



**2007 ANNUAL GENERAL MEETING
Wednesday 26 September 2007
AGL Theatre, Museum of Sydney
Chairman's Address**

Introduction

Good afternoon ladies and gentlemen and welcome to the 96th Alesco Annual General Meeting.

My name is Sean Wareing and I am your Chairman.

Before commencing proceedings I would like to introduce my fellow Directors and some of our Executive Team.

From your left the Directors are Barry Jackson, Rob Aitken, Ern Pope, Jim Hall, our Managing Director, Justin Ryan and our Finance Director, Neil Thompson. Also with us today is Luci Rafferty, our Company Secretary.

There are three major parts to today's meeting. Firstly I will present a brief overview of the performance of the Company for the past financial year. I will then handover to Justin to discuss the results in greater detail. We will then proceed to the more formal part of the meeting to consider, discuss and vote on the resolutions set out in the Notice of Meeting.

At the end of the meeting, all shareholders and visitors are invited to join us for refreshments in the foyer outside.

I confirm that the Company Secretary has advised me that a quorum is present in person or by proxy and, accordingly, I declare the meeting open. In addition to those shareholders present at

today's meeting I can confirm that the holders of 43.2million ordinary shares or approximately 40% of the Company's shareholders are represented by proxies.

During the year there have been a number of exciting developments at Alesco. These include the addition of our new Water Products & Services division, the successful completion of our recent \$230million capital raising, and the acquisition of Lincoln Sentry. Justin will address these milestones in more detail in his presentation.

However, before handing over to Justin, I would like to recap on the results for the 2007 financial year.

Financial performance

The diversity in Alesco's industrial brands portfolio continued to deliver sustained earnings growth and shareholder value in 2007 and I am pleased to present to shareholders a sixth consecutive year of record underlying earnings per share.

In the financial year just ended, we experienced continued economic growth combined with low inflation and relatively benign interest rates in Australia. New housing construction has, however, continued to be soft with growth in the mining states of Western Australia and Queensland offset by declines in New South Wales and Victoria. This continuing softness has been offset by growing construction activity and infrastructure development and increased home renovation activity. In New Zealand, however, where we derived approximately 15% of 2007 revenues, overall economic activity and, particularly, building related activity remained subdued.

Our diverse portfolio of leading industrial brands has allowed Alesco to continue to ensure that our objectives are met.

Key Highlights

[Slide show begins]

The slide presentation sets out some of our key highlights for the 2007 financial year.

Sales revenue for the year rose 23% to \$738 million compared to \$601 million in 2006.

Net profit after tax (before amortisation of intangibles and significant items) increased to \$52.8 million, up 13.5% on the previous year. As a result earnings per share (before amortisation of intangibles and significant items) for 2007 increased by 12.2% to 74.6 cents per share. Our compound annual growth rate for earnings per share and dividends per share over the past five years is 14% and 21% respectively.

Looking to our other key financial ratios, the EBITA to sales ratio has decreased slightly to 11.9% but remains above our target of 10%. Return on funds employed has dropped slightly from 16.8% to 15.7% due to our acquisition activity and return on equity has increased from 14.5% to 15.8% predominantly driven by the overall performance of the group and our debt funded acquisitions during the year.

I am also pleased to report that Alesco continues to generate strong cashflows and the Groups' net debt at the end of the financial year was \$294.2 million, with gearing (net debt to net debt plus book equity) at 46.1%, within our target range of 40% to 50%. EBITDA interest cover was at a strong 6.4 times. Of course, since year end our gearing has reduced due to our recent capital raising.

For the first time, our market capitalisation ended the year above \$1billion and, with the completion of our recent capital raising, the Company's market capitalisation is today sitting at approximately \$1.2billion (based on a share price of \$13.17). The Total Shareholder Return over the past five years – that is the growth in the value of your Alesco shares assuming all dividends were reinvested over the period – has been 422% per annum with a compound annual growth rate of more than 39%.

Dividends

The Company declared a final fully franked dividend of 36 cents per share which was paid on 3 September 2007 and, together with the interim dividend of 27.5 cents per share (fully franked), shareholders have received total dividends for the year of 63.5 cents per share. This is an increase of 13.4% from the previous year and is in line with our targeted dividend payout ratio of approximately 85% on the full year earnings per share (pre-amortisation of intangibles and significant items).

[Slide show ends]

Since year end

The announcement of our 2007 year end results coincided with the announcement of our largest acquisition to date and a \$230million capital raising. The acquisition of Total Eden McCracken's has created a fifth division for the Alesco group – the Water Products & Services group and a new platform for growth. The Board is delighted by the response of shareholders with more than 60% of our retail shareholders taking up their rights under the entitlement offer.

