

# FORM: Half Year 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')

31 December 2004

## For announcement to the market

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

Sales (or equivalent) operating revenue (item 1.1)	up	19.1 %	to	\$A	96,474,290
Operating profit (loss) before abnormal items and tax (item 1.4)	up	58.1 %	to		2,789,591
Abnormal items before tax (item 1.5)	gain (loss) of	-	to		-
Operating profit (loss) after tax but before outside equity interests (item 1.8)	up	52.2 %	to		1,861,454
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)	up	56.5 %	to		1,888,547
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%			
Declared 11 March 2005		1.0 Cent			
Paid 5 August 2004		2.2 cents			
Previous corresponding period		-			
Record date for determining entitlements to the dividend, (in the case of a trust distribution ) (see item 15.2)	1 April 2005				
Short details of any bonus or cash issue or other items(s) of importance not previously released to the market:					
A special dividend of 2.2 cents per share, fully franked at 30%, was paid to ordinary shareholders on 5 August 2004, prior to the listing of Ordinary Shares on the Newcastle Stock Exchange.					

**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	96,474,290	81,018,253
1.2 Other revenue	959,337	686,952
1.3 <b>Total revenue</b>	97,433,627	81,705,205
1.4 <b>Operating profit (loss) before abnormal items and tax</b>	2,789,591	1,764,894
1.5 Abnormal items before tax (detail in item 2.1)	-	-
1.6 Operating profit (loss) before tax (items 1.4 + 1.5)	2,789,591	1,764,894
1.7 Less tax	(928,136)	(541,541)
1.8 Operating profit (loss) after tax but before outside equity interests	1,861,454	1,223,353
1.9 Less outside equity interests	27,093	(16,673)
1.10 <b>Operating profit (loss) after tax attributable to members</b>	1,888,547	1,206,680
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 <b>Total operating profit (loss) and extraordinary items after tax (items 1.8 &amp; 1.11)</b>	1,861,454	1,223,353
1.15 Operating profit (loss) and extraordinary items after tax attributable to outside equity interests (items 1.9 & 1.12)	27,093	(16,673)
1.16 <b>Operating profit (loss and extraordinary items after tax attributable to members (items 1.10 &amp; 1.13)</b>	1,888,547	1,206,680
1.17 Retained profits (accumulated losses) at beginning of financial period	12,280,872	9,381,245
1.18 Aggregate of amounts transferred from reserves	-	-
1.19 Total available for appropriation (carried forward)	14,169,419	10,587,925
1.20 Total available for appropriation (brought forward)	12,280,872	9,381,245

**Consolidated profit and loss account continued**

1.21 Dividends provided for or paid	1,030,005	-
1.22 Aggregate or amounts transferred to reserves	-	-
1.23 <b>Retained profits (accumulated losses) at end of financial period</b>	13,139,414	10,587,925

**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 <b>Total abnormal items</b>			
2.3 Extraordinary items	N/A	N/A	N/A
2.4 <b>Total extraordinary items</b>			

## 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)	NA	NA
3.2	Consolidated operating profit (loss) after tax attributable to members for the 2nd half year	NA	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
<b>Current assets</b>				
4.1	Cash	2,987,428	331,791	895,851
4.2	Receivable	41,684,497	16,786,535	13,515,561
4.3	Investments	205,239	339,944	441,713
4.4	Inventories	19,612,957	9,722,838	8,709,896
4.5	Other (provide details if material)	2,441,902	721,217	1,156,822
4.6	<b>Total current assets</b>	<b>66,932,023</b>	<b>27,902,325</b>	<b>24,719,843</b>
<b>Non-current assets</b>				
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)	8,417,843	7,835,201	7,399,208
4.13	Intangibles (net)	1,411,404	1,162,500	1,277,500
4.14	Other (provide details if material)	1,202,584	303,762	396,161
4.15	<b>Total non-current assets</b>	<b>11,031,831</b>	<b>9,301,463</b>	<b>9,072,869</b>
4.16	<b>Total assets</b>	<b>77,963,854</b>	<b>37,203,788</b>	<b>33,792,712</b>
<b>Current liabilities</b>				
4.17	Accounts payable	27,482,255	17,279,578	14,299,446
4.18	Borrowings	20,562,962	1,858,020	3,713,872
4.19	Provisions	1,624,474	1,054,365	1,187,962
4.20	Other (provide details if material)	-	-	281,082
4.21	<b>Total current liabilities</b>	<b>49,669,691</b>	<b>20,191,963</b>	<b>19,482,362</b>
<b>Non-current liabilities</b>				
4.22	Accounts payable	-	-	-
4.23	Borrowings	13,293,957	2,822,407	1,146,097
4.24	Provisions	289,966	311,327	171,854
4.25	Other (provide details if material)	-	-	1,749,399
4.26	<b>Total non-current liabilities</b>	<b>13,583,923</b>	<b>3,133,734</b>	<b>3,067,350</b>
4.27	<b>Total liabilities</b>	<b>63,253,614</b>	<b>23,325,697</b>	<b>22,549,712</b>
4.28	<b>Net assets</b>	<b>14,710,240</b>	<b>13,878,091</b>	<b>11,243,000</b>

