



Alesco Corporation Limited ABN 23 008 666 064 Level 19 Tower A Zenith Centre  
821 Pacific Hwy Chatswood NSW 2067 PO Box 5664 Chatswood West NSW 1515  
Telephone 61 2 9495 8500 Facsimile 61 2 9495 8599 WWW.alesco.com.au

8 July 2003

The Manager  
Company Announcements Office  
The Australian Stock Exchange Limited  
20 Bridge Street  
Sydney NSW 2000

Dear Sir,

## **ALESCO CORPORATION LIMITED RESULTS YEAR ENDED 31 MAY 2003**

The Directors of Alesco Corporation Limited (“the Company”) are pleased to announce the results for the year ended 31 May 2003. Highlights of the year’s performance were:

- Earnings per share (before goodwill amortisation and significant items) increased 11% from 38.5 cents per share (cps) to a record 42.7cps.
- Strong operating cash generated of \$32 million.
- \$42 million of equity raised to partially finance the acquisition of the Biolab and Robinhood businesses.
- Final dividend of 14 cps giving a total for the year of 26 cps, up from 24 cps.
- Net profit after tax from ordinary activities increased 38% to \$12.7 million.

### **Company Performance**

It is very pleasing to be able to report a record result for the second year in a row, underlining the success of our strategy of investing in and developing industrial businesses holding premium brands in niche markets.

Alesco has grown significantly during the year through acquisition of both complementary and stand alone businesses.

All existing businesses performed well against the background of economic and global political uncertainty with earnings improving across all divisions. Overall revenue was lower due mostly to the restructuring of the sales agreement with Michelin, as outlined at the last half year, and disposals in Parchem, which together has resulted in a reduction in sales revenue of \$ 41 million. On a comparative basis continuing businesses recorded an increase in sales revenue of 3.1%.

### **Acquisitions and capital raisings**

Alesco successfully raised \$42 million through two capital raisings during the year, both of which were substantially over-subscribed. These funds assisted in the acquisition of Biolab in February and Robinhood in April. Both of these businesses have been successfully integrated and are performing slightly better than expectations.

Biolab is the largest marketer and distributor of world leading brands of scientific and testing equipment to the laboratory, industrial and research markets in Australia and New Zealand. While clearly within Alesco's core area of competency, this acquisition also provides a further benefit of reducing Alesco's reliance on any one business segment or industry.

Robinhood is a market leading manufacturer and distributor of kitchen rangehoods under the Robinhood brand, laundry tubs and ironing centres in Australia and New Zealand. The Robinhood business further reduces Alesco's dependence on the new housing market and increases its exposure to the fast growing home improvements and renovations sectors.

Both acquisitions fit the Company's strategy of investing in businesses with high market shares within niche markets, built around leading brands. The successful integration of the businesses confirm the management's ability to identify, secure and integrate earnings enhancing acquisition opportunities.

### **Business Structure**

Following the acquisition of Biolab and Robinhood, the Group has been organised into four separate divisions:

Building and Renovations;

Construction and Mining;

Scientific and Testing; and

Automotive

Robinhood operates as part of the Building and Renovations division alongside Parbury. The construction chemicals business Parchem now operates within Construction and Mining. Previous revenues figures have been adjusted accordingly.

The new building and renovation markets remained strong throughout the year. Increased levels of customer service, the launch of a comprehensive range of Parbury branded products, on-line trading facilities and full introduction of the 80/20 productivity program helped drive better margins throughout the year.

Marathon continued to grow market share and profitability whilst at the same time bedding in new trading arrangements with Michelin. Marathon's long term future with Michelin was cemented with the signing of a new distribution agreement for industrial and earthmoving tyres that continues until at least 1 July 2006.

Within the Automotive division, the motorcycle accessories operations experienced a small decrease in revenue within an increasingly competitive trading environment. Focus for this division is now strongly on customer and product profitability. Tight market conditions, a short summer, and the sale of the New Zealand business resulted in only a moderate increase in sales for the Ingram operations.

