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Interim Report 30 November 2007

Sean P. Wareing, Chairman

Our acquisition program and portfolio diversification continue to deliver record earnings growth

Key Highlights

+ Acquisition program and portfolio diversity, including greater focus on the renovation sector in Australia, offsetting the impact of the subdued new-housing market contributed to record earnings growth
+ Acquisition of Total Eden McCracken's provided a four month EBITA contribution of $9.2 million in the first half and will continue to contribute positively to second-half earnings
+ Streamlining of the Alesco Building Products divisional management structure
+ The Building Products division and Construction & Mining division both performed well due to strong demand in the renovation and infrastructure segments
+ Turnaround of Garage Doors & Openers division underway with a new management team in place, further "cost out" restructuring undertaken in January 2008 and price increases due in March 2008
+ Consistent with previous guidance, the Board reaffirms forecast EPS growth in FY08, at a slightly higher rate than the 12.2% experienced in FY07

Group Performance

FOR THE SIX MONTHS ENDED (PRE AMORTISATION OF INTANGIBLES)	30 NOVEMBER 2007	30 NOVEMBER 2006
EBITA/Sales	**11.2%**	13.3%
Return on average funds employed	**15.4%**	18.5%
Return on average equity	**14.4%**	17.7%

Cash Flow and Gearing

	30 NOVEMBER 2007	30 NOVEMBER 2006
Operational Cash Flow	**$26.7m**	$22.4m
Net debt / Book equity	**53.9%**	57.0%
Net debt / (Net debt + book equity)	**35.1%**	36.3%
Interest cover (EBITDA basis)	**5.4x**	7.8x

Record earnings per share*

↑3.1%

Record profit after tax* of $35.1 million

↑19.7%

Interim fully franked dividend of 31cps

↑12.7%

Record date: 19 February 2008
Payment date: 4 March 2008

* (pre amortisation of intangibles)

Alesco Corporation Limited
ABN 23 008 666 064

Building Products
Highlights

+ Alesco's largest division delivered a record result for the period
+ Ongoing growth for the Building Products division will be delivered by organic growth plus new product initiatives on target to be released in 2008

The Lincoln Sentry business (acquired by Alesco on 1 February 2007 for $84 million) continues to outperform expectations and, with its greater emphasis on the renovation sector, provides the impetus for organic growth.

The kitchen hardware business of Parbury was successfully transferred to Lincoln Sentry in March 2007 forming Australia's largest kitchen hardware distribution business. Lincoln Sentry continues to expand its distribution network with the opening of new branches in Royal Park (SA), and Bunbury (WA). A major step was also taken to expand the existing window, doors and glazing business with the acquisition in August 2007 of the Joinery Products business.

Jim Brennan (previously General Manager of Lincoln Sentry) was appointed Group General Manager of the Building Products division. From 1 December 2007 the Robinhood business (based in New Zealand) began reporting to Jim Brennan and its Australian sales force and distribution has been integrated into Lincoln Sentry. The Parbury decorative surfaces business reports to Jim Brennan from 1 February 2008. These changes have resulted in a more streamlined management structure for the Building Products division and will enable greater cross selling opportunities within the division and across the distribution network.

Significant cost savings have been achieved in the Parbury business to date and the ongoing focus in this business will now be revenue enhancement, including the recent launch of the new Wilsonart colour range and other new product releases.

The Robinhood new product program is continuing with the launch of the "Workstation" range of laundry tubs in late 2007 and a new range of canopies and rangehoods scheduled for February 2008. New products have been substantially sourced from offshore allowing for a reconfiguring of the New Zealand manufacturing operations.

Construction & Mining
Highlights

+ The Construction & Mining division achieved a record result for the first half
+ The out-performance of the Parchem business from strong market conditions, new products and improved operations at the Wyong manufacturing facility delivered organic growth. The Concrete Technologies business has, however, continued to suffer from adverse market conditions, particularly in the NSW new-housing market

The restructure of the Construction Products & Equipment businesses has continued during the period with the closure of two manufacturing facilities and the amalgamation of distribution sites. A range of proprietary hand tools specifically manufactured for Flextool has also been launched into the Australian market.

The Marathon earthmoving tyre business experienced difficult conditions during the period as the mining sector's demand for tyres retreated from record levels. Congestion in the east coast shipping ports reduced coal tonnage shipped (and consequently demand for tyres) from some customers. This decline in revenue has been exacerbated by prior period stock build of tyres by some customers. These issues are expected to be partially resolved in the second half of the year. A new solid tyre insert plant has recently been commissioned and sales of this new product range are expected in early 2008, further strengthening the product offering to the global under-ground mining sector.

Garage Doors & Openers
Highlights

+ The Garage Doors & Openers division experienced a material downturn in profitability compared with the prior corresponding period
+ Significant steps which have since been taken to restore profitability should ensure a stronger second half than in the prior corresponding period

A new management team, led by Peter Boyd, is now in place with recent senior appointments being made in Finance, Operations, Sales, Health & Safety and a new general manager for the Openers business.

