

ASX Release – Alesco Corporation Limited (“ALS”)

FINANCIAL RESULTS FOR THE YEAR ENDED 31 MAY 2004

Date: 22 July 2004

Release: 22 July 2004

Alesco Corporation Limited (**Company**) is pleased to announce the audited financial results for the year ended 31 May 2004. Highlights include:

- **Record earnings per share (before goodwill amortisation and significant items) of 54.2 cents per share (cps), up 27% (2003: 42.7cps)**
- **The acquisition of the B&D Doors and Openers business, effective on 11 June 2004, for consideration of \$230 million with the potential to pay up to a further \$25 million based on 2005 earnings**
- **Final dividend of 18 cps (fully franked) up from 14 cps for the previous year. This brings the total dividend for the year to 33cps (fully franked) up 27% (2003: 26cps)**
- **Continued strong cash flows with operating cash of more than \$48 million being generated (2003: \$36 million)**
- **Net profit after tax of \$19.9 million up 57% (2003: \$12.7 million)**

It is pleasing to report record results for the third year in a row. The Company's strategy of investing in and developing industrial businesses with leading brands operating in niche markets continues to deliver benefits for its shareholders. In particular, the Company's acquisitions of Biolab and Robinhood made in the prior year were successfully integrated and achieved results that exceeded expectations.

All key operating ratios improved significantly when compared to prior years.

	May 04	May 03	May 02	May 01
EBITA/Sales	8.4%	6.9%	6.0%	5.2%
Return on average funds employed	18.1%	15.3%	14.1%	13.5%
Return on equity (pre goodwill amortisation & significant items)	15.5%	13.0%	12.3%	10.9%

Dividends

The directors have announced a final dividend of 18 cps fully franked, up from 14 cps for the prior year, an increase of 29%. The dividend is payable in respect of shares registered as at 5:00pm on

asx release		
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27 August 2004 and will be paid on 10 September 2004. The dividend re-investment plan will continue to operate however, given the capital raisings undertaken during the year, the directors have varied the discount rate to nil.

Acquisition of B&D Doors and Openers (B&D)

On 24 May 2004 the Company announced the acquisition of B&D for an initial consideration of \$230 million and an additional earn-out of up to \$25 million based on 2005 earnings. B&D is the leading manufacturer and marketer of garage doors in Australia and is one of the largest in New Zealand. With its strong own brands and with over 50% market share in both the garage door and automatic opener segments of the Australian residential housing markets, B&D is an ideal fit within the Alesco Group. The acquisition substantially adds to the Company's building and renovation activities and shows strong growth prospects for both doors and openers. In particular, the opener business should benefit from the trend towards higher levels of automation and the increasing demand for repair, retrofit and replacement.

The acquisition was successfully completed on 11 June 2004 and was funded by a combination of debt and equity. Approximately \$74 million of capital was raised through a 1 for 5, non-renounceable rights issue, an institutional placement and shares issued to B&D management. The issue was well supported by our shareholders who demonstrated strong support for the acquisition. The balance of the funds were raised through debt facilities provided by our core bankers Australia and New Zealand Banking Group Limited, BNP Paribas and HSBC Bank Australia Limited.

In addition to the rights issue completed subsequent to year end, the Company completed successful capital raisings in the form of an institutional placement (\$33.3 million net of underwriting costs) and share purchase plan (\$12.0 million) in January and March 2004. Both raisings closed over subscribed demonstrating strong shareholder support for the Company's strategy. The funds were used to pay down debt and significantly contributed to the conservative gearing level at year end.

