



# Alesco Corporation Limited

ABN 23 008 666 064

Appendix 4E

Preliminary final report for the year ended 31 May 2005

ASX code: ALS

 CREATING VALUE  
THROUGH OUR  
INDUSTRIAL BRANDS



# APPENDIX 4E



## Preliminary final report Year ended 31 May 2005

Alesco Corporation Limited ABN 23 008 666 064  
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### RESULTS FOR ANNOUNCEMENT TO THE MARKET

**Entity:** Alesco Corporation Limited and its controlled entities  
**Reporting period:** year ended 31 May 2005  
**Previous corresponding period:** year ended 31 May 2004

RESULT		%		\$000
Revenue from ordinary activities	up	47.8%	to	726,213
Profit from ordinary activities after tax attributable to members	up	106.5%	to	41,040
Net profit for the period attributable to members	up	106.5%	to	41,040

DIVIDENDS	AMOUNT PER SECURITY	FRANKED AMOUNT PER SECURITY
CURRENT PERIOD	CENTS	%
Final dividend	25.0	100%
Interim dividend	20.0	100%
	45.0	
PREVIOUS PERIOD		
Final dividend	18.0	100%
Interim dividend	15.0	100%
	33.0	

**Record date for determining entitlements to dividends** 18 August 2005  
**DRP election notice date** 18 August 2005  
**Dividend payment date** 1 September 2005

### Explanation of information reported

Significant items after income tax included in the period's performance are:

	\$000
Net gain on sale of Automotive business	30,967
Business manufacturing rationalisation	(7,188)
Manufacturing outsourcing and restructuring	(2,694)
Goodwill write-off	(7,611)
	13,474



# **Alesco Corporation Limited**

**Preliminary Final Report**

**31 May 2005**

## STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 31 MAY 2005

	CONSOLIDATED	
	2005	2004
	\$000	\$000
Revenue from sale of goods	603,930	465,917
Revenue from rendering services	28,717	15,616
Other revenues from ordinary activities	93,566	9,838
	<b>726,213</b>	<b>491,371</b>
Cost of sales	(399,927)	(311,821)
Selling expenses	(44,960)	(34,085)
Marketing expenses	(16,807)	(11,584)
Customer service expenses	(16,754)	(16,801)
Purchasing and inventory management	(2,732)	(3,133)
Distribution expenses	(38,206)	(34,514)
Borrowing costs	(11,065)	(4,368)
Administration and finance expenses	(69,526)	(44,587)
Restructuring expenses	(14,117)	–
Cost of investment disposals	(51,840)	–
Share of net result of joint ventures accounted for using the equity method	23	–
<b>Profit from ordinary activities before related income tax expense</b>	<b>60,302</b>	<b>30,478</b>
Income tax expense relating to ordinary activities	(19,262)	(10,601)
<b>Net profit attributable to members of the parent entity</b>	<b>41,040</b>	<b>19,877</b>
<b>Non-owner transaction changes in equity</b>		
Net exchange difference relating to self-sustaining foreign operations	5,141	128
Total changes in equity from non-owner related transactions attributable to members of the parent entity	<b>46,181</b>	<b>20,005</b>
Basic earnings per share	<b>60.04¢</b>	<b>40.47¢</b>
Diluted earnings per share	<b>60.04¢</b>	<b>40.29¢</b>

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 23.

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MAY 2005

	CONSOLIDATED	
	2005	2004
	\$000	\$000
<b>Current Assets</b>		
Cash assets	12,279	14,464
Receivables	90,884	79,358
Inventories	89,560	78,374
Other	2,480	1,362
<b>Total current assets</b>	<b>195,203</b>	<b>173,558</b>
<b>Non-Current Assets</b>		
Receivables	487	—
Investments accounted for using the equity method	292	—
Other financial assets	100	806
Property, plant and equipment	65,775	28,281
Intangible assets	282,082	99,774
Deferred tax assets	15,672	10,981
<b>Total non-current assets</b>	<b>364,408</b>	<b>139,842</b>
<b>Total assets</b>	<b>559,611</b>	<b>313,400</b>
<b>Current Liabilities</b>		
Payables	73,304	60,435
Interest-bearing liabilities	18,214	473
Current tax liabilities	13,238	5,706
Provisions	29,518	16,769
<b>Total current liabilities</b>	<b>134,274</b>	<b>83,383</b>
<b>Non-Current Liabilities</b>		
Interest-bearing liabilities	97,576	18,114
Deferred tax liabilities	981	617
Provisions	17,080	3,129
<b>Total non-current liabilities</b>	<b>115,637</b>	<b>21,860</b>
<b>Total liabilities</b>	<b>249,911</b>	<b>105,243</b>
<b>Net assets</b>	<b>309,700</b>	<b>208,157</b>
<b>Equity</b>		
Contributed equity	246,168	164,713
Reserves	4,338	(803)
Retained profits	59,194	44,247
<b>Total equity</b>	<b>309,700</b>	<b>208,157</b>

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 23.

