction of errors that relate to prior reporting periods. The values of the errors have been established using estimates. The errors have been corrected by adjusting the opening balance of assets, liabilities and retained earnings for the account affected by the error.</p> <p>The report has been prepared on the basis that the consolidated entity is a going concern, that is, the consolidated entity will remain in existence for the foreseeable future.</p> <p>The Group has undertaken, in accordance with the Board's strategy as discussed in the operation section below, to significantly reduce its working capital investment, reduce borrowings and costs through a series of actions including, but not limited to, reducing operational costs and selling non-core assets.</p> <p>Although there is no assurance that the consolidated entity will be successful in these actions, the Board is confident that it will be able to secure the necessary improvement in operating cash flows to enable it to continue as a going concern. Accordingly, these financial statements do not reflect adjustments to the carrying value of assets and liabilities, the reported revenue and expenses and balance sheet classifications used that would be necessary if the going concern assumption were not appropriate. Such adjustments could be material.</p> <p>The financial statements are in the process of being audited. It is possible that on the audit of the financial statements, some changes may occur to the accounting treatment given to some entries made. No assurances can be given that these financial statements will resemble the audited financial statements. Persons reading these financial statements should have particular regard to accompanying notes in the financial statements.</p>
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Material factors affecting the revenues and expenses of the *issuer* for the current period

Review of operations

Refer to Supplementary sheet attached.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

On 30 June 2006, Betta Stores (Northern) Pty Ltd entered into an agreement for the sale of its Chandlers-branded store at Kippa-ring. This sale completed on 1 August 2006.

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Not applicable

Changes in accounting policies since the last annual report are disclosed as follows.

(Disclose changes in the half yearly statement in accordance with paragraph 15(c) of AASB 1029: Half Year Accounts and Consolidated Accounts. Disclose changes in the preliminary final statement in accordance with AASB 101: Accounting Policies Disclosure.

Refer to Basis of Accounts Preparation.

Annual meeting

(Preliminary final statement only)

The annual meeting will be held as follows:

Place

N/A

Date

N/A

Time

N/A

Approximate date the annual report will be available

N/A

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to the Exchange (see note 13).

Identify other standards used

N/A

2 This statement, and the financial statements under the Corporations Act (if separate), use the same accounting policies.

3 This statement does give a true and fair view of the matters disclosed (see note 2).

4 This statement is based on financial statements, which are in the process of being audited.

5 If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications will follow immediately they are available.

6 The issuer has a formally constituted audit committee.



Sign here:
Company Secretary

Date: 13 September 2006

Print name: Nicole Quinn