Business Unit Performance

Business unit results, pre significant items, were as follows:

\$ millions	Sales revenue			EBITA		
	2004	2003	% change	2004	2003	% change
Building and Renovations	154.8	118.3	30.9	21.6	10.9	98.2
Scientific and Testing	79.4	19.6	305.1	8.2	1.9	331.6
Automotive	100.8	102.6	(1.8)	9.4	9.6	(2.1)
Construction and Mining	146.5	151.6	(3.4)	7.5	8.6	(12.8)
Corporate/Unallocated	-	-	-	(6.5)	(4.0)	(62.5)
Total	481.5	392.1	22.8	40.2	27.0	48.9

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The highlights of the trading environment during the year were:

Building and Renovations

The buoyant renovations market, further supply chain and productivity initiatives and a strong Australian dollar all contributed to a record result for Parbury. In addition, the continued focus on developing the Parbury brand and updating the product range has helped improve margins substantially over the prior year. This included the release of a new range of Wilsonart colours and the launch of new products such as water filters and aluminium doors.

The acquisition of the Silestone distribution rights in February 2004 has further complemented Parbury's range of bench top materials and continued to enhance its reputation as a leading provider to the kitchen building and renovation market.

Favourable market conditions also helped Robinhood to deliver a record result. In its first full year of ownership the division delivered strong returns which were ahead of expectations. The result was underpinned by market share growth in Australia in the range-hood and laundry tub market.

Scientific and Testing

Biolab continues to show good growth at both the sales and EBITA level compared to the prior year particularly in the environmental and biosciences divisions. Margins were significantly enhanced due to post acquisition restructuring and 80:20 productivity initiatives being implemented during the year.

Bolt on acquisitions are continually being sought to participate in high growth markets such as the environmental and medical segments.

Automotive

The automotive division experienced relatively flat sales and EBITA compared to the prior year. This was made up of an improved performance at Ingram due to margin and productivity gains but a slightly weaker result at McLeods due to lower sales levels, particularly in the Melbourne market. In addition, return on net funds employed, increased to 19.1% (2003: 17.2%) due to an increased focus on our 80:20 productivity initiatives. This trend is expected to continue in the 2005 year.

Construction and Mining

Parchem improved EBITA and return on net funds employed compared to the prior year. The division continues to improve its earnings due to successfully tendering supply contracts on a number of major infrastructure projects in New South Wales.

Marathon experienced a disappointing trading result for the year. This was a consequence of the on going consolidation of the global mining industry and the trend of some of our large customers to deal directly with Michelin. Sales and EBITA were lower than the prior year and, as a result, some restructuring of the business is currently being undertaken. The restructuring involves the closure of non profitable branches and a more significant focus on the service element within the business.

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This has also resulted in goodwill of approximately \$2.5 million within the Marathon business being written off in the year end results as a significant item. At this stage an improved performance is anticipated for the business in 2005.

Cash Flow and Gearing

The Group continues to generate strong operational cash flow with more than \$48 million being realised during the year. This was predominantly used to reduce debt which at year end closed at \$4 million, down from \$81 million at 31 May 2003. Gearing (net debt / book equity) stood at 2.0% down from 53.4% at 31 May 2003. Interest cover (EBITA/net interest expense) improved during the year to a strong 10.9 times compared to 6.4 times in the prior year.

As a result of the financing mix utilised on the B&D acquisition the Company’s gearing subsequent to the acquisition has increased to approximately 60%. This comprises net debt of approximately \$165 million and equity of approximately \$280 million.

Significant Items

The net after tax effect of significant items during the year is a gain of \$29,000. This comprises:

- the write-down of the Marathon goodwill of \$2,452,000; and
- the gain of \$2,481,000 on the disposal of the Company’s interest in Marlows Limited, (that gain being net of a tax liability of approximately \$691,000 which resulted from an unforeseen delay in the completion of the transaction).

Outlook

We expect trading conditions to remain at satisfactory levels for the 2005 financial year. With the addition of the B&D business to the Company’s earnings from 11 June 2004 and, subject to a continuation of reasonable economic conditions, we are budgeting for earnings per share (before goodwill amortisation and significant items) growth compared to the prior year, of approximately 15%.

A principal focus will continue to be on bolt on acquisition targets that meet our strategic criteria.

Alesco is an industrial brand management company with leading positions in niche markets in the building and renovations, construction and mining, scientific and testing and automotive sectors.

