

FORM: Preliminary final report

Name of issuer

BETTA STORES LTD

ACN or ARBN

009 710 605

Half yearly
(tick)

Preliminary
final (tick)

√

Half year/financial year ended
(‘Current period’)

30 June 2004

For announcement to the market

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

				\$A
Sales (or equivalent) operating revenue (item 1.1)	up	87.0 %	to	164,258,690
Operating profit (loss) before abnormal items and tax (item 1.4)	up	0.9 %	to	4,191,497
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	(0.21) %	to	2,906,910
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	(0.02) %	to	2,899,628
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

Current period

N/A

N/A

N/A

N/A

Previous corresponding period

N/A

N/A

N/A

N/A

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:

N/A

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

		Current period \$A	Previous corresponding period \$A
1.1	Sales (or equivalent operating) revenue	164,258,690	87,820,065
1.2	Other revenue	1,663,114	684,633
1.3	Total revenue	165,921,804	88,504,698
1.4	Operating profit (loss) before abnormal items and tax	4,191,497	4,152,330
1.5	Abnormal items before tax (detail in item 2.1)	-	-
1.6	Operating profit (loss) before tax (items 1.4 + 1.5)	4,191,497	4,152,330
1.7	Less tax	(1,284,587)	(1,239,421)
1.8	Operating profit (loss) after tax but before outside equity interests	2,906,910	2,912,909
1.9	Less outside equity interests	(7,282)	39,687
1.10	Operating profit (loss) after tax attributable to members	2,899,628	2,952,596
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)	2,906,910	2,912,909
1.15	Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 & 1.12)	(7,282)	39,687
1.16	Operating profit (loss) and extraordinary items after tax attributable to members (items 1.10 & 1.13)	2,899,628	2,952,596
1.17	Retained profits (accumulated losses) at beginning of financial period	9,381,244	6,428,648
1.18	Aggregate of amounts transferred from reserves	-	-
1.19	Total available for appropriation (carried forward)	12,280,872	9,381,244
1.20	Total available for appropriation (brought forward)	9,381,244	6,428,648

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	12,280,872	9,381,244

Abnormal and extraordinary items

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

Comparison of half year profits

(Preliminary final statement only)

		Current year - \$A	Previous year - \$A
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)	1,206,680	NA
3.2	Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	1,692,948	NA

Consolidated balance sheet

(See note 5)

		At end of current period \$A	As shown in last annual report \$A	As in last half yearly statement \$A
Current assets				
4.1	Cash	331,791	3,712,898	895,851
4.2	Receivable	16,786,535	12,418,908	13,515,561
4.3	Investments	339,944	441,713	441,713
4.4	Inventories	9,722,838	160,538	8,709,896
4.5	Other (provide details if material)	721,217	1,325,671	1,156,822
4.6	Total current assets	27,902,325	18,059,728	24,719,843
Non-current assets				
4.7	Receivables	-	-	-
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)	7,835,201	5,420,734	7,399,208
4.13	Intangibles (net)	1,162,500	292,500	1,277,500
4.14	Other (provide details if material)	303,762	67,131	396,161
4.15	Total non-current assets	9,301,463	5,780,365	9,072,869
4.16	Total assets	37,203,788	23,840,093	33,792,712
Current liabilities				
4.17	Accounts payable	17,177,058	10,272,201	14,299,446
4.18	Borrowings	1,858,020	515,794	3,713,872
4.19	Provisions	1,054,365	380,736	1,187,962
4.20	Other (provide details if material)	102,520	445,900	281,082
4.21	Total current liabilities	20,191,963	11,614,631	19,482,362
Non-current liabilities				
4.22	Accounts payable	-	-	-
4.23	Borrowings	1,062,335	199,890	1,146,097
4.24	Provisions	311,327	80,095	171,854
4.25	Other (provide details if material)	1,760,072	1,889,207	1,749,399
4.26	Total non-current liabilities	3,133,734	2,169,192	3,067,350
4.27	Total liabilities	23,325,697	13,783,823	22,549,712
4.28	Net assets	13,878,091	10,056,270	11,243,000