Following the acquisition of Biolab, this new division will be restructured to combine the New Zealand and Australian operation into one Trans Tasman business. This will provide a more customer orientated service with resources being allocated towards the Biosciences and Environmental technologies, which offer the most exciting growth prospects.

At the time of acquisition, the Robinhood business had a limited distribution network. Following its integration into the well established Parbury business, the Robinhood products now have wider access to new markets and more extensive distribution services.

At the earnings before interest, tax and amortisation (EBITA) level, all divisions produced a result which was ahead of last year. Solid trading conditions, supply chain and productivity initiatives and information technology investment all contributed to this improvement.

### **Cash flow and Gearing**

The group generated strong operational cash flow of \$32m during the year. This, together with the \$42m of equity raised during the year, helped to reduce the requirement to draw on debt lines to fund our acquisitions during the year.

Gearing reduced to 53.4% at 31 May 2003, down from 66.1% the previous year. Interest cover (EBITA/net interest expense) improved during the period to 6.4 times compared to 4.6 times in 2002.

Shareholders funds started the year at \$102.2 million and closed at \$151.3 million.

## **Dividends**

The directors have announced a final dividend of 14 cents a share, fully franked. Including the interim dividend of 12 cents per share this brings the total for the year to 26 cents a share, an increase of 8 per cent.

The dividend is payable in respect of shares registered as at 5:00pm on 29 August 2003.

The dividend re-investment plan will be in operation with the discount remaining at 5%.

## **Disposal of interest in Marlows**

As previously announced to ASX in February 2003, the directors anticipate that the net proceeds from the disposal of the Company's investment in Marlows will exceed \$4.0 million and will be received in the 2004 financial year. When received, a once off gain of approximately \$3.0 million will be recognised.

## **Outlook**

We expect trading conditions in our four divisions to remain at satisfactory levels for the 2004 financial year. Uncertainty remains about the possible slowing in the housing sector. However, due to our increased exposure to renovations, focus on productivity initiatives and the positive impact of the two acquisitions, we are budgeting, subject to the continuation of reasonable economic conditions, for similar earnings per share growth in 2004 to that achieved in 2003.

On behalf of the Board

KEVIN CLARKE  
Chief Executive

For further information please contact Kevin Clarke on 02 9495 8588

This announcement, the Appendix 4B release and the Results PowerPoint Presentation will be available on the company's website at [www.alesco.com.au](http://www.alesco.com.au).

# Appendix 4B

## Preliminary Final Report

Name of entity

ALESCO CORPORATION LIMITED

ABN

Half yearly

Preliminary final

Financial year ended  
(‘current period’)

23 008 666 064



31 May 2003

### For announcement to the market

\$A'000

Revenue from ordinary activities	down	2.1%	to	396,687
Profit from ordinary activities after tax attributable to members	up	38.0%	to	12,663
Profit (loss) from extraordinary items after tax attributable to members	gain (loss)		of	Nil
Net profit for the period attributable to members	up	38.0%	to	12,663
<b>Dividends</b>		<b>Amount per security</b>		<b>Franked amount per security at 30% tax</b>
Final dividend (see comment below)		14¢		14¢
Previous corresponding period (see comment below)		15¢		15¢

Record date for determining entitlements to the dividend

29 August 2003

**In line with the previously advised intention to more closely align interim and final dividends, the final dividend has been declared at 14 cents per share. This brings the total dividend for the year to 26 cents per share compared to the prior year of 24 cents per share.**