For further information, please contact Alesco Corporation Limited:

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ALESCO CORPORATION LIMITED

Appendix 4E

Preliminary final report for the year ended 31 May 2004

ASX code: ALS

APPENDIX 4E



Preliminary final report Year ended 31 May 2004

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RESULTS FOR ANNOUNCEMENT TO THE MARKET

Entity: Alesco Corporation Limited and its controlled entities
Reporting period: year ended 31 May 2004
Previous corresponding period: year ended 31 May 2003

				\$000
Revenue from ordinary activities	up	23.9%	to	491,371
Profit from ordinary activities after tax	up	56.6%	to	19,877
Net profit for the period attributable to members	up	57.0%	to	19,877
Dividends		Amount per security	Franked amount per security	

Current period

Final dividend	18.0	100%
Interim dividend	15.0	100%

Previous corresponding period

Final dividend	14.0	100%
Interim dividend	12.0	100%

Record date for determining entitlements to the dividends

27 August 2004

Explanation of information reported

- Record earnings per share (before goodwill amortisation and significant items) of 54.2 cents per share (cps), up 27%. (2003:42.7cps)
- The acquisition of the B&D Doors and Openers business on 11 June 2004 for consideration of \$230 million with the potential to pay up to a further \$25 million based on 2005 earnings.
- Final dividend of 18 cps (fully franked) up from 14 cps for the previous year. This brings the total dividend for the year to 33cps (fully franked) up 27% (2003: 26cps).
- Continued strong cash flows with operating cash of more than \$48 million being generated
- Net profit after tax of \$19.9 million up 57% (2003: \$12.7 million).



Alesco Corporation Limited

Preliminary Final Report

31 May 2004

**Consolidated statement of financial performance
For the year ended 31 May 2004**

	Current period \$000	Previous corresponding period \$000
Sales revenue from ordinary activities	481,533	392,073
Other revenue from ordinary activities	9,838	4,614
Total revenue from ordinary activities	491,371	396,687
Cost of sales	311,821	256,070
Selling expenses	34,085	29,857
Marketing expenses	11,584	7,947
Customer service expenses	16,801	12,894
Purchasing and inventory management	3,133	2,794
Distribution expenses	34,514	28,807
Borrowing costs	4,368	4,551
Administration and finance expenses	44,587	35,036
Profit from ordinary activities before income tax	30,478	18,731
Income tax on ordinary activities	(10,601)	(6,035)
Profit from ordinary activities after income tax	19,877	12,696
Net profit attributable to outside equity interests	-	(33)
Net profit attributable to members of the parent entity	19,877	12,663
Non-owner transaction changes in equity		
Net exchange differences relating to self-sustaining foreign operations	128	(1,273)
Net movement in dividend reinvestment reserve	-	(995)
Total changes in equity not resulting from transactions with owners as owners	20,005	10,395
Earnings per share (EPS)		
Basic EPS	40.47¢	32.37¢
Diluted EPS	40.29¢	32.21¢
Weighted average number of shares	49,110,883	39,121,156

The statement of financial performance is to be read in conjunction with the notes to the financial statements as set out on pages 7 to 16.

**Consolidated statement of financial position
As at 31 May 2004**

	31 May 2004 \$000	31 May 2003 \$000
Current assets		
Cash assets	14,464	628
Receivables	79,358	77,005
Inventories	78,374	93,814
Other	1,362	2,207
Total current assets	173,558	173,654
Non-current assets		
Other financial assets	806	1,172
Property, plant and equipment	28,281	32,592
Intangible assets	99,774	105,416
Deferred tax assets	10,981	9,092
Total non-current assets	139,842	148,272
Total assets	313,400	321,926
Current liabilities		
Payables	60,435	63,596
Interest-bearing liabilities	473	50,610
Current tax liabilities	5,706	5,942
Provisions	16,769	15,118
Total current liabilities	83,383	135,266
Non-current liabilities		
Interest-bearing liabilities	18,114	30,848
Deferred tax liabilities	617	715
Provisions	3,129	3,812
Total non-current liabilities	21,860	35,375
Total liabilities	105,243	170,641
Net assets	208,157	151,285
Equity		
Contributed equity	164,713	113,170
Reserves	(803)	(931)
Retained profits	44,247	39,046
Total equity	208,157	151,285

The statement of financial position is to be read in conjunction with the notes to the financial statements as set out on pages 7 to 16.