**Consolidated balance sheet continued**

<b>Equity</b>				
4.29	Capital	161,083	160,383	165,983
4.30	Reserves	1,469,240	1,469,240	597,912
4.31	Retained profits (accumulated losses)	13,139,414	12,280,872	10,593,942
4.32	Equity attributable to members of the parent entity	-	-	-
4.33	Outside equity interests in controlled entities	(59,497)	(32,404)	(23,013)
4.34	<b>Total equity</b>	<b>14,710,240</b>	<b>13,878,091</b>	<b>11,334,824</b>

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 capitalisec**

*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
5.2	Expenditure incurred during current period	N/A
5.3	Expenditure written off during current period	N/A
5.4	Acquisitions, disposals, revaluation increments, etc.	N/A
5.5	Expenditure transferred to Development Properties	N/A
5.6	<b>Closing balance as shown in the consolidated balance sheet (item 4.9)</b>	<b>N/A</b>

**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
6.2	Expenditure incurred during current period	N/A
6.3	Expenditure transferred from exploration and evaluation	N/A
6.4	Expenditure written off during current period	N/A
6.5	Acquisitions, disposals, revaluation increments, etc.	N/A
6.6	Expenditure transferred to mine properties	N/A
6.7	<b>Closing balance as shown in the consolidated balance sheet (item 4.10)</b>	<b>N/A</b>

**Consolidated statement of cash flows**

*(See note 6)*

	Current period \$A	Previous corresponding period \$A
<b>Cash flows related to operating activities</b>		
7.1	Receipts from customers	90,675,939
7.2	Payments to suppliers and employees	(94,166,102)
7.3	Dividends received	11,455
7.4	Interest and other items of similar nature received	47,510
7.5	Interest and other costs of finance paid	(452,115)
7.6	Income taxes paid	(1,344,169)
7.7	Other (provide details if material)	-
7.8	<b>Net operating cash flows</b>	<b>(5,227,483)</b>

<b>Cash flows related to investing activities</b>			
7.9	Payments for purchases of property, plant and equipment	(769,612)	(1,289,113)
7.10	Proceeds from sale of property, plant and equipment	-	81,563
7.11	Payment for purchases of equity investments	(19,628,209)	-
7.12	Proceeds from sale of equity investments	198,075	-
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)	(157,042)	(1,315,758)
7.16	<b>Net investing cash flows</b>	<b>(20,356,788)</b>	<b>(2,523,308)</b>
<b>Cash flows related to financing activities</b>			
7.17	Proceeds from issues of securities (shares, options, etc.)	700	62,398
7.18	Proceeds from borrowings	29,269,212	2,997,472
7.19	Repayment of borrowings	-	(427,988)
7.20	Dividends paid	(1,030,005)	-
7.21	Payment for share buy back	-	(7,200)
7.22	<b>Net financing cash flows</b>	<b>28,239,907</b>	<b>2,624,682</b>
<b>Net increase (decrease) in cash held</b>		<b>2,655,636</b>	<b>(2,817,047)</b>
7.23	Cash at beginning of period (see Reconciliations of cash)	331,791	3,712,898
7.24	Exchange rate adjustments to item 7.23		
7.25	<b>Cash at end of period</b> (see Reconciliation of cash)	<b>2,987,427</b>	<b>895,851</b>

#### **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 \$208,645 by means of finance lease (2004 Full Year: \$1,844,048). 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	2,987,428	895,851
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)	2,987,428	895,851

<b>Ratios</b>		Current period \$A	Previous corresponding period \$A
<b>Profit before abnormals and tax/sales</b>			
9.1	Consolidated operating profit (loss) before abnormal items and tax (items 1.4) as a percentage of sales revenue (items 1.1)	2.9%	2.2%
<b>Profit after tax/equity interests</b>			
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)	12.8%	8.7%