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2005

	CONSOLIDATED	
	2005	2004
	\$000	\$000
<b>Cash Flows from Operating Activities:</b>		
Cash receipts in the course of operations	702,036	529,356
Cash payments in the course of operations	(623,686)	(470,722)
Income taxes paid	(19,610)	(10,775)
Borrowing costs paid	(11,065)	(4,368)
Interest received	811	641
<b>Net cash provided by operating activities</b>	<b>48,486</b>	<b>44,132</b>
<b>Cash Flows from Investing Activities:</b>		
Rent received	302	355
Dividends received	142	14
Proceeds on liquidation of investment	–	4,560
Proceeds from sale of property, plant and equipment	860	3,557
Payments for property, plant and equipment	(10,604)	(7,671)
Payments for intangible assets	(24)	(2,348)
Payments for assets on acquisition of business	–	(592)
Net proceeds from sale of controlled entities	87,554	–
Payments for controlled entities net of cash acquired	(274,871)	(2,191)
<b>Net cash used in investing activities</b>	<b>(196,641)</b>	<b>(4,316)</b>
<b>Cash Flows from Financing Activities:</b>		
Proceeds from issue of shares	70,773	47,921
Transaction costs from issue of shares	(2,241)	(490)
Dividends paid	(19,637)	(10,564)
Finance lease payments	(737)	(776)
Proceeds/(repayment) of borrowings	97,582	(62,080)
<b>Net cash provided by / (used in) financing activities</b>	<b>145,740</b>	<b>(25,989)</b>
<b>Net (decrease) / increase in cash held</b>	<b>(2,415)</b>	<b>13,827</b>
Cash at the beginning of the financial year	14,464	628
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	230	9
<b>Cash at the end of the financial year</b>	<b>12,279</b>	<b>14,464</b>

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 23.

## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1: BASIS OF PREPARATION OF FINANCIAL 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 assets.

Accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those applied in the 31 May 2004 Annual Financial Report.

### NOTE 2: TAX CONSOLIDATION

The Company is the head entity in the tax consolidated group comprising all Australian wholly-owned subsidiaries. The implementation date for the tax consolidated group is 1 June 2004. The head entity recognises all of the current and deferred tax assets and liabilities of the tax consolidated group (after elimination of intragroup transactions).

The tax consolidated group has entered into a tax funding agreement that requires wholly owned subsidiaries to make contributions to the head entity for:

- Deferred tax balances recognised by the head entity on implementation date, including the impact of any relevant reset tax cost bases; and
- Current tax assets and liabilities and deferred tax balances arising from external transactions occurring after the implementation of tax consolidation.

Under the tax funding agreement, the contributions are calculated on a “stand alone basis” so that the contributions are equivalent to the tax balances generated by external transactions entered into by wholly owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity’s obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to income tax expense/revenue.

**Notes to the financial statements (continued)****NOTE 3: IMPACT OF ADOPTING AASB EQUIVALENTS TO IASB STANDARDS**

From 1 June 2005, the consolidated entity must comply with Australian equivalents to International Financial Reporting Standards ("AIFRS") as issued by the Australian Accounting Standards Board.

The consolidated entity has commenced transitioning its accounting policies and financial reporting from current AIFRS. This financial report has been prepared in accordance with Australian accounting standards and other financial reporting requirements (Australian GAAP).

The consolidated entity has allocated internal resources to perform diagnostics and conduct impact assessments to isolate key areas that will be impacted by the transition to AIFRS and engaged independent consultants to assist in key areas of impact. As a result of these procedures, the consolidated entity has established a project team to address each of the areas in order of priority.

As the consolidated entity has a 31 May year end, priority has been given to considering the preparation of the opening balance sheet in accordance with AIFRS as at 1 June 2004. This will form the basis of accounting for AIFRS in the future, and is required when the consolidated entity prepares its first fully AIFRS compliant financial report for the year ending 31 May 2006.

The key areas where accounting policies will change and may impact the financial report of the consolidated entity are as follows:

- The consolidated entity enters into foreign currency derivatives. All derivatives must be recognised on the balance sheet at fair value. It is anticipated that these derivatives will qualify as cash flow hedges under AASB139. Provided that the derivatives qualify as cash flow hedges, all movements in fair value, to the extent the hedge is effective, are recorded in equity and released to the profit and loss when the underlying transaction occurs.
- Income tax will be calculated based on the "balance sheet" approach whereby the book value of assets and liabilities are compared to the tax base of those assets and liabilities and the resulting difference is recorded as either a deferred tax asset or deferred tax liability. Furthermore, as tax effects follow the underlying transaction, some tax effects may be recognised directly in equity.
- Recoverable amount, defined as the higher of value in use and net selling price is required to be determined when an "indicator" of impairment exists. Value in use is determined based on pre-tax discounted cash flows. When an impairment exists, recoverable amount should be assessed for each asset, or where assets do not generate independent cash flows, for each 'cash generating unit' defined as the smallest group of identifiable assets that generate cash inflows.
- The consolidated entity maintains goodwill recognised on the acquisition of businesses which is currently amortised over a period not exceeding 20 years. Such goodwill will no longer be amortised but will be tested annually for impairment. These impairment tests will be based on the lowest level at which goodwill can be assigned to a 'cash generating unit'.
- Adoption of AIFRS may lead to recognition of more intangible assets where they are separately identifiable from goodwill (e.g. brand names). Intangible assets with indefinite useful lives will be subject to annual impairment testing.
- The consolidated entity issues equity settled share based payments to certain employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity settled share based payments will be expensed on a straight line basis over the vesting period, based on the consolidated entity's estimate of shares that will eventually vest.
- The consolidated entity has issued shares as consideration as part of a business combination, valued based on the market price of shares issued as part of the capital raising used to partly fund the acquisition. AASB3 Business Combinations requires that such shares be valued based on the fair value of the shares on the date of issue. Any difference in value of shares will be recognised in equity and goodwill.

## Notes to the financial statements (continued)

### NOTE 4: SEGMENT REPORTING

Inter-segment pricing is determined on an arms-length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated and elimination items mainly comprise corporate entities and elimination adjustments.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

#### Business segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

Doors & Openers	manufacture and distribution of garage doors and openers
Kitchen & Laundry	home building and renovation products to the kitchen, laundry and bathroom markets
Construction & Mining	specialised construction chemicals, earthmoving and heavy duty truck tyres
Scientific & Medical	scientific and medical equipment for laboratory, environmental and research markets
Discontinued	motorcycle accessories, auto-electrical and air-conditioning components

The Doors & Openers business segment was acquired on 11 June 2004. The Discontinued (Automotive) business segment was disposed of on 31 December 2004.

#### Geographical segments

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segments assets are based on the geographical location of the assets.

The consolidated entity's business segments operate predominantly in Australia and New Zealand.

	AUSTRALIA		NEW ZEALAND		CONSOLIDATED	
	2005	2004	2005	2004	2005	2004
SECONDARY REPORTING BUSINESS SEGMENTS	\$000	\$000	\$000	\$000	\$000	\$000
External revenue by location of customers	618,561	415,791	107,652	75,580	726,213	491,371
Segment assets by location of assets	413,028	230,815	146,583	82,585	559,611	313,400
Acquisition of non-current assets	221,751	6,053	37,906	4,043	259,657	10,096

**Notes to the financial statements (continued)**

**NOTE 4: SEGMENT REPORTING (CONTINUED)**

	DOORS & OPENERS		KITCHEN & LAUNDRY		CONSTRUCTION & MINING		SCIENTIFIC & MEDICAL		DISCONTINUED		UNALLOCATED & ELIMINATIONS		CONSOLIDATED	
PRIMARY REPORTING	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
BUSINESS SEGMENTS	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>Revenue</b>														
Revenue from sale of goods	167,901	–	154,999	154,769	128,691	133,966	92,736	76,344	59,603	100,838	–	–	603,930	465,917
Revenue from rendering of services	11,592	–	–	–	12,720	12,556	4,035	3,060	–	–	370	–	28,717	15,616
	179,493	–	154,999	154,769	141,411	146,522	96,771	79,404	59,603	100,838	370	–	632,647	481,533
Other revenue	1,062	–	104	140	575	4,024	179	69	90,676	120	970	5,485	93,566	9,838
External segment revenue	180,555	–	155,103	154,909	141,986	150,546	96,950	79,473	150,279	100,958	1,340	5,485	726,213	491,371
Inter-segment revenue	–	–	–	98	144	159	763	235	–	–	(907)	(492)	–	–
<b>Total revenue</b>	<b>180,555</b>	<b>–</b>	<b>155,103</b>	<b>155,007</b>	<b>142,130</b>	<b>150,705</b>	<b>97,713</b>	<b>79,708</b>	<b>150,279</b>	<b>100,958</b>	<b>433</b>	<b>4,993</b>	<b>726,213</b>	<b>491,371</b>
<b>Result</b>														
EBITDA (pre significant items)	35,822	–	25,532	25,098	8,373	9,372	11,466	9,231	6,390	10,077	(6,598)	(4,465)	80,985	49,313
Depreciation	(4,068)	–	(3,817)	(3,512)	(1,402)	(1,845)	(1,039)	(1,059)	(291)	(726)	(1,790)	(1,924)	(12,407)	(9,066)
EBITA (pre significant items)	31,754	–	21,715	21,586	6,971	7,527	10,427	8,172	6,099	9,351	(8,388)	(6,389)	68,578	40,247
Amortisation of intangibles	(8,147)	–	(3,205)	(2,993)	(598)	(780)	(2,388)	(1,885)	(640)	(1,104)	–	–	(14,978)	(6,762)
Significant items	(10,269)	–	(3,848)	–	(7,611)	(2,452)	–	–	38,661	–	–	3,172	16,933	720
Share of net result of equity accounted investments	23	–	–	–	–	–	–	–	–	–	–	–	23	–
<b>EBIT</b>	<b>13,361</b>	<b>–</b>	<b>14,662</b>	<b>18,593</b>	<b>(1,238)</b>	<b>4,295</b>	<b>8,039</b>	<b>6,287</b>	<b>44,120</b>	<b>8,247</b>	<b>(8,388)</b>	<b>(3,217)</b>	<b>70,556</b>	<b>34,205</b>
Net interest expense													(10,254)	(3,727)
<b>Profit before income tax</b>													60,302	30,478
Income tax expense													(19,262)	(10,601)
<b>Net profit</b>													41,040	19,877
Depreciation and amortisation	12,215	–	7,022	6,505	2,000	2,625	3,427	2,944	931	1,830	1,790	1,924	27,385	15,828
Acquisition of non-current assets	249,049	–	4,190	3,130	2,012	1,672	3,110	2,992	590	691	706	1,611	259,657	10,096
Segment assets	303,834	–	98,202	102,449	58,180	71,283	73,993	62,565	–	60,677	25,402	16,426	559,611	313,400
Segment liabilities	134,618	–	34,247	25,862	37,366	27,523	22,624	12,847	–	11,753	21,056	27,258	249,911	105,243