The performance of the new IT system in New South Wales and Queensland has continued to improve which has resulted in overall customer service returning to acceptable levels. The roll-out of the system to the other States should commence in FY09.

In October 2007 the Garage Doors business in Australia raised list prices by 7% and this, and other initiatives, resulted in a strong trading performance in November. Another list price rise of 5% has been announced for 1 March 2008.

Over the past 12 months, up to the end of January 2008, the workforce has been trimmed by approximately 10% (through attrition and redundancies).

Whilst new-housing activity in both Australia and New Zealand has provided a negative sales environment for the division, the remedial work undertaken by management during the period has resulted in both improved revenue yields (culminating in a general market price increase in New Zealand in August 2007 and in Australia in October 2007) and improved production efficiencies compared with the second half of FY07.

Business Unit Performance

$ millions	Operating revenue		EBITA		EBITA Margin	
	2007	2006	2007	2006	2007	2006
Building Products	**169.0**	76.0	**19.3**	11.4	**11.4%**	15.0%
Construction & Mining	**102.9**	95.2	**14.8**	13.6	**14.4%**	14.3%
Garage Doors & Openers	**109.1**	108.4	**13.1**	17.7	**12.1%**	16.3%
Water Products & Services	**80.6**	–	**9.2**	–	**11.5%**	–
Scientific & Medical	**76.1**	73.3	**8.1**	8.0	**10.6%**	10.9%
Other	**2.5**	0.4	**(4.1)**	(3.8)	**–**	–
Total	**540.2**	353.3	**60.4**	46.9	**11.2%**	13.3%

Post Balance Date Event

Since period end there has been further restructuring within the Garage Doors & Openers division. This restructuring follows a review of the business during the period and has resulted in a substantial reduction in the workforce. As a result, there will be a significant item of approximately $2.5 million before tax reported for the full year. The majority of this expense was incurred in January 2008 and will provide an annualised benefit to the business of approximately $2.5 million. Further details will be provided at year end.

Water Products & Services
Highlights

+ **The Total Eden McCracken's business ("TEM"), Alesco's fifth division, provided four months of contribution during the period**

Overall the performance of TEM met expectations during the first four months of ownership. Revenue growth was 9.4% for the division for the six months to November 2007 over the prior corresponding period.

The Total Eden business in Western Australia experienced a 22% growth in revenue in the six months to November 2007 over the prior corresponding period. This growth was predominantly organic, with parts of the Hugall & Hoile business which were acquired in August 2007 also contributing. The McCracken's business on the east coast delivered strong revenue growth over the prior corresponding period (up 24%), although the eight bolt-on businesses acquired by TEM just prior to the acquisition by Alesco (which accounted for 37% of divisional revenue) have not performed to expectations. These businesses are more project driven than the McCracken's business and their under-performance has been, in part, due to adverse weather conditions in some parts of the east coast of Australia, most notably the excessive wet weather in the NSW Central Coast and the continuing drought in the Goulburn Valley in Victoria. Whilst recent rains have slowed down the level of project work it is expected that the level of activity will increase in the medium term.

The integration of the eight newly acquired businesses into the McCracken's business and the expansion of the McCracken's retail activities throughout these regional centres have been a priority of management during the period since Alesco's acquisition.

The recent heavy rains in parts of regional Queensland (where approximately 12% of revenue is derived) will affect the business going forward. Whilst there will be a negative impact in the short term, the replenishment of water supplies for many of the state's major rural irrigators will improve the revenue outlook over the medium to longer term.

Scientific & Medical
Highlights

+ **The Scientific & Medical division delivered a flat performance for the period. Revenues were 3.7% ahead of the previous corresponding period and gross margins were higher due to the stronger Australian dollar. EBITA margins were, however, lower due to higher overhead in the business ahead of an expected uplift in sales in the second half**

Strong sales performance in the environmental sector (particularly in Australia) was offset by lower sales into the medical sector where a key tender in Australia was lost and where there has been a 'deferral of spend' on larger capital items into the second half of the financial year.

The period included a full six months contribution from both the App-tek business (acquired on 1 September 2006) and the Enviro-Equip business (acquired 1 April 2007). Both businesses, which contributed approximately $10 million in revenues during the half, have been performing to expectations and contribute to the division's growth into the environmental sector and to the portfolio of own-branded products. Development of a number of proprietary technologies has continued during the period and are forecast to provide revenue streams from FY09.

Outlook
Despite uncertainty around the timing of a recovery in the Australian new housing market and the potential for further increases in interest rates, a significantly higher level of EPS growth is expected for the second half of FY08. This is expected to be driven by the relative improvement in the Garage Doors & Openers division (compared with the second half of FY07), continued growth in the Building Products division and the Construction & Mining division, improved performance from the Scientific & Medical division and a full six month contribution from the Water Products & Services division. Consistent with previous guidance, the Board reaffirms forecast EPS growth in FY08 at a slightly higher rate than the 12.2% experienced in FY07.