#### 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)	4.0	2.8
	(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	\$0.28	\$0.27

The comparative period has been restated to take into account the share issue completed in August 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	47,510	87,291
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.)	452,115	99,944
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)	534,846	451,729
12.7	Amortisation of intangibles	65,002	37,750

#### Control gained over entities having material effect

(See note 8)

13.1	Name of issuer (or group)	A K Truscott Investments Pty Ltd
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	104,698
13.3	Date from which such profit has been calculated	1 December 2004
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 group) 

N/A
-----

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 

N/A
-----

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

N/A
-----

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 

N/A
-----

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

N/A
-----

**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%	30%
	<i>(Preliminary final statement only)</i>			
15.4	<b>Final dividend: Current year</b> ¢	-	-	-
15.5	Previous year ¢	-	-	-
	<i>(Half yearly and preliminary final statements)</i>			
15.6	<b>Interim dividend: Current year</b>			
	Declared 11 March 2005 ¢ 1.0	-	-	468,184
	Paid 5 August 2004 ¢ 2.2	-	-	1,030,005
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	1,498,189	-
15.11 Preference securities	N/A	N/A
15.12 <b>Total</b>	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  
15 April 2005.

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	<b>Equity carrying value of investments</b>

	Current period \$A	Previous corresponding period \$A
	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.

	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 <b>Equity accounted associated entities</b>			<i>Equity accounted</i>	
	N/A	N/A	N/A	N/A
17.2 <b>Other material interests</b>			<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 <b>Preference securities</b> <i>(description)</i>	N/A			
18.2 Issued during current period	N/A			
18.3 <b>Ordinary securities</b>		-		
Retailer Shares	10,750	-	200	200
Ordinary Shares	46,818,400	46,818,400	0	0
18.4 Issued during current period		-		
Retailer Shares	350	-	200	200
Ordinary Shares	46,818,400	46,818,400	0	0
18.5 <b>Convertible debt securities</b> <i>(description and conversion factor)</i>	N/A			
18.6 issued during current period				
18.7 <b>Options</b> <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	<b>Debentures</b> (totals only)				
18.12	<b>Unsecured Notes</b> (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

This statement is a half yearly statement, it is a general purpose financial report prepared in accordance with the listing rules and AASB 1029: Half Year Accounts and Consolidated Accounts. It should be read in conjunction with the last annual report and any announcements to the market made by the issuer during the period

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

### Review of the Operations and Results

#### Franchise Operations

Franchise operations increased gross revenues by 8% over 2004 to \$38.6m. Profit before income tax has increased by 93% over the comparable period in 2004 to \$3.8m.

#### Central Accounting

The Central Accounting segment derived revenue of \$31.3m during the first half of the year reporting growth of 26% over 2004. A net loss before income tax of \$10k was reported for the same period (2004: Profit of \$222k). The result has been affected by an increase in the provision for doubtful debts which the board considers prudent in the current retailing climate.

The Central Accounting segment continues to grow as additional electrical suppliers use the service to trade with group retailers. In the future it is expected that the majority of product purchased by group retailers will be facilitated through the Central Accounting segment.

#### Retailing Operations

As noted above the parent entity acquired all shares of A K Truscott Investments Pty Ltd on 1 December 2004. The acquisition adds an additional seven retail stores to the eight already operated by Buy Rite Stores Pty Ltd, giving the economic entity a total of fifteen corporate owned retail stores.

For the first half of 2005 the retail operations generated revenue of \$31.3m being an increase of 41% over the first half of 2004. The result before tax for the same period is a loss of \$1m compared to a loss of \$509k for 2004. The performance of the retail operations has been adversely affected as the group has sought to rationalise poor performing stores and proactively reduce the level of aged stock which had a direct impact on the gross profit

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)

Subsequent to the reporting date the BSL group and three of its franchisee's formed a company, Buy Rite Stores (Northern) Pty Ltd, to operate four premium electrical appliance retail stores in the greater Brisbane area. The BSL group owns 51% of the new company, with the remaining 49% held collectively by the three retailer partners.

Buy Rite Stores (Northern) Pty Ltd completed the acquisition of the four retail stores on 1 March 2005.

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

Franking credits available at half year end are \$5,183,201. 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

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 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:  .....

Date: 14 March 2005

Company secretary

Print name David John Goode