**Consolidated statement of financial performance**

	<b>Current Period \$A'000</b>	<b>Previous corresponding period \$A'000</b>
1.1 Revenues from ordinary activities	396,687	405,269
1.2 Expenses from ordinary activities	(373,484)	(384,714)
1.3 Borrowing costs	(4,472)	(5,375)
1.4 Share of net profit (loss) of associates and joint venture entities	-	-
<b>1.5 Profit (loss) from ordinary activities before tax</b>	<b>18,731</b>	<b>15,180</b>
1.6 Income tax on ordinary activities	6,035	5,939
<b>1.7 Profit (loss) from ordinary activities after tax</b>	<b>12,696</b>	<b>9,241</b>
1.8 Profit (loss) from extraordinary items after tax	-	-
<b>1.9 Net profit (loss)</b>	<b>12,696</b>	<b>9,241</b>
1.10 Net profit (loss) attributable to outside equity interests	33	67
<b>1.11 Net profit (loss) for the period attributable to members</b>	<b>12,663</b>	<b>9,174</b>
<b>Non-owner transaction changes in equity</b>		
1.12 Increase (decrease) in revaluation reserves	-	-
1.13 Net exchange differences recognised in equity	(1,273)	314
1.14 Other revenue, expense and initial adjustments recognised directly in equity	-	-
1.15 Initial adjustments from UIG transitional provisions	-	-
1.16 Total transactions and adjustments recognised directly in equity	(1,273)	314
<b>1.17 Total changes in equity not resulting from transactions with owners as owners</b>	<b>11,390</b>	<b>9,488</b>
<b>Earnings per security (EPS)</b>		
1.18 Basic EPS	<b>32.37¢</b>	27.54¢
1.19 Diluted EPS	<b>32.21¢</b>	27.44¢

**Notes to the consolidated statement of financial performance**

**Profit (loss) from ordinary activities attributable to members**

	<b>Current Period \$A'000</b>	<b>Previous corresponding period \$A'000</b>
1.20 Profit (loss) from ordinary activities after tax	12,696	9,241
1.21 Less (plus) outside equity interests	33	67
<b>1.22 Profit (loss) from ordinary activities after tax, attributable to members</b>	<b>12,663</b>	<b>9,174</b>

**Revenue and expenses from ordinary activities**

		Current Period \$A'000	Previous corresponding period \$A'000
1.23	Revenue from sale of goods	392,073	400,360
1.24	Interest revenue	233	139
1.25	Other revenue from ordinary activities	4,381	4,770
<b>Total Revenue</b>		<b>396,687</b>	<b>405,269</b>
1.26	Purchases of inventory net of change	236,400	259,906
	Employee expenses	65,486	61,400
	Occupancy expenses	10,558	9,496
	Freight expenses	7,890	8,070
	Borrowing costs	4,472	5,375
	Depreciation and amortisation	12,393	12,578
	Book value of business assets sold	766	1,454
	Other expenses from ordinary activities	39,991	31,810
<b>Total Expenses</b>		<b>377,956</b>	<b>390,089</b>
1.27	Depreciation and amortisation excluding amortisation of intangibles	<b>8,363</b>	8,919
1.27a	Cost of goods sold	<b>256,070</b>	275,810
<b>Capitalised outlays</b>			
1.28	Interest costs capitalised in asset values	-	-
1.29	Outlays capitalised in intangibles	-	-

**Consolidated retained profits**

1.30	Retained profits at the beginning of the financial period	32,557	31,417
1.31	Net profit (loss) attributable to members	12,663	9,174
1.32	Net transfers from (to) reserves	-	-
1.33	Net effect of changes in accounting policies	-	-
1.34	Dividends and other equity distributions paid or payable	(6,174)	(8,034)
<b>1.35</b>	<b>Retained profits at end of financial period</b>	<b>39,046</b>	<b>32,557</b>

**Intangible and extraordinary items**

		Consolidated - current period			
		Before tax \$A'000	Related tax \$A'000	Related outside equity interests \$A'000	Amount (after tax) attributable to members \$A'000
		(a)	(b)	(c)	(d)
2.1	Amortisation of goodwill	3,956	-	(2)	3,954
2.2	Amortisation of other intangibles	74	(24)	-	50
<b>2.3</b>	<b>Total amortisation of intangibles</b>	<b>4,030</b>	<b>(24)</b>	<b>(2)</b>	<b>4,004</b>
2.4	Extraordinary items	-	-	-	-
<b>2.5</b>	<b>Total extraordinary items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Comparison of half year profits**