**Notes to the financial statements (continued)**
**NOTE 5: REVENUE FROM ORDINARY ACTIVITIES**

	CONSOLIDATED	
	2005	2004
	\$000	\$000
Sale of goods revenue from operating activities	603,930	465,917
Rendering of services revenue from operating activities	28,717	15,616
	<b>632,647</b>	<b>481,533</b>
<b>Other revenues:</b>		
<b>From operating activities</b>		
Dividends	142	14
Interest	811	641
Rent	302	355
Sundry revenue	950	711
<b>From outside operating activities</b>		
Gross proceeds on sale of property, plant and equipment	860	3,557
Gross proceeds on liquidation of investment	–	4,560
Gross proceeds on sale of businesses	90,501	–
	<b>93,566</b>	<b>9,838</b>
<b>Total revenue from ordinary activities</b>	<b>726,213</b>	<b>491,371</b>

**NOTE 6: EXPENSES FROM ORDINARY ACTIVITIES**

	CONSOLIDATED	
	2005	2004
	\$000	\$000
Depreciation of:		
Buildings	457	167
Motor vehicles	814	845
Plant and equipment	10,623	7,416
	<b>11,894</b>	<b>8,428</b>
Amortisation of:		
Intangibles – brand names	2,689	–
Intangibles – patents and trademarks	396	–
Intangibles – other identifiable	922	878
Intangibles – goodwill	10,971	5,884
Leasehold improvements	408	309
Leased plant and equipment	105	329
	<b>15,491</b>	<b>7,400</b>
<b>Total depreciation and amortisation</b>	<b>27,385</b>	<b>15,828</b>
Borrowing costs:		
Bank loans and overdraft	11,032	4,304
Finance charges on capitalised leases	33	64
	<b>11,065</b>	<b>4,368</b>
Net bad and doubtful debts expense including movements in provision for doubtful debts	1,101	985
Operating lease rental expense	12,470	13,808
Net foreign exchange loss/(gain)	844	(883)
Loss/(profit) on sale of property, plant and equipment	279	(536)

**Notes to the financial statements (continued)**
**NOTE 7: SIGNIFICANT ITEMS**

	CONSOLIDATED	
	2005	2004
	\$000	\$000
<b>Sale of automotive business</b>		
Proceeds on sale of automotive business	(90,501)	–
Carrying value and costs incurred	51,840	–
Net gain	(38,661)	–
Related income tax expense	7,694	–
	(30,967)	–
<b>Business manufacturing rationalisation</b>		
Rationalisation of business operations	10,269	–
Related income tax expense	(3,081)	–
	7,188	–
<b>Manufacturing outsourcing and restructuring</b>		
Restructuring of manufacturing operations	3,848	–
Related income tax expense	(1,154)	–
	2,694	–
<b>Liquidation of investments</b>		
Proceeds on liquidation of investments	–	(4,560)
Carrying value and costs incurred	–	1,388
Net gain	–	(3,172)
Related income tax expense	–	691
	–	(2,481)
<b>Goodwill impairment</b>		
Write-off of goodwill	7,611	2,452
Related income tax expense	–	–
	7,611	2,452
Total significant items before income tax expense	(16,933)	(720)
Related income tax expense on significant items	3,459	691
Total significant items after income tax expense	(13,474)	(29)

