

ASX Release – Alesco Corporation Limited (“ASX:ALS”)

FINANCIAL RESULTS FOR THE FULL YEAR ENDED 31 MAY 2009

Date: 28 July 2009

Release: 28 July 2009

ALESCO POSITIONED FOR MARKET RECOVERY

Alesco Corporation Limited today announced its audited financial results for the year ended 31 May 2009.

- **Net loss after tax of \$12.8 million (2008: profit of \$58.0 million) including significant items with a net cost of \$41.9 million after tax¹**
- **Net profit after tax before significant items of \$29.1 million (2008: \$65.5m)**
- **Strong operating cashflow² with over \$100 million generated over the past 12 months**
- **Strong balance sheet with net debt reduced to \$159.7 million and gearing to 22.5% (2008: \$319.8m, gearing 35.0%) following the sale of Scientific and Medical Division for \$175 million**
- **New \$240 million unsecured syndicated two and three year term debt facilities with four core lenders (post balance date)**
- **Fully franked final dividend of 7 cents per share (2008: 36 cents per share) payable on 1 September 2009**
- **Significant items include restructuring costs of \$11.8 million after tax to improve manufacturing and distribution efficiencies with annualised cost savings of \$6 million**

Commenting on the full year results, Alesco CEO Mr Justin Ryan said:

“Alesco’s business has been significantly impacted by the difficult economic conditions over the past 12 months which have led to a modest decline in revenues and a sharp fall in earnings.

“Despite the challenging conditions, our focus has been on delivering operational improvement and strengthening our balance sheet.

“I am pleased to report that our operating cash flow² has been strong with over \$100 million generated over the past 12 months and, following the sale of our Scientific & Medical division, our gearing levels are now at a conservative 22.5%, with strong interest cover.

“The decisive action we took during the 2008/09 financial year will ensure our businesses are better positioned to face the current challenging environment and improve when market conditions recover.

¹ Includes \$0.8m post tax significant item in Scientific & Medical division

² EBITDA less net capital expenditure plus movements in working capital

asx release		Page 1
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

“We have improved working capital management and business processes, continued investment in the businesses with upgraded IT systems, and streamlined back office functions. We are confident that these efficiencies will deliver benefits over the medium term.

“In addition, we have continued to focus on restructuring our businesses and taken the following actions during the course of the year:

- the phased closure of the Robinhood manufacturing plant in Auckland
- the reduced scale of the B&D manufacturing operations in Auckland
- Marathon Tyres’ exit from the NSW Hankook wholesale tyre distribution agency
- the realignment of the Water Products & Services division to its customer segments rather than regions and closure of loss making operations
- site consolidations and improved IT systems
- a significant reduction in the group’s labour costs

“These actions have been successful in cushioning the decline in overall trading performance and we expect the benefits to continue in the 2009/10 financial year, with the full impact of the expected \$6 million annual savings to be achieved by the 2010/11 financial year.

“To meet the challenge of declining sales we have continued to reduce the workforce in Alesco’s continuing businesses. This has resulted in a reduction of approximately 17% during the 2008/09 financial year, reducing the group’s cost base by approximately \$20 million, of which half was achieved in the 2008/09 financial year. As at 31 May 2009, the group employed approximately 2,300 full time equivalent employees. Over the same period we reduced the number of sites in our continuing businesses from 149 to 125 across Australia, New Zealand and China.

“The group’s trade working capital continued to be a major focus and our continuing businesses released more than \$25 million in trade working capital over the year.

“The sale of our Scientific & Medical division in April 2009 for \$175 million significantly strengthened the Company’s balance sheet and provides additional flexibility and the ability to invest in ongoing operational improvement programs. The sale delivered an after tax profit of \$59.6 million and illustrates our ability to add value for shareholders.

“In addition, last week we announced Alesco had entered into a new unsecured syndicated term debt facility for \$240 million in two equal tranches with maturity dates of July 2011 and July 2012.

“Alesco has sound and cash generative businesses and is well positioned to benefit from any recovery in the housing and related sectors.”

asx release		Page 2
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

Significant items³

Alesco’s restructuring and business improvement initiatives, together with a revaluation and write-down of the Water Products & Services division, have resulted in significant items of \$42.0 million (post tax).