		Current year \$A'000	Previous year \$A'000
3.1	Consolidated profit (loss) from ordinary activities after tax attributable to members reported for the 1 <sup>st</sup> half year	<b>6,353</b>	4,407
3.2	Consolidated profit (loss) from ordinary activities after tax attributable to members for 2 <sup>nd</sup> half year	<b>6,310</b>	4,767

**Alesco Corporation Limited**  
**Preliminary Final report**

**Consolidated statement of financial position**

	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly report \$A'000
<b>Current Assets</b>			
4.1 Cash	628	1,311	4,680
4.2 Receivables	77,005	72,250	69,807
4.3 Investments	-	-	-
4.4 Inventories	93,814	92,717	81,625
4.5 Tax assets	-	-	-
4.6 Other	2,207	1,150	2,734
<b>4.7 Total current assets</b>	<b>173,654</b>	<b>167,428</b>	<b>158,846</b>
<b>Non-Current Assets</b>			
4.8 Receivables	-	-	-
4.9 Investments (equity accounted)	-	-	-
4.10 Other financial assets	1,172	1,172	1,172
4.11 Inventories	-	-	-
4.12 Exploration and evaluation expenditure capitalised	-	-	-
4.13 Development properties	-	-	-
4.14 Other property, plant and equipment (net)	32,592	27,020	24,632
4.15 Intangibles (net)	105,416	56,751	55,025
4.16 Tax assets	9,092	8,594	5,285
4.17 Other	-	29	34
<b>4.18 Total non current assets</b>	<b>148,272</b>	<b>93,566</b>	<b>86,148</b>
<b>4.19 Total assets</b>	<b>321,926</b>	<b>260,994</b>	<b>244,994</b>
<b>Current Liabilities</b>			
4.20 Payables	63,596	68,306	55,796
4.21 Interests bearing liabilities	50,610	38,712	14,420
4.22 Tax liabilities	5,942	133	1,291
4.23 Provisions excluding tax liabilities	15,118	16,853	13,360
4.24 Other	-	-	-
<b>4.25 Total current liabilities</b>	<b>135,266</b>	<b>124,004</b>	<b>84,867</b>
<b>Non-Current Liabilities</b>			
4.26 Payables	-	-	-
4.27 Interest bearing liabilities	30,848	30,485	30,322
4.28 Tax liabilities	715	1,055	1,140
4.29 Provisions excluding tax liabilities	3,812	2,637	2,533
4.30 Other	-	-	-
<b>4.31 Total non-current liabilities</b>	<b>35,375</b>	<b>34,177</b>	<b>33,995</b>
<b>4.32 Total liabilities</b>	<b>170,641</b>	<b>158,181</b>	<b>118,862</b>
<b>4.33 Net assets</b>	<b>151,285</b>	<b>102,813</b>	<b>126,132</b>
<b>Equity</b>			
4.34 Contributed equity	113,170	68,300	87,429
4.35 Reserves	(931)	1,337	483
4.36 Retained profits	39,046	32,557	38,220
<b>4.37 Equity attributable to members of the parent entity</b>	<b>151,285</b>	<b>102,194</b>	<b>126,132</b>
4.38 Outside equity interests in controlled entities	-	619	-
<b>4.39 Total equity</b>	<b>151,285</b>	<b>102,813</b>	<b>126,132</b>
4.40 Preference capital included as part of 4.37	-	-	-