**NOTE 8: RETAINED PROFITS**

	CONSOLIDATED	
	2005	2004
	\$000	\$000
Retained profits at beginning of year	44,247	39,046
Net profit attributable to members of the parent entity	41,040	19,877
Dividends	(26,093)	(14,676)
Retained profits at end of year	59,194	44,247

## Notes to the financial statements (continued)

### NOTE 9: TAXATION

	CONSOLIDATED	
	2005	2004
	\$000	\$000
Prima facie income tax expense calculated at 30% (2004: 30%) on the profit from ordinary activities	18,091	9,143
Increase in income tax expense due to:		
Depreciation of buildings	20	20
Amortisation of intangibles	4,493	1,765
Write-off of goodwill	2,283	736
Non-deductible expenses	150	469
Overseas tax rate differential	324	177
Decrease in income tax expense due to:		
Rebate on dividend income	(43)	(4)
Non-assessable capital gains	(356)	(490)
Non-assessable capital gain on investment disposal	(3,949)	–
Deemed interest deductions	(827)	(670)
Recovery of tax benefits not previously brought to account	(448)	(192)
Sundry items	(100)	(183)
Income tax expense on operating profit	19,638	10,771
Income tax over provided in prior year	(376)	(170)
Income tax expense attributable to profit from ordinary activities	19,262	10,601
<b>Income tax expense attributable to operating profit is made up of:</b>		
Current income tax provision	22,323	11,008
Future income tax benefit	(2,926)	(86)
Deferred income tax provision	241	(151)
Over provision in prior year	(376)	(170)
	19,262	10,601

### NOTE 10: EARNINGS PER SHARE

	CONSOLIDATED	
	2005	2004
	\$000	\$000
<b>Earnings reconciliation</b>		
Net profit	41,040	19,877
Basic and diluted earnings	41,040	19,877
	2005	2004
	NO.	NO.
<b>Weighted average number of shares used as the denominator</b>		
Number for basic earnings per share	68,355,784	49,110,883
Effect of executive share options on issue	3,010	218,370
Number for diluted earnings per share	68,358,794	49,329,253

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)

### NOTE 11: NTA BACKING

	CONSOLIDATED	
	2005	2004
Net tangible asset backing per ordinary security	\$0.40	\$1.96

### NOTE 12: DIVIDENDS

	CENTS PER SHARE	TOTAL AMOUNT \$000	DATE OF PAYMENT	FRANKED/ UNFRANKED
Dividends recognised in the current year by the Company are:				
<b>2005</b>				
Interim 2005 ordinary	20.0	13,831	10 March 2005	Franked
Final 2004 ordinary	18.0	12,262	10 September 2004	Franked
Total amount		26,093		
<b>2004</b>				
Interim 2004 ordinary	15.0	8,223	24 March 2004	Franked
Final 2003 ordinary	14.0	6,453	19 September 2003	Franked
Total amount		14,676		
Franked dividends declared or paid during the year were franked at the tax rate of 30%.				
<b>Subsequent events</b>				
Since the end of the financial year, the directors declared the following dividends:				
Final 2005 ordinary	25.0	17,364	1 September 2005	Franked

The financial effect of the dividends declared subsequent to reporting date has not been brought to account in the financial statements for the year ended 31 May 2005 and will be recognised in subsequent financial reports.

#### Dividend reinvestment plans

Shareholders participating in the Dividend Reinvestment Plan (Plan) 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 is currently in operation at a nil discount to market. The last date for receipt of election notices for the Plan is 18 August 2005.