The major significant items were:

- the sale of the Scientific & Medical division for \$175 million, recording an after tax profit of \$59.6 million;
- net foreign exchange effects and a post-tax charge of \$10.4 million associated with the closure of interest rate swaps following the sale of the Scientific & Medical division; and
- a write down of \$70 million of intangibles in the Water Products & Services division.

A number of restructuring initiatives have also resulted in one-off significant costs of \$11.8 million post tax. These initiatives, when completed, will reduce the annual cost base by approximately \$6 million. The restructuring expense has also included costs associated with the reduction in the group’s workforce.

Other initiatives

Alesco also undertook other initiatives during the year to secure the Company’s financial position, including:

- the suspension of the 2009 interim dividend (2008 interim dividend: 31cps) in order to strengthen the group’s balance sheet and repay debt;
- a strong focus on operational efficiencies, including management of working capital; and
- reduction in capital expenditure to below depreciation.

A trading update will be provided at the Annual General Meeting on 23 September 2009.

For further information, please contact Alesco Corporation Limited:

Justin Ryan
Chief Executive Officer
Tel: 61 2 9248 2022

Neil Thompson
Finance Director
Tel: 61 2 9248 2070

³ Further details appear on page 6.

asx release		Page 3
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

DETAILED REVIEW OF 2008/09 GROUP FINANCIAL RESULTS

The table below is prepared to compare the operating performance of the group (including the Scientific & Medical division for the 11 months of FY2009).

Alesco's Financial Performance (before significant items)

	unit	FY09	FY08	% change
Revenue	\$million	1,011.3	1,071.1	-6%
Gross Margin	%	36.1	37.1	-1%
EBITDA	\$million	101.4	139.2	-27%
EBITA	\$million	85.6	124.4	-31%
EBIT	\$million	70.0	116.7	-40%
Profit before tax	\$million	44.5	90.7	-51%
Profit after tax	\$million	29.1	65.5	n/a
Earnings¹ per share	Cents per share	48.1	83.8	-43%
Dividend² per share	Cents per share	7.0	67.0	
Return on Equity	%	7.6	13.6	-6.0%

1. Before amortisation and significant items.

2. No interim dividend was paid.

Revenue

Alesco's revenue in the 2008/09 financial year included 11 months contribution from the Scientific & Medical division and a full 12 months contribution from the Water Products & Services division. On a pro forma basis, revenues of the continuing businesses were down by 9.6%, representing the slow down in economic activity across Australia and New Zealand.

Revenue from the Australian businesses (down 8%) held up comparatively better than in New Zealand where revenue declined in the group's ongoing businesses by 32% reflecting the current depressed state of the New Zealand building industry. In Australia, revenue decline was experienced across most states, in particular in Queensland and Western Australia.

Second half revenue for the continuing businesses was significantly weaker than the first half of the year, down 21% half on half reflecting, in part, the seasonal nature of the businesses. Revenues for the continuing businesses declined by 15% in the second half against the prior corresponding period.

Gross margins

Alesco generally maintained gross margins during the period as price rises offset lower production volumes. However, increasing pricing pressures and further volume declines had a negative impact on trading performance in the second half.

Expenses

The impact of focused cost-cutting initiatives implemented during the first half began to flow through in the second half of the 2008/09 financial year. Overall remuneration costs for the continuing businesses were down by more than 25% in the second half of the year against the first

asx release		Page 4
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

half, reflecting the significant reduction in the workforce, an aggressive program of annual leave reduction across all businesses and lower bonus incentive payments. Similarly, group property and freight costs were reduced by more than 10% and 13% respectively as the businesses within the four divisions have become more integrated.

Given the financial performance of the group, no short term incentive bonuses were paid to executive directors or senior management, long term incentives did not vest and non-executive directors' fees were frozen at levels set in February 2008.

Cash flow

Despite the reduced profit, the group generated operating cash flow⁴ of approximately \$100 million for the year. Management focused strongly on cash generation during the year with a significant reduction in trade working capital as each business reacted to the decline in activity. Where possible, non-essential capital expenditure has been suspended, although IT and safety capital expenditure has continued.

Trading EBITA

Trading EBITA/sales declined across the group during the period, with the continuing businesses realising a margin of 8.0% against the prior year of 11.4%. The most significant reductions were in the Water Products & Services division (-4.2%) and the Functional & Decorative Products division (-4.0%) where there was increased pricing competition in response to lower volumes.