Consolidated balance sheet continued

Equity				
4.29	Capital	160,383	116,800	165,983
4.30	Reserves	1,469,240	597,912	597,912
4.31	Retained profits (accumulated losses)	12,280,872	9,381,244	10,502,118
4.32	Equity attributable to members of the parent entity	-	-	-
4.33	Outside equity interests in controlled entities	(32,404)	(39,686)	(23,013)
4.34	Total equity	13,878,091	10,056,270	11,243,000

4.35	Preference capital and related premium included as part of 4.31	N/A	N/A	N/A
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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	Previous corresponding period \$A
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	Previous corresponding period \$A
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	Previous corresponding period \$A
Cash flows related to operating activities			
7.1	Receipts from customers	173,861,412	91,990,165
7.2	Payments to suppliers and employees	(173,430,102)	(88,392,823)
7.3	Dividends received	19,413	18,512
7.4	Interest and other items of similar nature received	144,257	214,689
7.5	Interest and other costs of finance paid	(231,534)	(147,765)
7.6	Income taxes paid	(1,747,609)	(1,313,404)
7.7	Other (provide details if material)	-	-
7.8	Net operating cash flows	(1,384,163)	2,369,374

Cash flows related to investing activities			
7.9	Payments for purchases of property, plant and equipment	(2,648,498)	(1,722,014)
7.10	Proceeds from sale of property, plant and equipment	208,414	21,000
7.11	Payment for purchases of equity investments	-	(1)
7.12	Proceeds from sale of equity investments	134,749	-
7.13	Loans to other entities	-	-
7.14	Loans repaid by other entities	-	-
7.15a	Payments for purchased Goodwill	(1,000,000)	-
7.15b	Other (provide details if material)		(300,000)
7.16	Net investing cash flows	(3,305,335)	(2,001,015)
Cash flows related to financing activities			
7.17	Proceeds from issues of securities (shares, options, etc.)	56,383	2
7.18	Proceeds from borrowings	1,307,327	-
7.19	Repayment of borrowings	(42,519)	(1,112,577)
7.20	Dividends paid	-	-
7.21	Payment for share buy back	(12,800)	(6,400)
7.22	Net financing cash flows	1,308,391	(1,118,975)
Net increase (decrease) in cash held			(3,381,107)
7.23	Cash at beginning of period (see Reconciliations of cash)	3,712,898	4,463,514
7.24	Exchange rate adjustments to item 7.23		
7.25	Cash at end of period (see Reconciliation of cash)	331,790	3,712,898

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 year the economic entity acquired leased plant, equipment & motor vehicles with an aggregate fair value of \$1,844,048 by means of finance lease (2003: \$24,146). 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	Previous corresponding period \$A	
8.1	Cash on hand and at bank	331,791	218,626
8.2	Deposits at call	-	3,494,272
8.3	Bank overdraft	-	-
8.4	Other (provide details)	-	-
8.5	Total cash at end of period (item 7.25)	331,791	3,712,898

Ratios		Current period \$A	Previous corresponding period \$A
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)	2.6%	4.7%
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)	20.9%	29.4%

Earnings per security (EPS)

10.1	Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share		
	(a) Basic EPS	\$35.75	\$48.62
	(b) Diluted EPS (if materially different from (a))	NA	NA

EPS calculated above is in line with capital as at 30 June 2004. As noted in the comments by directors BSL's capital was restructured on 13 July 2004.

NTA backing

(see note 7)

		Current period	Previous corresponding period
11.1	Net tangible asset backing per ordinary security	\$153	\$167

The NTA backing calculated above is in line with capital as at 30 June 2004. As noted in the comments by directors BSL's capital was restructured on 13 July 2004.

Details of specific receipts/outlays, revenues/expenses

		Current period \$A	Previous corresponding period \$A
12.1	Interest revenue included in determining items 1.4	144,257	214,689
12.2	Interest revenue included in item 12.1 but not yet received (if material)	7,662	17,402
12.3	Interest expense included in item 1.4 (include all forms of interest, lease finance charges, etc.)	231,534	147,765
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)	1,597,966	883,808
12.7	Amortisation of intangibles	130,000	7,500

Control gained over entities having material effect

(See note 8)

13.1	Name of issuer (or group)	
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	\$
13.3	Date from which such profit has been calculated	
13.4	Operating profit (loss) and extraordinary items after tax of the issuer (or group) for the whole of the previous corresponding period	\$

