Media Announcement **14 September, 2006**

BETTA STORES LIMITED
FULL YEAR FINANCIAL RESULTS
CONFIRMS STRATEGIC DIRECTION

Year to 30 June 2006 Highlights

- Strong performance from franchise operations: EBIT $6.5 million and revenue $69.9 million
- Group working capital managed down to $4.6 million from $33.3 million a year ago to allow debt reduction
- Group borrowings reduced from $47.5 million to $29.3 million in the year
- Total revenue $359.7 million, up 43.8%
- Overall net loss of $6.0m after one-off abnormal costs of $6.5 million
- Identified and corrected errors in prior year accounts
- Implemented group-wide system review and changes
- Sold interest-free debtor book to G E Capital Finance Pty Ltd for $8.5 million
- Implemented exit program for loss making non-core assets

Betta Stores Limited today announced its core franchise operations had performed well in the year ended 30 June 2006 despite tough competition in the industry and a poor retail trading environment.

The company's Betta Electrical, Betta Electrical Superstore and Chandlers franchises generated revenue of $69.9 million, down a marginal 0.7% from a year ago. Earnings before interest and tax however increased significantly to $6.5 million, a rise of 68.5%.

"The positive performance of the core franchise business was more significant given market conditions which included increased competition, weakened consumer sentiment and greater consumer expectations," said BSL Chief Executive Guy Houghton.

Abnormal costs incurred in selling or closing loss-making businesses (including the company-owned stores) and the poor performance of BSL's central accounting operations weighed on the overall result, producing a loss of $6.0 million versus a profit (before International Financial Reporting Standards (IFRS) adjustments) of $0.6 million a year ago. Included in this year's result were provisions totalling $6.5 million covering items including losses on non-core asset sales, onerous contracts, prior period accounting errors and the major impact of aligning with IFRS.

Total group revenue rose 43.8% to $359.7 million predominantly due to the increase in central accounting volumes.

In February 2006 the Board approved a change to the overall strategic direction of the group targeting the core business of franchising. This strategy, which is now well progressed, is aimed at boosting the performance of the group and its franchisees. It includes the introduction of new franchisees, working with existing franchisees to upgrade their businesses to superstore status, refurbishments of smaller stores to achieve a "Best in Town" offer and a greater focus on store compliance.

Working capital was managed down to $4.6 million through careful management, releasing funds to enable total borrowings to be reduced from $47.5 million to $29.3 million during the financial year.

BSL anticipates the use of funds received from the ongoing sale of non-core assets to further reduce these borrowings. To date BSL has sold three stores in Brisbane and a further three in Melbourne. Negotiations are well progressed for the sale of the remaining stores. In April the company sold its interest-free debtor book to GE Capital Finance Pty Ltd for $8.5 million. These funds were used to retire debt.

Net assets were $4.9 million up $0.1 million from the half year.

Prior year accounts

Inconsistencies in accounting data that delayed the release of the half-year report were identified and corrected. Opening balances for affected assets, liabilities and reserves have been restated and the group has taken steps to ensure these errors do not re-occur.

Outlook

The strong performance of the core franchise business reinforced the Board's decision during the financial year to focus on this area of the overall business. With the completion of the retailing sale program expected by the end of the year, which will free up the group's resources, the Board and management are confident that the outlook for the group in 2007 and beyond is very positive.

All enquiries to:

Guy Houghton	Scott McLennan
Chief Executive Officer	Chief Financial Officer
BSL	BSL
Tel: (07) 3222 3999	Tel: (07) 3222 3999
Email:	Email:
guy.houghton@bsl.com.au	scott.mclennan@bsl.com.au