Amortisation

During the year the valuation of identifiable intangibles for the Water Products & Services division was finalised, resulting in \$31.8 million of identifiable intangibles which are being amortised over 10 years. As a result, an additional amortisation amount of \$5.9 million has been included in the 2008/09 financial year, which includes an amount of \$2.7 million relating to the 2007/08 financial year.

Also during the year a number of IT software projects were completed resulting in an additional \$1.7 million of amortisation in the 2008/09 financial year.

Return on net operating assets and return on equity

The decline in the return on net operating assets and equity is unsatisfactory. However, we expect returns to improve with better market conditions and as a result of the restructuring activities over the past year and the continuing operational improvement programs. Tighter working capital controls, reduced capital expenditure and significant cost reduction programs will drive improved returns in the future and through the cycle.

⁴ EBITDA less net capital expenditure plus movements in working capital.

asx release		Page 5
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

Borrowings and gearing

The group's net debt position as at 31 May 2009 was \$159.7 million (2008: \$319.8 million) and gearing (net debt/net debt plus book equity) was 22.5% (2008: 35.0%). Alesco operated within its banking covenants during the year and is currently in a strong financial position.

On 24 July 2009 the Company announced that it had entered into a new \$240 million unsecured syndicated debt facility. This new facility will be used to repay Alesco's four current bilateral facilities and secures the Company's ongoing funding requirements. The new syndicate includes National Australia Bank, as well as Alesco's existing core lenders, ANZ, BNP Paribas and Commonwealth Bank.

The new facility comprises two equal tranches of term debt due for renewal in July 2011 and July 2012. This facility is in addition to Alesco's current working capital facilities and is subject to the usual conditions precedent.

Dividend

Alesco will pay a fully franked dividend of 7 cents per share on 1 September 2009 to those shareholders holding Alesco shares as at 5.00pm on 18 August 2009. The dividend reinvestment plan will continue to operate at no discount.

In January, the Alesco Board cancelled the interim dividend. This was a prudent decision and assisted in strengthening the Company's balance sheet. Due to the continuing uncertain economic and market environments, future dividends will be determined at the relevant time, taking into account the prevailing market conditions and Company performance.

Significant items

Alesco has taken a number of initiatives to improve its on-going operational performance and strengthen its balance sheet position and the full-year results include significant items of \$41.9 million (post tax) as outlined in the following table.

Post-tax significant items¹	Profit/(loss) \$m
First- half	
Business restructuring	(4.1)
Inventory writedown to net realisable value	(1.4)
Loss on sale of equity accounted joint venture investment with B&D	(0.2)
Total	(5.7)
Second half	
Profit on sale of the Scientific & Medical division	59.6
Asset writedowns relating to impairment charge for Water Products & Services division and legacy IT write-off	(70.5)
Closure of interest rate swaps	(10.4)
Business restructuring	(7.8)
Inventory writedown to net realisable value	(4.1)
OH&S costs and other	(3.0)
Total	(41.9)

1. Includes \$0.8 million of significant items relating to the Scientific & Medical division.

The focus at a corporate level during the second half has been to strengthen the balance sheet and repay debt, in light of the constrained capital and debt markets. The significant items reflect:

asx release		Page 6
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

- the sale of the Scientific & Medical division for \$175 million, recording a profit of \$59.6 million; and
- net foreign exchange effects and a post-tax charge of \$10.4 million associated with the closure of interest rate swaps resulting from reduced debt levels following the sale of this division.

An additional of \$3.0 million was expensed (including a provision of \$2.8 million) for legal and other costs associated with two OH&S prosecutions of subsidiary companies in relation to two workplace fatalities which occurred in 2006. In addition, an investigation is currently underway in relation to another fatal workplace incident that occurred in March 2009.

An amount of \$10.0 million reflected a write-off of the capitalised value of a number of brands reflecting the decision to adopt a consistent national branding profile of the Water Products & Services division. Previously the division operated under numerous regional trading and brand names as a consequence of its prior independent multiple ownership.