**Consolidated statement of cash flows**

	Current period \$A'000	Previous corresponding period \$A'000
<b>Cash flows related to operating activities</b>		
7.1 Receipts from customers	438,675	441,429
7.2 Payments to suppliers and employees	(400,722)	(407,300)
7.3 Dividends received from associates	-	-
7.4 Other dividends received	195	10
7.5 Interest and other items of similar nature received	233	139
7.6 Interest and other costs of finance paid	(4,472)	(5,375)
7.7 Income taxes paid	(1,891)	(1,371)
7.8 Other	-	-
<b>7.9 Net operating cash flows</b>	<b>32,018</b>	<b>27,532</b>
<b>Cash flows related to investing activities</b>		
7.10 Payment for purchases of property, plant and equipment	(7,212)	(7,568)
7.11 Proceeds from sale of property, plant and equipment	2,735	1,604
7.12 Payment for purchases of equity investments	(46,846)	-
7.12a Payment for purchase of outside equity interests	(442)	(9,188)
7.12b Payment for purchase of business assets	(26,919)	-
7.13 Proceeds from sale of equity investments	-	926
7.13a Proceeds from sale of business assets	766	1,454
7.14 Loans to other entities	-	-
7.15 Loans repaid by other entities	-	-
7.16a Payment for intangible assets	-	(313)
7.16b Investment income received	565	720
<b>7.17 Net investing cash flows</b>	<b>(77,353)</b>	<b>(12,365)</b>
<b>Cash flows related to financing activities</b>		
7.18 Proceeds from issues of shares	42,434	-
7.18a Payment for share buyback	-	(8,782)
7.19 Proceeds from borrowings	11,957	22,529
7.20 Repayment of borrowings	(702)	(22,773)
7.21 Dividends paid	(8,804)	(6,040)
7.22 Other	-	-
<b>7.23 Net financing cash flows</b>	<b>44,885</b>	<b>(15,066)</b>
<b>7.24 Net increase (decrease) in cash held</b>	<b>(450)</b>	<b>101</b>
7.25 Cash at beginning of period	1,183	1,082
7.26 Exchange rate adjustments to item 7.25	(105)	-
<b>7.27 Cash at end of period</b>	<b>628</b>	<b>1,183</b>

**Non-cash financing and investing activities**

During the financial period dividends totalling \$2,433,179 (2002 : \$1,900,953) were reinvested in the Company pursuant to the dividend reinvestment plan.

**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	628	1,311
8.2 Deposits at call	-	-
8.3 Bank overdraft	-	(128)
8.4 Other	-	-
<b>8.5 Total cash at end of period (Item 7.27)</b>	<b>628</b>	<b>1,183</b>

**Other notes to the financial statements**

**Ratios**

<b>Profit before tax / revenue</b>		
9.1 Consolidated profit (loss) from ordinary activities before tax as a percentage of revenue	<b>4.72%</b>	3.75%
<b>Profit after tax / equity interests</b>		
9.2 Consolidated net profit (loss) from ordinary activities after tax attributable to members as a percentage of equity ( <i>similarly attributable</i> ) at the end of the period	<b>8.37%</b>	8.98%
<b>Earnings per security (EPS)</b>		
10.1 Calculation of the following in accordance with AASB 1027: Earnings per Share		
(a) Basic EPS	<b>32.37¢</b>	27.54¢
(b) Diluted EPS	<b>32.21¢</b>	27.44¢
(c) Weighted average number of ordinary shares outstanding during the period used in the calculation of the Basic EPS	<b>39,121,156</b>	33,306,312
<b>NTA backing</b>		
11.1 Net tangible asset backing per ordinary security	<b>\$1.02</b>	\$1.39

**Discontinuing operations**

N / A
-------

**Control gained over entities having material effect**

13.1 Name of entity	Biolab Ltd.
13.2 Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the group of controlled entities since the date in the current period on which control was acquired	\$961,000
13.3 Date from which such profit has been calculated	3 March 2003
13.4 Profit(loss) from ordinary activities and extraordinary items after tax of the group of controlled entities for the whole of the previous corresponding period.	\$356,000 for year ended 30 June 2002

13.1a Name of entity	Robinhood Ltd
13.2a Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the group of controlled entities since the date in the current period on which control was acquired	\$213,000
13.3a Date from which such profit has been calculated	30 April 2003
13.4a Profit(loss) from ordinary activities and extraordinary items after tax of the group of controlled entities for the whole of the previous corresponding period.	\$2,035,000 for year ended 31 March 2002