Segment Reporting

	Franchisor Operations		Central Accounting		Retail Operations		Eliminations		Economic Entity	
	2004	2003	2004	2003	2004	2003	2004	2003	2004	2003
(a) Primary reporting - Business segments										
REVENUE										
External sales (refer note 2)	64,528,420	56,955,508	57,238,961	31,549,190	44,154,423	-	-	-	165,921,804	88,504,698
Internal sales	1,105,123	-	974,336	-	503,346	-	(2,582,805)	-	-	-
Total revenue from ordinary activities	65,633,543	56,955,508	58,213,297	31,549,190	44,657,769	-	(2,582,805)	-	165,921,804	88,504,698
RESULT										
Segment result	2,977,533	3,028,106	223,027	(115,197)	(293,650)	-	-	-	2,906,910	2,912,909
ASSETS										
Segment assets	23,453,935	19,298,686	9,382,035	4,541,407	13,431,810	-	(9,063,992)	-	37,203,788	23,840,093
LIABILITIES										
Segment liabilities	14,206,464	11,299,813	4,457,760	2,484,011	13,725,460	-	(9,063,987)	-	23,325,697	13,783,823

Business Segments

The economic entity has the following three business segments:

- Franchisor Operations segment reflects all activities and services that the Economic Entity provides for the benefit of its franchisees spread across Australia. Franchise operations are predominantly in the electrical retail industry and a controlled entity provides franchise operations in the retail bedding industry.
- The primary business segment titled Central Accounting refers to the acquisition of goods by the economic entity for subsequent resale to retailers.
- The Retail Operations segment refers to the retail stores operating under the Buy Rite Stores Pty Ltd company.

Loss of control of entities having material effect

(See note 8)

14.1 Name of entity (or group)

14.2 Consolidated operating profit (loss) and extraordinary items after tax of the entity (or group) for the current period to the date of loss of control \$

14.3 Date from which the profit (loss) in item 14.2 has been calculated

14.4 Consolidated operating profit (loss) and extraordinary items after tax of the entity (or group) while controlled during the whole of the previous corresponding period \$

14.5 Contribution to consolidated operating profit (loss) and extraordinary items from sale of interest leading to loss of control \$

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 security N/A

		Franking rate applicable	39%	36%	33%
	<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	¢	-	-	-

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	-	-
15.11 Preference securities	N/A	N/A
15.12 Total	-	-

The dividend or distribution plans shown below are in operation.

N/A

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

Any other disclosures in relation to dividends (distributions)

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.

		Current period \$A	Previous corresponding period \$A
Investments in associated entities			
16.1	Statutory carrying value of investments in associated entities (SCV)	N/A	N/A
16.2	Share of associated entities' retained profits and reserves not included in SCV:		
	Retained profits	N/A	N/A
	Reserves	N/A	N/A
16.3	Equity carrying value of investments	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.

		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 associated entities			<i>Equity accounted</i>	
		N/A	N/A	N/A	N/A
17.2	Other material interests			<i>Not equity accounted (ie part of item 1.14)</i>	
		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		-		
	A Class	10,400	-	200	200
	B Class	72,800	-	200	200
18.4	Issued during current period		-		
	A Class	3,900	-	200	200
	B Class	27,300	-	200	200
18.5	Convertible debt securities (description and conversion factor)	N/A			
18.6	issued during current period				
18.7	Options (description and conversion factor)	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 (totals only)				
18.12	Unsecured Notes (totals only)				

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 require

Basis of accounts preparation

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Material factors affecting the revenues and expenses of the issuer for the current period

Review of the Operations and Results

Group sales increased by 87% primarily through increased central accounting sales and new retail sales following on from the acquisition of the Buy - Rite Discounts Pty Ltd business as detailed below.

Franchisor Operations:

The franchisor operations increased gross revenues by 15% over 2003 to \$65.6m driven by a 5% increase in rebate revenue derived from Group Purchases over the previous comparable period.

Central Accounting:

Central accounting returned a net operating profit after tax of \$223,027 (loss of \$115,197 in 2003) for financial year 2004 after increasing gross revenues by 118% over the previous period to \$58.2m. The significant growth in central accounting reflects the growth in the technology areas of the electrical retail business and the expansion of the central accounting facility into the retail bedding category.