A write down of \$60.0 million of goodwill reflects impairment testing carried out at year end in accordance with Australian Accounting Standards in respect of the Water Products and Services business. The write down is based on:

- the discount rate applied to future cash flows of 12.1% increased from an after tax rate of 8.0% used at the half year;
- the financial performance of the division during the 2008/09 financial year; and
- a revised long term forecast.

Restructuring initiatives resulted in one-off significant costs of \$11.8 million which is expected to deliver on-going reductions in the annual cost base of approximately \$6 million. These items relate to the ongoing activities of the businesses but have not been itemised separately as significant items and include costs associated with:

- the phased closure of the Robinhood manufacturing facility and the integration of Robinhood and Parbury in New Zealand;
- the closure of the loss making Lincoln Sentry New Zealand operation;
- the continuing integration of the Australian businesses within the Functional & Decorative Products division;
- the restructuring of B&D New Zealand and the Asian-based garage door opener manufacturing operations;
- the consolidation of a number of retail and industrial sites in the Water Products & Services division; and
- the exit by Marathon Tyres of the NSW Hankook wholesale tyre distribution agency.

asx release		Page 7
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

DIVISIONAL PERFORMANCE

Divisional results, pre-significant items, were as follows:

\$ million	Revenue		EBITA	
	2009	2008	2009	2008
Construction & Mining	183.5	199.0	20.8	27.9
Functional & Decorative Products	296.5	312.7	22.6	36.5
Garage Doors & Openers	180.9	207.7	20.7	27.0
Water Products & Services	194.9	189.7	12.6	20.2
Other	0.3	(0.5)	(8.2)	(7.5)
Continuing operations	856.1	908.6	68.5	104.1
Scientific & Medical	155.2	162.5	17.1	20.3
Total	1,011.3	1,071.1	85.6	124.4

Construction and Mining division

	FY2009	FY2008	Chg
Revenue \$million ¹	183.5	199.0	-7.8%
EBITA ² \$million	20.8	27.9	-25.4%
Operating Cashflow ³ \$million	24.8	18.9	31%
Return Net Operating Assets	17.8%	23.6%	-5.8%
Employees (Full time equivalents)	~420	~550	-23.6%

1. Divisional revenue declined by approximately \$10 million due to the exit from the NSW Hankook tyre distribution agency

2. Before significant items

3. EBITDA less net capital expenditure and movements in working capital.

Parchem Construction Supplies

This business experienced challenging market conditions due to:

- falling commercial building activity;
- flat infrastructure spend;
- reduced housing activity;
- sustained wet weather conditions in the second half; and
- reduced replacement of capital equipment by customers.

During the year the integration of the Parchem, Flextool and Concrete Technologies businesses into one business trading under the banner 'Parchem Construction Supplies' was completed. This included the amalgamation of branches as well as the rollout of specialist trade outlets and an extensive implementation of the SAP IT platform into the manufacturing, sales, distribution and back office of the business.

The performance of the four new "Parchem Construction Supplies" trade outlets at Moorebank in Sydney, Tuggerah on the Central Coast of New South Wales, Adelaide and Perth exceeded expectations, generating increased sales and reducing back office and administration costs.

asx release		Page 8
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

The business implemented price increases during the year to offset large exchange rate variation and this enabled the business to maintain gross margin but resulted in a small loss of market share.

The business also reduced its average full time equivalent staff numbers by approximately 12%, generating annualised savings of approximately \$3 million, with reduced overheads. In addition, the division tightly managed annual leave and discretionary spending.

Sites operated by the business were reduced during the year from 25 to 22.

Marathon Tyres

The Marathon Tyres business experienced mixed conditions but delivered a marginally improved profit performance, off a lower revenue base. The impact of reduced mining activity in Queensland was offset by strong activity in other key segments, including construction and industrial markets, especially road works.

Marathon Tyres successfully completed its exit from the NSW Hankook wholesale tyre distribution agency by year end releasing approximately \$7 million of working capital.

A trade working capital reduction program was implemented during the year with significant reductions in debtors and inventory being achieved. This resulted in strong divisional operating cash flow⁵ for the year, particularly in the second half, of \$24.8 million.

Significant items

Approximately \$2.1 million (post-tax) was charged in the 2008/09 financial year. These costs related primarily to the closure of the NSW Hankook wholesale tyre agency – including a \$0.7m post tax charge relating to the writedown of Hankook inventories - and the reduction in the division's workforce.