**Loss of control of entities having material effect**

14.1 Name of entity (or group of entities)	N / A
--	-------

**Dividends**

15.1 Date the dividend is payable	19 September 2003
15.2 Record date to determine entitlements to the dividend (ie, on the basis of registrable transfers received by 5.00 pm if securities are not CHESS approved, or security holding balances established by 5.00 pm or such later time permitted by SCH Business Rules if securities are CHESS approved)	29 August 2003
15.3 If it is final dividend, has it been declared	Yes

**Amount per security**

			Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
15.4	<b>Final Dividend</b>	Current year	14¢	14¢	-
15.5		Previous year	15¢	15¢	-
15.6	<b>Interim Dividend</b>	Current year	12¢	12¢	-
15.7		Previous year	9¢	9¢	-

**Total dividend per security (interim and final)**

	Current period \$A'000	Previous corresponding period \$A'000
15.8 Ordinary securities	26¢	24¢
15.9 Preference securities	-	-

**Final dividend (distribution) on all securities**

	Current period \$A'000	Previous corresponding period \$A'000
15.10 Ordinary securities	6,437	4,976
15.11 Preference securities	-	-
<b>15.12 Total</b>	<b>6,437</b>	<b>4,976</b>

The financial effect of the final dividend in respect of the current year has not been brought to account in the consolidated entity's financial statements for the year ended 31 May 2003.

The dividend plan shown below is in operation.

The Company's Dividend Reinvestment Plan is in operation at a 5% discount to market.

The last date for receipt of election notices for the dividend plan 29 August 2003

Any other disclosures in relation to dividends

Nil

Details of aggregate share of profits (losses) of associates and joint venture entities

<b>Group's share of associates and joint venture entities</b>	Current period \$A'000	Previous corresponding period \$A'000
16.1 Profit (loss) from ordinary activities before tax		
16.2 Income tax on ordinary activities	-	-
<b>16.3 Profit (loss) from ordinary activities after tax</b>	<b>-</b>	<b>-</b>
16.4 Extraordinary items net of tax	-	-
<b>16.5 Net profit (loss)</b>	<b>-</b>	<b>-</b>
16.6 Adjustments	-	-
<b>16.7 Share of net profit (loss) of associates and joint venture entities</b>	<b>-</b>	<b>-</b>

**Material interests in entities which are not controlled entities**

N/A
-----

**Issued and quoted securities at end of current period**

Category of securities	Total Number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
<b>18.1 Preference securities</b>	<b>Nil</b>	<b>Nil</b>		
18.2 Changes during current period				
(a) Increases through issues	Nil	Nil		
(b) Decreases through returns of capital, buybacks, redemptions	Nil	Nil		
<b>18.3 Ordinary securities</b>	<b>45,978,047</b>	<b>45,978,047</b>		
18.4 Changes during current period				
(a) Increases through issues	12,806,179	12,806,179		
(b) Decreases through returns of capital, buy backs	-	-		
<b>18.5 Convertible debt securities</b>	<b>Nil</b>	<b>Nil</b>		
18.6 Changes during current period				
(a) Increases through issues	Nil	Nil		
(b) Decreases through securities matured, converted	Nil	Nil		
<b>18.7 Options</b>			<i>Exercise price</i>	<i>Expiry date (if any)</i>
	38,000	-	\$4.03	16 August 2003
	82,000	-	\$3.97	30 August 2004
	33,000	-	\$2.91	12 September 2005
	284,000	-	\$3.04	29 August 2006
	50,000	-	\$2.66	17 October 2004
	300,000	-	\$2.66	17 October 2005
18.8 Issued during current period	-	-	-	-
18.9 Exercised during current period	193,000	-	\$2.91	12 September 2005
	100,000	-	\$2.66	17 October 2004
18.10 Expired/lapsed during current Period				
	23,000	-	\$4.58	24 August 2002
	15,000	-	\$4.03	16 August 2003
	15,000	-	\$3.97	30 August 2004
	30,000	-	\$2.91	12 September 2005
	65,000	-	\$3.04	29 August 2006
<b>18.11 Debentures</b>	<b>Nil</b>	<b>Nil</b>		
<b>18.13 Unsecured notes</b>	<b>Nil</b>	<b>Nil</b>		

**Segment Reporting**

See Attachment 3

## **Comments by directors**

### **Basis of financial report preparation**

19.2 Material factors affecting the revenues and expenses of the economic entity for the current period

Refer covering letter
-----------------------

19.3 A description of each event since the end of the current period which has had a material effect and which is not already reported elsewhere in this Appendix or in attachments, with financial effect quantified (if possible).