**Consolidated statement of cash flows
For the year ended 31 May 2004**

	Current period \$000	Previous corresponding period \$000
Cash flows from operating activities		
Cash receipts in the course of operations	529,356	438,675
Cash payments in the course of operations	(470,722)	(400,722)
Dividends received	14	195
Interest received	641	233
Income taxes paid	(10,775)	(1,891)
Net cash provided by operating activities	48,514	36,490
Cash flows from investing activities		
Payments for property, plant and equipment	(7,671)	(7,212)
Proceeds from sale of property, plant and equipment	3,557	2,735
Rent received	355	565
Payment for purchase of outside equity interests	-	(442)
Proceeds from investments	4,560	-
Payments for goodwill acquired	(2,348)	-
Proceeds from sale of businesses	-	766
Payments for assets on acquisition of business	(592)	(26,919)
Payments for controlled entities net of cash acquired	(2,191)	(46,846)
Net cash used in investing activities	(4,330)	(77,353)
Cash flows from financing activities		
Proceeds from issue of shares	47,861	44,080
Borrowing costs paid	(4,368)	(4,472)
Repayment of borrowings	(62,080)	-
Finance lease payments	(776)	(702)
Proceeds from borrowings	-	11,957
Transaction costs from issue of shares	(430)	(1,646)
Dividends paid	(10,564)	(8,804)
Net cash (used in) / provided by financing activities	(30,357)	40,413
Net increase / (decrease) in cash held	13,827	(450)
Cash at the beginning of the period	628	1,183
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	9	(105)
Cash at the end of the period	14,464	628

The statement of cash flows is to be read in conjunction with the notes to the financial statements as set out on pages 7 to 16.

Notes to the financial statements

1. Basis of preparation of preliminary final report

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

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those applied in the 31 May 2003 Annual Financial Report.

Change in accounting policy

The consolidated entity has applied the revised AASB1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time from June 2003. There was no impact on opening retained profits at 1 June 2003 or on net profit for the current year.

Notes to the financial statements (continued)

2. Segment reporting

	Building & Renovations		Construction & Mining		Scientific & Testing		Automotive		Unallocated and eliminations		Consolidated	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Primary reporting Business segments												
Revenue												
Revenue from sale of goods	154,769	118,313	133,966	143,359	76,344	18,917	100,838	102,580	-	-	465,917	383,169
Rendering of services revenue	-	-	12,556	8,181	3,060	723	-	-	-	-	15,616	8,904
Other revenue	154,769	118,313	146,522	151,540	79,404	19,640	100,838	102,580	-	-	481,533	392,073
External segment revenue	140	412	4,024	1,812	69	1	120	183	5,485	2,206	9,838	4,614
Inter-segment revenue	154,909	118,725	150,546	153,352	79,473	19,641	100,958	102,763	5,485	2,206	491,371	396,687
	98	2	159	141	235	-	-	-	(492)	(143)	-	-
Total revenue	155,007	118,727	150,705	153,493	79,708	19,641	100,958	102,763	4,993	2,063	491,371	396,687
Result												
EBITA	21,586	10,910	7,527	8,590	8,172	1,920	9,351	9,586	(6,389)	(4,006)	40,247	27,000
Significant items	-	-	-	-	-	-	-	-	3,172	-	3,172	-
Total EBITA	21,586	10,910	7,527	8,590	8,172	1,920	9,351	9,586	(3,217)	(4,006)	43,419	27,000
Amortisation of intangibles	(2,993)	(1,701)	(780)	(777)	(1,885)	(454)	(1,104)	(1,098)	-	-	(6,762)	(4,030)
Write off of goodwill	-	-	(2,452)	-	-	-	-	-	-	-	(2,452)	-
EBIT	18,593	9,209	4,295	7,813	6,287	1,466	8,247	8,488	(3,217)	(4,006)	34,205	22,970
Net interest expense											(3,727)	(4,239)
Profit from ordinary activities before income tax											30,478	18,731
Income tax expense											(10,601)	(6,035)
Profit from ordinary activities after income tax											19,877	12,696
Depreciation and amortisation	6,505	5,746	2,625	3,238	2,944	777	1,830	1,988	1,924	644	15,828	12,393

