alesco

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10 July 2002

The Manager
Company Announcements Office
Australian Stock Exchange Limited
Level 6, 20 Bridge Street
SYDNEY NSW 2000

BY FACSIMILE: 1 300 300 021

Dear Sir,

ALESCO CORPORATION LIMITED RESULTS
YEAR ENDED 31 MAY 2002

The Directors of Alesco Corporation Limited are pleased to announce the results for the year ended 31 May 2002. The highlights of the performance are:

1. Earnings per share before goodwill amortisation and significant items increased 20.0% from 32.1 cps to a record 38.5cps.

2. Operating ratios improved through a focus on supply chain management and operational efficiency

3. Net debt fell slightly although gearing edged up from 61% to 66% after a $9m share buyback and $9m acquiring minority interests during the year.

4. Final dividend maintained at 15 cps.

Net profit after tax from ordinary activities after tax is up 19% to $9.2m on a before significant items basis. The prior year result included $14.3m of significant items largely relating to the sale of the industrial consumables business.

Performance from a Restructured Portfolio

We are pleased to report a record eps result in the first full year that all of our businesses have met our strategic requirements of high market share and well recognised branding in niche markets. The sale in the previous year of our former Industrial Consumables, Merchant Products and CarParts businesses represented the completion of the re-structuring of the portfolio away from commodity distribution businesses and into specialised niche branded businesses. We now do not own one business that we owned five years ago.

The major efforts during the year were directed at improving the operational efficiency of our businesses. We have adopted a systematic group wide approach which utilises a disciplined methodology to analyse key operational variables in each business. In particular, this approach has been directed at improving the supply chain through a rigorous analysis of demand patterns, inventory flows and purchasing patterns. This has achieved a number of benefits including reducing inventory levels and distribution costs whilst increasing service levels to our customers. Implementation of the new supply chain methodology is expected to be fully complete in the coming months and we expect further benefits to flow this coming year. In addition to the supply chain initiatives, we began a process of applying a rigorous analytical methodology across business units which focuses on the contribution of products and customers. A number of initiatives were commenced late in the financial year as a result of this analysis.

We have continued our commitment to excellence in IT with an upgrade of SAP at Parbury FHS and the roll out of SAP to our Motorcycle business during the year. We now have a central shared services group providing hardware and software support to a number of our business units and we are evaluating the further implementation of SAP in other business units. Alesco was recognised during the year with an award from SAP Australia for the best supply chain management implementation during 2001.

Trading Environment

Comparative Sales Revenue ($m)

	May-02	May-01	% change
Branded Building Products	146.3	145.2	1%
Earthmoving Tyres	151.0	137.1	10%
Specialist Automotive	103.1	106.4	-3%
Continuing Businesses	400.4	388.7	3%
Disposals/Rationalisation (1)	-	139.8	
Total	400.4	528.5	-24%

(1) Includes Industrial Consumables (disposed 30 March 2001) and Merchant Products (disposed in stages in 2001).

Trading conditions were subdued across most business units at the start of the financial year with improvement noted in most areas in the second half. Although our Branded Building Products division benefited from a strong level of renovation activity, Parbury FHS revenue was only marginally up on the prior year as the comparable period included the June 2000 spike prior to the introduction of GST. Conditions in the mining market remained competitive, although Marathon made good progress with the large earthmoving tyre range and also gained market share in the wholesale business. In Specialist Automotive, Ingram bore the brunt of a very cool summer which saw air-conditioning sales substantially below the prior year. This was partially offset by growth from a number of exciting new products in our Motorcycle business.

After allowing for the contribution from the discontinued business units and adjusting for the unusually large month of June 2000, group PBITA grew during the year with Branded Building Products and Earthmoving Tyres showing improvement whilst

Specialist Automotive suffered a small decline due to the poor air-conditioning season.

The year also saw a continued focus on working capital management and stock and debtors management in particular. A number of initiatives in relation to supply chain management and process improvement remain ongoing and we expect benefits to continue to accrue into the coming financial year.

Dividends

Directors have announced a final dividend of 15 cents per share fully franked, unchanged from the previous year. This brings the total dividend for the year to 24 cents per share. The dividend is payable in respect of shares registered as at 5:00pm on 29 August 2002.

The dividend re-investment plan will be in operation with the discount increased from nil to 5%.

Directors would like to take the opportunity to inform shareholders that they are intending to re-align the interim and final dividend in the upcoming year to bring the two payments closer in value and more reflective of the underlying cashflow of the business. This move will not of itself affect the total dividend payable for the year, which will be separately considered by the Board.

Cashflow and Gearing

We generated $27m in operating cashflow during the year driven by good profitability, lower taxes paid and a continued focus on working capital reduction. Net debt which started the year at $69m following the disposal last year of Industrial Consumables, ended the year at $68m. Shareholders funds started the year at $112m and closed at $102m after the share buyback and purchase of minority interests undertaken during the year. The $9m share buyback was achieved at an average price of $2.68 and a further $9m was spent acquiring the minority interests in Marathon and Ingram. Gearing increased marginally at year end to 66% from 61% last year.

Outlook

We expect trading conditions in our three sectors to remain at reasonably good levels for the 2003 financial year. We do however see some signs of a slowing in the housing sector, which may be felt in the second half.

On the strength of the above we are budgeting for an improvement in first half performance and a second half in line with the current year. This should deliver further eps growth next year. We also expect our strong cash generation to continue.

We are continuing to explore acquisitions of complementary businesses and have set a goal of concluding a meaningful acquisition during the period ahead.

For further information, please contact Kevin Clarke on (02) 9495 8588.

This announcement, the Appendix 4B release and an annual results presentation will be available on the company's website at www.alesco.com.au.

On behalf of the Board

KEVIN F CLARKE
Chief Executive