Nil
-----

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

Franking Credits available or which will arrive on the payment of income tax provided for in the financial statements and after deducting franking credits to be used in payment of dividends provided for in the financial statements: Class C (30%) franking credits - \$12,683,000 (2002 : \$20,598,000).
--

From 1 July 2002 the franking credits available have been measured in accordance with the New Business Tax System (Imputation) Act 2002 as the amount of income tax paid rather than being based on after tax profits as in previous periods.
---

Comparative information has not been restated for this change in measurement. Had the comparative information been calculated on the new basis the "franking credits available" balance would have been \$8,827,000
---

This change in the basis of measurement does not change the value of franking credits to shareholders who may be entitled to franking credit benefits.
--

Dividends for at least the next year are expected to be fully franked.
--

19.5 Unless disclosed below the accounting policies, estimation methods and measurement bases used in this report are the same as those used in the last annual report. Any changes in accounting policies, estimation methods and measurement bases since the last annual report are disclosed as follows.

**Foreign currency translation**

The consolidated entity has applied the revised AASB 1012 "Foreign Currency Translation " (issued in November 2000) for the first time from 1 June 2002.

For hedges of specific purchases or sales, the gains or costs on entering the hedge and the exchange differences up to the date of the purchase or sale are now deferred and recognised as assets or liabilities on the statement of financial position from the inception of the hedge contract, not when the specific purchase or sale occurs.

There was no impact on opening retained profits at 1 June 2002 or on profit or loss for the reporting period to 31 May 2003.

**Dividend provision**

Dividends are now recognised at the time they are declared, determined or publicly recommended. Previously, final dividends were recognised in the financial year to which they related, even though the dividends were announced after the end of that financial year.

The adjustments to the consolidated financial report as at 1 June 2002 as a result of this change are:

- \$4,976,000 increase in opening retained profits
- \$3,981,000 decrease in provision for dividends
- \$995,000 decrease in dividend investment reserve.

There was no impact on net profit for the current financial year to 31 May 2003.

19.6 Revisions in estimates of amounts reported in previous interim periods.

Nil
-----

19.7 Changes in contingent liabilities or assets.

Nil
-----

**Annual Meeting**

The annual meeting will be held as follows:

Place	AGL Theatre Museum of Sydney Cnr Philip and Bridge Streets Sydney
Date	10 September 2003
Time	3.00 pm
Approximate date the annual Report will be available	11 August 2003

**Compliance statement**

- 1 This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent Issues Group Consensus Views or other standards acceptable to ASX.

Identify other standards used

Nil
-----

- 2 This report, and the accounts upon which the report is based, use the same accounting policies.

- 3 This report does give a true and fair view of the matters disclosed.

- 4 This report is based on accounts to which one of the following applies.

The accounts have been audited.

The accounts have been subject to review.

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

The accounts have not yet been audited or reviewed.

5. N/A

6. The entity has a formally constituted audit committee.

Sign Here: \_\_\_\_\_  
Company Secretary

Date: 8 July 2003

Print Name: Alan Joseph Fonseca

**Additional notes to Appendix 4B**  
**Attachment 1**

**Taxation**

**Income tax expense**

Prima facie income tax expense calculated at 30% (2002 : 30%) on operating profit

Increase in income tax expense due to non tax deductible items:

Amortisation of goodwill

Non deductible depreciation

Non deductible expenses

Overseas tax rate differential

Decrease in income tax expense due to:

Rebate on dividend and other investment income

Capital gains not assessable

Other income not assessable

Utilisation of income tax losses

Income tax under/(over) provided in prior year

Total income tax expense attributable to operating profit

<b>Current Period \$A'000</b>	<b>Previous Corresponding Period \$A'000</b>
<b>5,619</b>	4,554
<b>1,190</b>	1,098
<b>25</b>	23
<b>397</b>	258
<b>52</b>	-
<b>(59)</b>	-
<b>(307)</b>	(54)
<b>(116)</b>	-
<b>(256)</b>	-
<b>6,545</b>	5,879
<b>(510)</b>	60
<b>6,035</b>	5,939

**Additional notes to Appendix 4B**  
**Attachment 2**

<b>Intangible and extraordinary items</b>	Consolidated - corresponding period			
	Before tax \$A'000	Related tax \$A'000	Related outside equity interests \$A'000	Amount (after tax) attributable to members \$A'000
2.1 Amortisation of goodwill	3,659	-	(9)	3,650
2.2 Amortisation of other intangibles	-	-	-	-
<b>2.3 Total amortisation of intangibles</b>	<b>3,659</b>	<b>-</b>	<b>(9)</b>	<b>3,650</b>
2.4 Extraordinary items	-	-	-	-
<b>2.5 Total extraordinary items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Additional notes to Appendix 4B  
Attachment 3  
Segment Reporting**

Primary reporting Business Segments	Building & Renovations		Construction & Mining		Scientific & Testing		Automotive		Consolidated	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Revenue</b>										
Revenue from sale of goods	118,313	106,710	151,540	190,600	19,640	-	102,580	103,050	392,073	400,360
Unallocated revenue									4,614	4,909
<b>Total Revenue</b>									<b>396,687</b>	<b>405,269</b>
<b>Result</b>										
<b>EBITA</b>	10,910	9,010	8,590	8,160	1,920	-	9,586	9,170	31,006	26,340
Amortisation of goodwill	(1,701)	(1,645)	(777)	(776)	(454)	-	(1,098)	(1,238)	(4,030)	(3,659)
<b>EBIT</b>	<b>9,209</b>	<b>7,365</b>	<b>7,813</b>	<b>7,384</b>	<b>1,466</b>	<b>-</b>	<b>8,488</b>	<b>7,932</b>	<b>26,976</b>	<b>22,681</b>
Unallocated corporate expenses									(8,245)	(7,501)
<b>Profit from ordinary activities before tax</b>									<b>18,731</b>	<b>15,180</b>
Income tax expense									(6,035)	(5,939)
<b>Profit from ordinary activities after income tax</b>									<b>12,696</b>	<b>9,241</b>
<b>Depreciation and amortisation</b>	5,746	6,036	3,238	4,065	777	-	1,988	2,299	11,749	12,400
Unallocated depreciation									644	178
									<b>12,393</b>	<b>12,578</b>
<b>Assets</b>										
Segment assets	97,220	72,890	85,320	100,810	58,420	-	63,470	71,760	304,430	245,460
Unallocated corporate assets									17,496	15,534
<b>Consolidated total assets</b>									<b>321,926</b>	<b>260,994</b>

**Additional notes to Appendix 4B  
Attachment 3  
Segment Reporting (continued)**

Primary reporting Business Segments	Building & Renovations		Construction & Mining		Scientific & Testing		Automotive		Consolidated	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
<b>Liabilities</b>										
Segment liabilities	22,000	12,210	38,350	53,810	10,190	-	10,480	14,360	81,020	80,380
Unallocated corporate liabilities									89,621	77,801
<b>Consolidated total liabilities</b>									<b>170,641</b>	<b>158,181</b>

Secondary reporting Geographical Segments	Australia		New Zealand		Consolidated	
	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000	2003 \$'000	2002 \$'000
External segment revenue by location of customers	370,953	390,914	21,120	9,446	392,073	400,360
Segment assets by location of assets	258,606	258,494	63,320	2,500	321,926	260,994
Acquisition of non-current assets	11,302	-	51,127	-	62,429	-