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KEY DATES

Full Year Financial Results
29 July 2008

Final Dividend
Record Date - 21 August 2008
Payment Date - 4 September 2008

AGM
16 September 2008
Indicative only

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Consolidated Income Statement

For the six month period ended	30 November 2007 $000	30 November 2006 $000
Revenue from sale of goods	**512,221**	333,896
Revenue from rendering services	**25,498**	19,013
Other revenue	**2,431**	396
Total revenue	**540,150**	353,305
Other income	**32**	483
Cost of sales	**(339,556)**	(216,600)
Selling expenses	**(41,246)**	(28,119)
Marketing expenses	**(10,407)**	(8,541)
Customer service expenses	**(12,384)**	(8,305)
Purchasing and inventory management	**(2,221)**	(1,636)
Distribution expenses	**(30,157)**	(20,355)
Administration and general expenses	**(47,430)**	(25,588)
Profit before financing costs	**56,781**	44,644
Financial income	**187**	317
Financial expenses	**(12,805)**	(7,124)
Net financing costs	**(12,618)**	(6,807)
Share of associates equity accounted profit	**42**	-
Profit before income tax	**44,205**	37,837
Income tax expense	**(12,731)**	(10,864)
Profit after income tax	**31,474**	26,973
Basic earnings per share	**38.22¢**	38.04¢
Diluted earnings per share	**38.10¢**	38.04¢

Consolidated Statement Of Cash Flows

For the six month period ended	30 November 2007 $000	30 November 2006 $000
Cash Flows from Operating Activities:		
Cash receipts in the course of operations	**568,301**	382,243
Cash payments in the course of operations	**(519,782)**	(344,200)
Income taxes paid	**(10,205)**	(9,625)
Interest income	**187**	317
Interest paid	**(11,796)**	(6,382)
Net cash provided by operating activities	**26,705**	22,353
Cash Flows from Investing Activities:		
Proceeds from sale of property, plant and equipment	**752**	1,614
Payments for property, plant, equipment and capitalised development expenditure	**(11,359)**	(9,332)
Payments for intangible assets	**(7,913)**	(3,091)
Loans to employees	-	(3,417)
Payments for assets on acquisition of business	**(4,898)**	(1,345)
Payments for controlled entities net of cash acquired	**(113,204)**	(24,912)
Payments for assumed debt on acquisition of controlled entities	**(87,999)**	-
Net cash used in investing activities	**(224,621)**	(40,483)
Cash Flows from Financing Activities:		
Proceeds from issue of shares	**198,730**	-
Transaction costs from issue of shares	**(5,646)**	(9)
Dividends paid	**(21,331)**	(18,589)
Purchase of own shares for employee share plans	-	(543)
Finance lease payments	**(264)**	(82)
Net proceeds from borrowings	**46,274**	34,602
Net cash provided by financing activities	**217,763**	15,379
Net increase/(decrease) in cash held	**19,847**	(2,751)
Cash at the beginning of the period	**8,334**	13,132
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	(8)	119
Cash at the end of the period	**28,173**	10,500

Consolidated Balance Sheet

As at	30 November 2007 $000	31 May 2007 $000
Current Assets		
Cash and cash equivalents	**28,173**	8,334
Receivables	**192,606**	132,811
Inventories	**165,767**	128,947
Other	**11,480**	6,584
Total current assets	**398,026**	276,676
Non-Current Assets		
Receivables	**2,448**	1,288
Investments in equity accounted investees	**534**	509
Other investments	**89**	89
Property, plant and equipment	**91,743**	82,413
Intangible assets	**647,824**	434,010
Deferred tax assets	**19,960**	20,192
Other	**1,461**	1,812
Total non-current assets	**764,059**	540,313
Total assets	**1,162,085**	816,989
Current Liabilities		
Payables	**161,134**	114,710
Interest-bearing loans and borrowings	**67,550**	20,366
Current tax liabilities	**12,130**	5,435
Provisions	**43,092**	39,493
Total current liabilities	**283,906**	180,004
Non-Current Liabilities		
Interest-bearing loans and borrowings	**279,056**	282,165
Provisions	**9,098**	10,366
Total non-current liabilities	**288,154**	292,531
Total liabilities	**572,060**	472,535
Net assets	**590,025**	344,454
Equity		
Issued capital	**491,923**	265,365
Reserves	**17,442**	4,276
Retained earnings	**80,660**	74,813
Total equity	**590,025**	344,454

Consolidated Statement of Recognised Income and Expense

For the six month period ended	30 November 2007 $000	31 May 2007 $000
Foreign exchange translation gain on translating foreign subsidiaries	**77**	321
Net unrealised gain/(loss) from cash flow hedges taken to equity	**1,733**	(296)
Net realised loss from cash flow hedges transferred from equity to the income statement	**883**	275
Income recognised directly in equity	**2,693**	300
Profit after income tax	**31,474**	26,973
Total recognised income for the period	**34,167**	27,273

NOTE: This is an extract summary of the company's interim results for the half year ended 30 November 2007, lodged with the ASX on 31 January 2008. To review the full statement and results please go to www.alesco.com.au.

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