Notes to the financial statements (continued)

2. Segment reporting (continued)

Primary reporting Business segments	Building & Renovations		Construction & Mining		Scientific & Testing		Automotive		Unallocated and eliminations		Consolidated	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
Assets												
Segment assets	102,449	97,220	71,283	85,320	62,565	58,420	60,677	63,470	16,426	17,496	313,400	321,926
Liabilities												
Segment liabilities	25,862	22,000	27,523	38,350	12,847	10,190	11,753	10,480	27,261	89,621	105,246	170,641
Acquisition of non-current assets	3,130	18,544	1,672	1,587	2,992	38,099	691	527	1,611	3,672	10,096	62,429

Secondary reporting
Geographical segments

External segment revenue by location of customers

Segment assets by location of assets

Acquisition of non-current assets

	Australia		New Zealand		Consolidated	
	2004 \$000	2003 \$000	2004 \$000	2003 \$000	2004 \$000	2003 \$000
External segment revenue by location of customers	415,791	375,567	75,580	21,120	491,371	396,687
Segment assets by location of assets	230,815	258,606	82,585	63,320	313,400	321,926
Acquisition of non-current assets	6,053	11,302	4,043	51,127	10,096	62,429

Notes to the financial statements (continued)

	Current period \$000	Previous corresponding period \$000
3. Revenue from ordinary activities		
Sale of goods revenue from operating activities	465,917	383,169
Rendering of services revenue from operating activities	15,616	8,904
	481,533	392,073
Other revenues from operating activities:		
Dividends	14	195
Interest	641	233
Rent	355	565
Sundry revenue	711	120
Other revenue from outside operating activities:		
Gross proceeds on sale of property, plant and equipment	3,557	2,735
Gross proceeds on liquidation of investments	4,560	-
Gross proceeds on sale of businesses	-	766
	9,838	4,614
Total revenue from ordinary activities	491,371	396,687
4. Expenses from ordinary activities		
Depreciation of:		
Buildings	167	234
Motor vehicles	845	967
Plant and equipment	7,416	6,537
	8,428	7,738
Amortisation of:		
Goodwill	5,884	3,956
Lease premium	878	74
Leasehold improvements	309	160
Leased plant and equipment	329	465
	7,400	4,655
Profit on sales of property, plant and equipment	(536)	(774)
Net bad and doubtful debts expense including movements in provision for doubtful debts	985	1,230
5. Significant items		
Gain on liquidation of investment in Marlows Limited	(3,172)	-
Related income tax expense	691	-
	(2,481)	-
Write off of goodwill	2,452	-
Related income tax expense	-	-
	2,452	-
	(29)	-

As previously announced, a significant gain on the liquidation of the Company's investment in Marlows Limited was recognised during the period. The proceeds on disposal of the investment, of approximately \$4.6 million, have been recognised in 'other revenue from ordinary activities'.

As a result of disappointing trading results during the year, some restructuring of the Marathon business is currently being undertaken. This has resulted in goodwill of approximately \$2.5 million being written off in the year end results.