Functional & Decorative Products division

	FY2009	FY2008	Chg
Revenue \$million	296.5	312.7	-5.2%
EBITA ¹ \$million	22.6	36.5	-38.1%
Operating Cashflow ² \$million	30.4	15.2	100.0%
Return Net Operating Assets	13.3%	21.8%	-8.5%
Employees (Full time equivalents)	~700	~860	-18.6%

1. before significant items

2. EBITDA less net capital expenditure and movements in working capital.

The division experienced difficult trading conditions in the 2008/09 financial year:

- decline in new housing and renovations market in Australia and New Zealand; and
- significant declines in the division's two largest markets, New South Wales and Queensland which account for approximately 50% of divisional sales.

⁵ EBITDA less net capital expenditure and movements in working capital.

asx release		Page 9
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

Despite these headwinds the division achieved increased revenues in the relatively stronger Victorian and South Australian markets.

This environment required a reduced cost base and a flexible workforce and the division has spent the past 12 months consolidating sites, administration, merchandising and marketing functions and reducing its overall cost base.

Restructuring across the division involved:

- the progressive shutdown of the Robinhood Auckland manufacturing site and the replacement of the New Zealand manufactured products with quality Robinhood-branded products sourced from off-shore third party manufacturers, with the shutdown expected to be completed by December 2009;
- the integration of the Lincoln Sentry, Parbury and Robinhood businesses and management structure under the Lincoln Group banner;
- consolidation of divisional accounting and administrative functions at the national head office in Brisbane; and
- rationalisation of sites in regional areas where appropriate with the number of sites operated by the division reducing from 38 to 30.

During the 2008/09 financial year, the division reduced its average full time equivalent staff numbers by more than 18% to approximately 700 FTEs, generating annualised savings of approximately \$6 million.

Reduction in trade working capital was a focus for management with inventories and trade receivables reduced by approximately \$6 million from May 2008. More work is required in this area and further reductions in overall trade working capital are budgeted for in the 2009/10 financial year.

Overall operating cash flow⁶ was a healthy \$30.4 million as the division continues to manage down its working capital and underspend depreciation.

Businesses within the division implemented price increases in December 2008 in response to the rapid decline of the Australian dollar from its historical highs. This had a positive impact on gross margin in the third quarter. However, the fall in market activity and increased competition placed further pressure on overall pricing and margin levels.

Significant items

Restructuring and other costs of approximately \$8.7 million (post tax) were charged in the 2008/09 financial year relating to the restructure of the Robinhood business and inventory writedowns associated with the decorative surfaces business following its integration into the Lincoln Group structure. Also included were costs associated with the closure of the loss making Lincoln Sentry New Zealand business and the reduction in the division’s workforce.

⁶ EBITDA less net capital expenditure and movements in working capital.

asx release		Page 10
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

Garage Doors & Openers division

	FY2009	FY2008	Chg
Revenue \$million	180.9	207.7	-12.9%
EBITA ¹ \$million	20.7	27.0	-23.3%
Operating Cashflow ² \$million	27.3	28.9	(6.0)%
Return Net Operating Assets	7.6	9.6	-2.0%
Employees (Full time equivalents)	~650	~720	-9.7%

1. Before significant items.

2. EBITDA less net capital expenditure and movements in working capital.

The division continued to experience difficult trading conditions:

- low levels of activity in new housing markets in Australia, particularly in New South Wales and Queensland; and
- new housing market in New Zealand remained at record low levels.

Weaker market conditions in Australia and New Zealand also impacted the opener business with lower sales volumes in the 2008/09 financial year.

The division took significant steps during the year to further reduce expenses across the business and to improve operational performance:

- the Australian and New Zealand businesses are now leaner and more efficient manufacturing operations with safer and improved quality systems and procedures, reducing warranty costs and other wastage;
- the B&D New Zealand business was consolidated under the Australian management team and the five New Zealand operational sites were reconfigured to two sites;
- the relocation of the Auckland manufacturing facility to a more efficient location and the relocation of the Series 2 roller door line to the Christchurch manufacturing site were completed early in the second half.

Inventory management and raw material cost reduction programs implemented during the year have helped to cushion the downturn in the market.

Cost improvements were achieved through improved warranty management, an aggressive annual leave reduction program, reduced discretionary spending and lower workers compensation premiums off the back of improved safety performance.