Retailing Operations:

Buy Rite Stores Pty Ltd, a wholly owned subsidiary of the economic entity, acquired the electrical appliance retailing business of Buy-Rite Discounts Pty Ltd on 5 August 2003. Further, Buy Rite Stores Pty Ltd acquired the electrical appliance retailing business of Cybelectrics Pty Ltd on 30 September 2003. The retail operations generated gross revenues of \$44.6m for the economic entity and incurred a loss of (\$293,650) over the first 11 months of trade under the control of the economic entity.

Principal Activities

The principal activities of the economic entity during the financial year were:

- Franchisor, conducted by Betta Stores Ltd and Sleepy's Pty Ltd
- Central Accounting, conducted by BSL Finance Pty Ltd
- Retailing of consumer electronics, conducted by Buy Rite Stores Pty Ltd following the acquisition of the electrical appliance retailing business of Buy-Rite Discounts Pty Ltd on 5 August 2003.

There were no other significant changes in the nature of the economic entity's principal activities during the year.

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)

Shareholder Restructure

On 11 June 2004, BSL shareholders approved a Restructure Proposal which included the following elements:

- The granting of additional 'veto' voting rights and the removal of the right to dividends for 'A' Class Shares and renaming 'A' Class Shares as Retailer Shares;
- The conversion of all 'B' Class Shares currently on issue to Ordinary Shares (on a 4:1 basis) with voting and dividend rights;
- Unstapling the linkage between 'A' Class Shares (new Retailer Shares) and 'B' Class Shares (new Ordinary Shares) so that Shareholders do not need to hold more than one class of share;
- The issue of Retailer Shares to all Current Retailers and future Retailers and buyback or redemption of Retailer Shares when a Retailer ceases to have a Licence Agreement or Services Agreement with the BSL Group;
- The issue of Ordinary Shares to all Current Retailers as at 13 July 2004; and
- Adoption of a revised Constitution

- Adoption of a revised Constitution

As a result of that shareholder approval, the following changes were made to Contributed Equity on 13 July 2004:

- 10,300 issued 'A' Class Shares at 13 July 2004 were renamed as Retailer Shares
- 72,100 issued 'B' Class shares at 13 July 2004 were converted to 288,400 Retailer Shares
- An additional 46.53 million Ordinary Shares were issued for no consideration.

In addition to the above capital restructure, the shareholders of BSL voted on 11 June 2004 in favour of listing on the Newcastle Stock Exchange (NSX). On 23 August 2004, the parent entity listed 46.53 million Ordinary Shares on the NSX.

The financial effect of these transactions has not been brought to account in the 2004 financial report.

Except for the above items, no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations or the state of affairs of the economic entity in future financial years.

Dividends

No dividends were paid or recommended during the year, however subsequent to reporting date a fully franked ordinary dividend of 2.2cents per share was approved and paid to ordinary shareholders after the shareholding restructure detailed above.

Future Developments

Commencing 1 July 2004, BSL's wholly owned subsidiary, Betta Electrical Pty Ltd (BE) will conduct all franchisee operations for the Betta Electrical and Chandlers brands and services for the Associate Retailer's (non group branded) service level agreement. These principal activities were previously associated with BSL.

Any other likely developments in the operations of the economic entity and the expected results of those operations have not been included in this report as the directors believe, on reasonable grounds, that the inclusion of such information would be likely to result in unreasonable prejudice to the economic entity.

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

Franking credits available at year end are \$5,734,101. The company has good prospects of paying fully franked dividends in the next year depending on operating profits and availability of funds.

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.

Nil

Annual meeting

(Preliminary final statement only)

The annual meeting will be held as follows:

Place 97 School Street, Brisbane, Queensland, 4000

Date 22 November 2004

Time 9:00 AM

Approximate date the annual report will be available 29 October 2004

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

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 to which one of the following applies:

The financial statements have been audited.

The financial statements have been subject to review by a registered auditor (or overseas equivalent).

The financial statements are in the process of being audited or subject to review.

The financial statements have *not* yet been audited or reviewed.

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 ~~are attached~~/will follow immediately they are available* (delete one). (Half yearly statement only - the audit report

6 The issuer has/~~does not have~~* (delete one) a formally constituted audit committee.

Sign here:
(Director/Company secretary)

Date:

Print name