Notes to the financial statements (continued)

	31 May 2004 \$000	31 May 2003 \$000
6. Retained profits		
Retained profits at beginning of year	39,046	32,557
Net profit attributable to members of the parent entity	19,877	12,663
Dividends	(14,676)	(6,174)
Retained profits at end of year	44,247	39,046

7. Dividends

During the reporting period Alesco Corporation Limited has paid dividends not previously recognised in retained profits as follows:

Interim dividend on ordinary shares, 15 cents per share fully franked, paid on 24 March 2004

	8,223	5,484
	9,934	6,437

Subsequent to reporting date:

Since 31 May 2004 the directors have declared the following dividends payable on 10 September 2004:

Final dividend on ordinary shares, 18 cents per share fully franked

The financial effect of the dividends declared subsequent to reporting date has not been brought to account in the consolidated entity financial statements for the year ended 31 May 2004. As a result of the capital raising subsequent to year end (refer Note 8), dividends declared subsequent to reporting date and payable on 10 September 2004 will be approximately \$12.3 million.

Dividend reinvestment plans

Participating shareholders are entitled on each dividend payment to be allotted the number of ordinary shares (rounded to the nearest whole number) which the cash dividend on Plan Shares in the relevant shareholding account would purchase at the issue price. To participate in the Plan, eligible shareholders must complete a Notice of Dividend Election where participation commences on a date nominated by the Directors and is effective as regards the first dividend payment made following such nomination after receipt by the Company of the Notice of Dividend Election, provided it is received before the books closing date for that dividend.

All administrative costs are met by the Company.

The Company's Dividend Reinvestment Plan will continue to operate, however, given the capital raisings undertaken during the year, the directors have varied the discount rate to nil.

The last date for receipt of election notices for the Plan is 27 August 2004.

Notes to the financial statements (continued)

8. Contributed equity

Issued and paid-up capital

55,189,065 (31 May 2003 : 45,978,047) ordinary shares, fully paid

	31 May 2004 \$000	31 May 2003 \$000
	164,713	113,170

On 19 September 2003, 367,391 shares were issued at a price of \$4.921 per share as part of the Company's dividend reinvestment plan.

On 26 September 2003, 120,000 shares were issued for no consideration to the Chief Executive Officer as approved at the Annual General Meeting.

On 31 October 2003 the following share transactions took place:

- 75,525 shares were issued for no consideration as part of the Company's employee share plan.
- 84,617 shares were issued at a price of \$5.232 per share as part of the Company's employee share plan.
- 98,300 shares were issued for no consideration as part of the Company's management share plan.
- 19,541 shares were issued at a price of \$5.232 per share as part of the Company's management share plan.

The following executive share options were exercised during the period:

Total number	Exercise date	Exercise price
32,000	21 July 2003	\$3.97
8,000	21 July 2003	\$2.91
8,000	21 July 2003	\$4.03
20,000	23 July 2003	\$3.97
10,000	28 July 2003	\$2.91
30,000	28 July 2003	\$4.03
10,000	5 August 2003	\$2.91
115,000	2 September 2003	\$3.04
31,000	9 September 2003	\$3.04
63,000	23 September 2003	\$3.04
5,000	20 February 2004	\$3.04
200,000	20 February 2004	\$2.66
30,000	24 February 2004	\$3.97
10,500	25 February 2004	\$3.04

On 2 February 2004 the following share transactions took place:

- 6,368 shares were issued at a price of \$6.5156 as part of the Company's employee share plan.
- 3,514 shares were issued at a price of \$5.232 per share as part of the Company's employee share plan.
- 248 shares were issued at a price of \$4.04 per share as part of the Company's employee share plan.
- 29,000 shares were issued for consideration as part of the Company's management share plan.
- 5,500,000 shares were issued at a price of \$6.12 per share under an underwritten Institutional Placement.

On 9 March 2004, 1,964,153 shares were issued at a price of \$6.12 per share under a non-underwritten Share Purchase Plan.

On 24 March 2004, 369,861 shares were issued at a price of \$6.23 per share as part of the Company's dividend reinvestment plan.