## Notes to the financial statements (continued)

### NOTE 13: CONTROLLED ENTITIES

		ORDINARY SHARE CONSOLIDATED EQUITY INTEREST	
		2005 %	2004 %
Alesco Corporation Limited			
<b>Controlled entities</b>			
Alesco Finance Pty Ltd		100	100
Alesco HK Ltd	(ix)	100	–
Finac Pty Ltd		100	100
Beacon Industries Pty Limited		100	100
Beacon Engineering Products Pty Limited		100	100
Alesco NZ Limited	(xii)	100	100
Biolab Ltd	(xii)	100	100
Biolab (Aust) Pty Ltd		100	100
Jacobs Medical Australia Pty Ltd	(i)	100	–
Sensor Technologies Pty Ltd	(vi)	100	–
Robinhood Limited	(xii)	100	100
Alesco NZ Trustee Ltd	(xii)	100	100
Robinhood Australia Pty Ltd		100	100
McLeod Accessories Pty Limited	(v)	–	100
Conco Trading Company Pty Ltd	(iv)	–	100
Marathon Tyres Pty Limited		100	100
Marathon Tyres (WA) Pty Ltd		100	100
Statewide Earthmover Tyre Repairs Pty Ltd		100	100
Alan Fishers Earthmover Tyres Pty Ltd		100	100
Pargone Pty Limited		100	100
Parbury Pty Ltd		100	100
Parbury Building Products (No.2) Pty Ltd	(iv)	–	100
Corotone Pty Ltd	(iv)	–	100
Dekoform Pty Ltd		100	100
Parbury Building Products (NZ) Ltd	(xii)	100	100
Pisani International Pty Ltd		100	100
Furniture Hardware Supplies Pty Ltd	(iv)	–	100
Furniture Hardware Supplies (WA) Pty Ltd	(iv)	–	100
Parchem Construction Products Pty Limited		100	100
Toby Industries Pty Ltd	(iv)	–	100
Emery & Toby Coatings Pty Ltd	(iv)	–	100
Parbury Henty Finance Pty Ltd	(iv)	–	100
Savink Pty Ltd	(iv)	–	100
Parbury Share Plan Pty Ltd	(iv)	–	100
Ingram Corporation Pty Limited	(v)	–	100
Auto Aire Pty Limited	(v)	–	100
Ingram Corporation (Manufacturing) Pty Ltd	(v)	–	100
OEX (Australia) Pty Ltd	(v)	–	100
Ingram Corporation (NZ) Ltd	(xi)	–	100
B&D Limited	(ii)	100	–
B&D Australia Pty Limited	(ii)	100	–
Automatic Technology (Australia) Pty Ltd	(ii)	100	–
ATA Garage Door Openers Limited	(x)	100	–
Counter mast Limited	(ii), (iii)	100	–
B&D Doors (NZ) Ltd	(ii), (xii)	100	–
Dominator International Ltd	(viii)	100	–
Lux-A-Door Pty (Ltd)	(ii), (vii)	50	–
B&D International Pty Ltd	(ii)	100	–

## Notes to the financial statements (continued)

### NOTE 13: CONTROLLED ENTITIES (CONTINUED)

Notes:

- (i) Acquired on 1 July 2004.
- (ii) Acquired on 11 June 2004.
- (iii) Incorporated and carries on business in Hong Kong.
- (iv) Placed into voluntary liquidation on 24 August 2004.
- (v) Disposed on 31 December 2004.
- (vi) Acquired on 11 January 2005.
- (vii) Incorporated and carries on business in South Africa.
- (viii) Acquired on 25 February 2005. Incorporated and carries on business in NZ.
- (ix) Incorporated on 23 March 2005 and carries on business in Hong Kong.
- (x) Incorporated on 17 May 2005 and carries on business in the United Kingdom.
- (xi) Liquidated on 28 January 2005.
- (xii) Incorporated and carries on business in New Zealand.

### Acquisitions of entities

During the period the consolidated entity acquired 100% of the voting shares of the following entities:

- B&D Limited on 11 June 2004 – manufactures and markets a range of garage doors and automatic openers.
- Dominator International Limited on 25 February 2005 – manufactures and markets a range of garage doors and automatic openers in New Zealand.
- Jacobs Medical Australia Pty Ltd on 1 July 2004 – imports and markets medical testing equipment.
- Sensor Technologies Pty Ltd on 11 January 2005 – imports and markets flammable and noxious gas detection and monitoring equipment.

Acquisitions of controlled entities contributed approximately \$33.5m in earnings before interest, tax and amortisation of intangibles.

	CONSOLIDATED	
	2005	2004
	\$000	\$000
Consideration	296,780	2,316
Deferred settlement consideration	(9,954)	–
Equity consideration	(6,467)	–
Cash acquired	(5,488)	(125)
Outflow of cash	274,871	2,191
<b>Fair value of net assets/(liabilities) of entities acquired:</b>		
Cash assets	5,488	125
Receivables	32,842	426
Inventories	28,201	985
Property, plant and equipment	42,698	77
Other financial assets	286	–
Deferred tax assets	2,959	–
Intangibles	113,709	–
Interest bearing liabilities	(620)	–
Payables	(19,798)	(1,746)
Provisions	(6,691)	–
Current tax liability	(5,539)	(66)
Deferred tax liability	(123)	–
	193,412	(199)
Goodwill on acquisition	103,368	2,515
Consideration	296,780	2,316

**Notes to the financial statements (continued)****NOTE 13: CONTROLLED ENTITIES (CONTINUED)****Disposal of entities**

On 31 December 2004 the consolidated entity disposed of all the ordinary shares of McLeod Accessories Pty Ltd and Ingram Corporation Pty Ltd. The operating results to that date have been included in consolidated operating profit.