Today Alesco has sales revenue over \$1billion and an employee base of over 3,300 and over 14,000 shareholders.

Outlook

Turning now to the outlook for the current financial year.

Our recent acquisitions of Lincoln Sentry and Total Eden McCracken's will provide earnings growth in the year ahead. This will, to some extent, be offset by challenging market conditions in all businesses which have an ongoing exposure to the new housing market. We expect this market will continue to experience soft conditions over the coming year. However, our strategy of diversification will continue to drive EPS growth and we confirm our guidance of EPS growth in the current year at a slightly higher rate than in FY07.

In closing, the Board is confident the management team will continue to build value in Alesco for the benefit of shareholders, customers and employees.

I take this opportunity to thank the Board for their work in a busy year and to thank you for continuing to invest in our Company and our customers and suppliers for their continued support.

I would also like to thank all of our employees. For many of our businesses it has been a challenging year and the commitment and hard work from all our employees has been outstanding.

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I will now hand over to our Chief Executive, Justin Ryan, who will provide you with more detail on the activities and developments within the business operations.

Following this, we are happy to take any questions from you before the formal proceedings of the meeting begin. I also note that our auditors, KPMG, are present to take questions pertaining to the audit process on the 2007 accounts.

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Questions

As you know like many other public companies, Alesco invites its shareholders to submit questions to the auditor pertaining to the audit process on the 2007 accounts or the Chairman relating to shareholder matters. This year we have received a number of comments and questions from shareholders and we thank you for your interest. Where appropriate, we have responded directly to the shareholder submitting the comment or question and a summary of the most frequently asked questions has been included on the website for viewing by shareholders.

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Resolutions to be put to today's meeting

Before moving to the formal part of the meeting, I would like to touch briefly on the resolutions to be put before shareholders today.

This year we are seeking your approval to refresh our 15 per cent share placement capacity following our recent \$230million capital raising which helped fund the acquisition of Total Eden McCracken's. This acquisition completed on 1 August 2007. Our capital raising was successfully completed on 27 August, following the retail entitlement offer and, as noted earlier, over 60% of the retail entitlement was taken up by existing shareholders. Approximately 7.6 million shares were issued as a placement to existing and new institutional shareholders, in addition to the entitlements right offer, with approximately 2 million shares also being issued to vendor management in part payment of the shares held by them in Total Eden McCracken's. If the resolution to refresh our 15 per cent share placement capacity is approved, Alesco will have the flexibility to issue more shares during the next 12 months if an opportunity arises which the Board believes is in the best interests of the Company.

We are also seeking your approval to issue to Mr Thompson, our Finance Director, 100,000 ordinary fully paid shares in the Company in tranches over the next three years under the Alesco Performance Share Acquisition Plan. This Plan was approved by shareholders at the 2006 Annual General Meeting and the level of participation offered to Mr Thompson under the Plan has been determined having regard to his overall remuneration package including base salary and short-term incentive component. In making this determination we consulted with external remuneration specialists, Godfrey Remuneration Group to ensure that the package is competitive in the marketplace and reflects the Board's current remuneration philosophies and practices in place across the group to drive growth and development as well as to attract, motivate and retain the best people.

Mr Thompson's package (like other key executives) includes a fixed component (with his base salary set at around the comparative 50% percentile mark) and an "at risk" or performance related component (comprising both short and long term incentives). The short term "at risk" component which is up to 70% of the base salary is payable in cash on achievement of certain

corporate and individual performance targets. These targets are agreed in advance and objectively assessed at the end of the financial year. The long term “at risk” component is the subject of today’s resolution. In order to get the full benefit of the loan waiver, certain performance hurdles must be met over a three year period. This performance hurdle will be calculated based on the Company’s compound annual growth rate in earnings per share (before amortization of intangibles and significant items) over the relevant three year measurement period.

We are also seeking shareholders to approve a change to the Company’s Constitution to bring it up-to-date with today’s common corporate practice to allow the Directors to service a three year term (rather than generally having a two year term due to the number of Directors on the Board).

The other items of business will be familiar to you, including the re-election of Mr Hall and Mr Pope as non-executive directors and the election of Mr Thompson as Finance Director as well as the motion to approve the company’s Remuneration Report.

I will, of course, take any questions or comments as they relate to the specific resolutions later in the meeting when the resolutions are being considered.

The Board recommends that shareholders vote in favour of each resolution being put forward at today’s meeting.

I will now turn to the formal part of this year’s meeting and to the Notice of Meeting.

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