Notes to the financial statements (continued)

8. Contributed equity (continued)

Subsequent to year end the Company completed a 1 for 5 non renounceable rights issue and placement resulting in 12,893,477 shares being issued as follows:

- 750,000 shares were issued under the Institutional Placement on 1 June 2004;
- 5,675,594 shares were issued under the Institutional Entitlement on 1 June 2004;
- 9,500 shares were issued pursuant to the exercise of options under the Alesco Executive Option Plan;
- 1,096,164 shares were issued to B&D management on 11 June 2004; and
- 5,362,219 shares were issued under the Retail Entitlement Offer on 28 June 2004.

9. Taxation

Prima facie income tax expense calculated at 30% (2003: 30%) on operating profit

Increase in income tax expense due to:

Amortisation of goodwill

Write off of goodwill

Overseas tax rate differential

Depreciation of buildings

Sundry items

Decrease in income tax expense due to:

Capital items

Rebate on dividend income

Recognition of tax benefits not previously brought to account

Other income not assessable

Income tax over provided in prior period

	Current period \$000	Previous corresponding period \$000
	9,143	5,619
	1,765	1,190
	736	-
	177	52
	20	25
	286	397
	(490)	(307)
	(4)	(59)
	(192)	(256)
	(670)	(116)
	10,771	6,545
	(170)	(510)
	10,601	6,035

10. Earnings per share

Earnings reconciliation

Net profit

Net profit attributable to outside equity interests

Basic earnings

Diluted earnings

Weighted average number of shares used as the denominator

Number for basic earnings per share

Effect of executive share options on issue

	19,877	12,696
	-	(33)
	19,877	12,663
	19,877	12,663
Number	Number	
	49,110,883	39,121,156
	218,370	192,234
	49,329,253	39,313,390

Options outstanding under the Executive Share Option Plan have been classified as potential ordinary shares and included in diluted earnings per share.

Notes to the financial statements (continued)

11. Notes to the statement of cash flows

Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statements of financial position as follows:

Cash assets

Reconciliation of profit from ordinary activities after income tax to net cash provided by operating activities

Profit from ordinary activities after related income tax expense

Add/(less) items classified as investing/financing activities:

Profit on sale of property, plant and equipment

Profit on liquidation of investments

Borrowing costs paid

Rent received

Add/(less) non cash items:

Depreciation

Amortisation

Write off of goodwill

Amounts set aside to provisions

Net cash provided by operating activities before changes in assets and liabilities

Changes in assets and liabilities during the year:

(Increase)/decrease in trade debtors

Decrease in inventories

Decrease/(increase) in other debtors and prepayments

Decrease in trade creditors and accruals

(Decrease)/increase in current taxes payable

Decrease in deferred taxes payable

Net cash provided by operating activities

	Current period \$000	Previous corresponding period \$000
Cash assets	14,464	628
Profit from ordinary activities after related income tax expense	19,877	12,696
Add/(less) items classified as investing/financing activities:		
Profit on sale of property, plant and equipment	(536)	(774)
Profit on liquidation of investments	(3,172)	-
Borrowing costs paid	4,368	4,472
Rent received	(355)	(565)
Add/(less) non cash items:		
Depreciation	8,428	7,738
Amortisation	7,400	4,655
Write off of goodwill	2,452	-
Amounts set aside to provisions	4,128	6,193
Net cash provided by operating activities before changes in assets and liabilities	42,590	34,415
Changes in assets and liabilities during the year:		
(Increase)/decrease in trade debtors	(2,955)	7,395
Decrease in inventories	13,276	8,953
Decrease/(increase) in other debtors and prepayments	463	(1,360)
Decrease in trade creditors and accruals	(4,185)	(17,261)
(Decrease)/increase in current taxes payable	(235)	4,942
Decrease in deferred taxes payable	(440)	(594)
Net cash provided by operating activities	48,514	36,490

During the period dividends totalling \$4,112,000 (2003: \$2,433,000) were reinvested in the Company pursuant to the dividend reinvestment plan.