	CONSOLIDATED	
	2005	2004
	\$000	\$000
Consideration (cash)	90,501	—
Carrying amount and costs of disposal	(51,840)	—
Profit on disposal	38,661	—
<b>Net assets of entities disposed:</b>		
Cash assets	52	—
Receivables	18,748	—
Inventories	23,584	—
Property, plant and equipment	2,723	—
Deferred tax assets	1,642	—
Intangibles	15,701	—
Payables	(10,405)	—
Provisions	(2,563)	—
	49,482	—
Costs on disposal	2,358	—
	51,840	—

**Notes to the financial statements (continued)****NOTE 14: CONTRIBUTED EQUITY**

	CONSOLIDATED	
	2005	2004
	\$000	\$000
<b>Share capital</b>		
69,456,419 (2004: 55,189,065) ordinary shares, fully paid	246,168	164,713
<b>Ordinary shares – movements during the year</b>		
Balance at beginning of year	164,713	113,170
Shares issued:		
• 750,000 (2004: nil) for cash pursuant to an institutional placement	4,425	–
Associated transaction costs	(124)	–
• 5,675,594 (2004: nil) for cash pursuant to an institutional entitlement	33,486	–
Associated transaction costs	(937)	–
• 1,096,164 (2004: nil) issued to B&D management as consideration for part of the acquisition of B&D Ltd	6,467	–
Associated transaction costs	(14)	–
• 5,362,219 (2004: nil) for cash pursuant to a retail entitlement offer	31,639	–
Associated transaction costs	(1,101)	–
• Nil (2004: 5,500,000) for cash pursuant to a private placement	–	33,660
Associated transaction costs	–	(408)
• Nil (2004: 1,964,153) for cash pursuant to a share purchase plan	–	12,020
Associated transaction costs	–	(43)
• 833,727 (2004: 737,252) as part of dividend reinvestment plan	6,456	4,112
Associated transaction costs	(2)	(6)
• 92,921 (2004 : 114,288) under the Employee and Management share plans	659	466
Associated transaction costs	(57)	(21)
• 150,000 (2004: 200,000) from the exercise of options by the Chief Executive Officer	399	532
Associated transaction costs	(3)	(2)
• 54,500 (2004: 372,500) from the exercise of options under the Executive Share Option Plan	165	1,243
Associated transaction costs	(3)	(10)
• 252,229 (2004: 322,825) shares granted for nil consideration under the Employee and Management share plans	–	–
Balance at end of year	246,168	164,713

**Notes to the financial statements (continued)****NOTE 14: CONTRIBUTED EQUITY (CONTINUED)**

On 11 June 2004 the Company successfully completed the acquisition of B&D Limited which was funded by a combination of debt and equity. In respect of the equity funding, 12,893,477 shares were issued in respect of an institutional entitlement and institutional placement 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.

The securities issued to B&D management are subject to a holding lock. 796,164 shares will be progressively released from the holding lock on each anniversary of the completion date for the next two years. 300,000 shares will be released on the final payment of the earn-out amount based on 2005 earnings.

The following executive share options were exercised during the year:

- 9,500 on 1 June 2004 at an exercise price of \$3.04 (as noted above as part of the acquisition of B&D Ltd).
- 40,000 on 20 August 2004 at an exercise price of \$3.04.
- 150,000 on 8 February 2005 at an exercise price of \$2.66.
- 5,000 on 22 February 2005 at an exercise price of \$2.91.

The following shares were issued as part of the Company's dividend reinvestment plan:

- 533,685 on 10 September 2004 at a price of \$7.2725 per share.
- 300,042 on 10 March 2005 at a price of \$8.5829 per share.

The following share transactions took place as part of the Company's employee share plan:

- 99,330 shares were issued for no consideration on 12 October 2004.
- 62,063 shares were issued at a price of \$7.499 per share on 12 October 2004.

The following share transactions took place as part of the Company's management share plan:

- 115,500 shares were issued for no consideration on 12 October 2004.
- 30,858 shares were issued at a price of \$7.499 per share on 12 October 2004.
- 37,399 shares were issued for no consideration on 22 February 2005.

**Notes to the financial statements (continued)****NOTE 15: NOTES TO THE STATEMENT OF CASH FLOWS****Reconciliation of cash**

For the purposes of the statements 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:

	CONSOLIDATED	
	2005	2004
	\$000	\$000
Cash assets	12,279	14,464

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

	CONSOLIDATED	
	2005	2004
	\$000	\$000
Profit from ordinary activities after related income tax expense	41,040	19,877
Add/(less) items classified as investing/financing activities:		
Loss/(profit) on sale of property, plant and equipment	279	(536)
Profit on disposal of investments	(30,967)	–
Profit on liquidation of investments	–	(3,172)
Dividend income	(142)	(14)
Rent received	(302)	(355)
Add/(less) non-cash items:		
Depreciation	11,894	8,428
Amortisation	15,491	7,400
Write-off of goodwill	7,611	2,452
Share of joint venture entities result	(23)	–
Unrealised foreign exchange loss	651	–
Amounts set aside to provisions	12,049	4,128
Net cash provided by operating activities before changes in assets and liabilities	57,581	38,208
Changes in assets and liabilities during the year adjusted for effects of purchase and disposal of controlled entities during the financial year:		
Decrease /(increase) in trade debtors	3,537	(2,955)
(Increase)/decrease in inventories	(6,668)	13,276
(Increase)/decrease in other debtors and prepayments	(1,629)	463
Increase /(decrease) in trade creditors and accruals	3,239	(4,185)
(Decrease) in current taxes payable	(4,415)	(235)
(Decrease) in deferred taxes payable	(3,159)	(440)
Net cash provided by operating activities	48,486	44,132

**Notes to the financial statements (continued)****NOTE 16: FINANCING FACILITIES**

	CONSOLIDATED	
	2005	2004
	\$000	\$000
The consolidated entity has access to the following lines of credit:		
Total facilities available:		
Bank overdrafts	4,929	4,750
Bank loans	221,241	20,886
Bill acceptance facility	–	72,657
Standby letters of credit	13,085	18,143
	<b>239,255</b>	<b>116,436</b>
Facilities utilised at reporting date:		
Bank overdrafts	–	–
Bank loans	115,321	17,712
Bill acceptance facility	–	–
Standby letters of credit	405	508
	<b>115,726</b>	<b>18,220</b>
Facilities not utilised at reporting date:		
Bank overdrafts	4,929	4,750
Bank loans	105,920	3,174
Bill acceptance facility	–	72,657
Standby letters of credit	12,680	17,635
	<b>123,529</b>	<b>98,216</b>

**Bank overdrafts**

The bank overdrafts of the Company and its controlled entities 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 2005 is 9.68% (2004: 8.88%).

**Bank loans**

The weighted average interest rate for bank loans at 31 May 2005 is 6.82% (2004: 6.06%). Bank loans are payable within 2 years.

**Bill acceptance facility**

The weighted average interest rate for bank bills at 31 May 2005 is nil (2004: 6.33%).

**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.

**Non-cash financing activities**

During the year the Company issued 833,727 (2004: 737,252) ordinary fully paid shares under the dividend re-investment plan in satisfaction of dividend amounts of \$6,456,301 (2004: \$4,112,000).

**Security**

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

**Notes to the financial statements (continued)**
**NOTE 17: EQUITY ACCOUNTED INVESTMENTS**

NAME	PRINCIPAL ACTIVITIES	REPORTING DATE	ORDINARY SHARE OWNERSHIP INTEREST		INVESTMENT CARRYING AMOUNT	
			2005 %	2004 %	2005 \$000	2004 \$000
Lux-a-Door Pty Ltd	manufacturing	30 June	50	–	292	–

**Results of joint venture entities**

The consolidated entity's share of the joint venture entity's results, assets and liabilities, retained profits, including movements in carrying amount of investment, consists of:

	CONSOLIDATED	
	2005 \$000	2004 \$000
Revenues from ordinary activities	1,161	–
Expenses from ordinary activities	(1,130)	–
Profit from ordinary activities before income tax expense	31	–
Income tax expense relating to ordinary activities	(8)	–
Net profit – accounted for using the equity method	23	–
<b>Statement of financial position</b>		
Current assets	681	–
Non-current assets	147	–
Total assets	828	–
Current liabilities	(278)	–
Non-current liabilities	(258)	–
Total liabilities	(536)	–
Net assets – account for using the equity method	292	–
<b>Share of post acquisition retained profits</b>		
Share of retained profits at beginning of year	–	–
Investments acquired during the year	94	–
Share of net result	23	–
Share of retained profits at end of year	117	–
<b>Movements in carrying amount of investment</b>		
Carrying amount at beginning of year	–	–
Investments acquired during the year	269	–
Share of net result	23	–
Carrying amount at end of year	292	–

## Notes to the financial statements (continued)

### NOTE 18: DISCONTINUING OPERATIONS

#### Automotive segment

On 31 December 2004 the consolidated entity disposed of its interests in the automotive segment, relating to the distribution of motorcycle accessories, auto-electrical and air-conditioning components within Australia.

Financial information for the discontinued automotive segment has been disclosed as part of the Note 4 Segment Reporting and Note 13 Controlled Entities – disposal of entities. These are summarised as follows.

	CONSOLIDATED	
	31 DEC 2005	31 MAY 2004
	\$000	\$000
<b>Financial performance</b>		
Revenues from ordinary activities	59,778	100,958
Expenses from ordinary activities	(55,234)	(94,257)
Profit from ordinary activities before income tax expense	4,554	6,701
Income tax expense relating to ordinary activities	(1,366)	(2,010)
Net profit	3,188	4,691
<b>Financial position</b>		
	31 MAY 2005	31 MAY 2004
	\$000	\$000
Segment assets	–	60,677
Segment liabilities	–	(11,753)
Net assets	–	48,924
<b>Cash flows</b>		
	31 DEC 2005	31 MAY 2004
	\$000	\$000
Net cash provided by operating activities	6,522	9,455
Net cash used in investing activities	(526)	(597)
Net increase in cash held	5,996	8,858