12. NTA backing

Net tangible asset backing per ordinary security

	\$000	\$000
Net tangible asset backing per ordinary security	\$1.96	\$1.00

Notes to the financial statements (continued)

	31 May 2004 \$000	31 May 2003 \$000
13. Financing facilities		
Total facilities available:		
Bank overdrafts	4,750	4,731
Bank loans	20,886	22,660
Bill acceptance facility	72,657	70,000
Standby letters of credit	18,143	17,500
	116,436	114,891
Total facilities utilised:		
Bank overdrafts	-	-
Bank loans	17,712	19,551
Bill acceptance facility	-	60,255
Standby letters of credit	508	542
	18,220	80,348
Total facilities available:		
Bank overdrafts	4,750	4,731
Bank loans	3,174	3,109
Bill acceptance facility	72,657	9,745
Standby letters of credit	17,635	16,958
	98,216	34,543

Bank overdrafts

The bank overdrafts of the consolidated entity are repayable on demand and are subject to annual review. Interest is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 31 May 2004 was 8.88% (2003: 8.35%).

Loans

The bank loans amount in current liabilities comprises the portion of the consolidated entity's bank loans payable within one year.

The weighted average interest rate for loans at 31 May 2004 is 6.06% (2003: 5.77%).

Bill acceptance facility

The weighted average interest rate for bank bills at 31 May 2004 is 6.33% (2003: 5.89%).

Standby letter of credit

The standby letter of credit facility is a committed facility and is subject to annual review. Interest is payable at the bank bill rate plus the company's credit margin.

Security

The facilities provided to the Company by its principal bankers are unsecured but subject to certain financial covenants.

14. Contingent assets

The Company and its controlled entities contribute to a defined contribution superannuation fund – the ANZ Super Advantage Fund. The transfer of superannuation contributions from a closed defined benefit fund into this fund in April 2002 gave rise to a surplus which at 31 May 2004 amounts to approximately \$2.0 million (2003: \$3.8 million). The balance of this surplus has not been brought to account as an asset as it will be used to fund future superannuation contributions to the ANZ Super Advantage Fund.

Notes to the financial statements (continued)

Current period \$000	Previous corresponding period \$000
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15. Acquisition / disposal of controlled entities

During the financial year the consolidated entity acquired 100% of the voting shares of Pisani International Pty Limited (2003: 100% of the voting shares of Biolab Ltd). Details of the acquisition are as follows:

Consideration	2,316	49,192
Cash acquired	(125)	(2,346)
Outflow of cash	2,191	46,846
Fair value of net (liabilities) / assets of entity acquired:		
Cash assets	125	2,346
Receivables	426	9,208
Inventories	985	7,913
Property, plant and equipment	77	2,721
Deferred tax assets	-	324
Intangibles	-	10,511
Lease liabilities	-	(1,260)
Payables	(1,746)	(7,782)
Current tax liability	(66)	(867)
Deferred tax liability	-	(79)
Provision for restructuring	-	(680)
	(199)	22,355
Goodwill on consolidation	2,515	26,837
Consideration (cash)	2,316	49,192

Pisani International Pty Limited was acquired on 11 February 2004 and the operating results of the company from that date have been included in the consolidated operating profit. The company maintains the exclusive rights to distribute "Silestone", a leading engineered stone benchtop brand, in Australia and New Zealand.

In addition, a final earnout payment of \$2.3 million was made during the year in respect of the acquisition of Biolab Ltd in the prior year.

16. Events subsequent to balance date

Acquisition of B&D Doors and Openers ("B&D")

On 24 May 2004 the Company announced the acquisition of B&D for an initial consideration of \$230 million and an additional earn-out of up to \$25 million based on 2005 earnings. The acquisition was successfully completed on 11 June 2004 and was funded by a combination of debt and equity.

The financial effects of the above transaction have not been brought to account in the financial statements for the year ended 31 May 2004.