After a significant reduction in the division's workforce in the 2007/08 financial year, the division has further reduced its average full time equivalent staff numbers in the 2008/09 financial year by 10% to approximately 650 in response to market conditions, generating annualised savings of approximately \$3 million.

A reduction of more than \$7 million in trade working capital for the year was an excellent result and helped contribute to an operating cash flow for the year of \$27.3 million, with both the New Zealand and garage door opener businesses contributing significantly.

asx release		Page 11
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

Significant items

Costs of \$3.7 million (post tax) have been charged in the 2008/09 financial year, including costs associated with the restructure of the B&D New Zealand and Asian based garage door opener manufacturing operations, inventory writedowns and the reduction in the division's workforce. These actions will contribute to stronger profit performance moving forward.

Water Products & Services division

	FY2009	FY2008	Chg
Revenue \$million	194.9	189.7	+2.8%
EBITA ¹ \$million	12.6	20.2	-37.6%
Operating Cashflow ² \$million	22.1		
Return Net Operating Assets	5.3	10.1	-4.8%
Employees (Full time equivalents)	~435	~550	-20.9%

1. Before significant items.

2. EBITDA less capital expenditure and movements in working capital.

The 2008/09 financial year was a challenging one for the Water Products & Services division, impacted by:

- unseasonal weather conditions resulting in flooding in Queensland and northern New South Wales (for the second consecutive year);
- a significant downturn in commercial projects, particularly in the private sector where expenditure has been deferred or cancelled due to funding difficulties;
- loss of market share in the industrial business in Victoria; and
- the mining and resources downturn, particularly in the second half.

In addition, the reduction in federal and state water rebates combined with the deteriorating consumer and business sentiment and lack of clarity from the federal government of proposed water reform initiatives all impacted on the overall performance of the group. In particular, the commercial part of the business suffered with the cancellation or deferment of larger projects.

The second half of the year has seen a 25% decline in revenue which has resulted in profitability decline significantly to unacceptable levels during this period.

The new senior management team have set about restructuring and integrating the business on a national basis. Key management has been appointed in the commercial division for Victoria and New South Wales to drive revenue growth. An enormous amount of work has occurred in reducing the complexity in the business and improving its risk and business profile and significant progress has been made including:

- a reduction in the workforce by approximately 18% to reflect the lower revenue base with expected annualised savings of \$5million;
- the consolidation of the finance and administration function to a national site in Melbourne (the division's head office);
- consolidation of regional and manufacturing sites reducing the number of sites from 57 to 49;

asx release		Page 12
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au

- a uniform focus on risk management, compliance and OH&S including risk assessments and hazard identification;
- The consolidation of 14 ERP platforms together with an upgrade of the main IT platform (Pronto) and the rollout of that IT platform across 17 sites. This rollout to the commercial and retail division sites will provide greater controls over the business;
- a comprehensive review of key supplier relationships to drive efficiencies and develop stronger relationships; and
- the launch of a revised management structure along customer segments – Commercial, Retail and Industrial – and the appointment of relevant general managers.

Despite a disappointing earnings performance, the division delivered a strong operating cash⁷ performance of \$22.1 million as the management team has focused on reducing trade working capital which was down by \$15.3 million during the year.

Significant items

An amount of \$2.8 million was charged in the 2008/09 financial year as a result of these restructuring initiatives, costs associated with the reduction in the workforce and inventory writedowns as the business migrated to the new IT platform.

Scientific & Medical division

As previously reported, Alesco sold the Scientific & Medical division for \$175 million on 30 April 2009, resulting in a profit on the sale after tax, transaction costs and the impact of foreign exchange movements including the repayment of the group’s New Zealand dollar denominated debt of \$59.6 million. This profit has been treated as a significant item for the FY2009 results.

The achievement of an earnings multiple significantly higher than the multiple being applied to the Alesco Group at the time was particularly pleasing and in shareholders’ best interests.

The sale significantly strengthened Alesco’s financial position and allowed the Company to accelerate investment in its remaining businesses to ensure they are primed for the expected recovery in demand.

The division contributed 11 months trading to the group results, with sales of \$155.2 million and trading EBITA of \$17.1 million.

This report is based on financial statements to which one of the following applies.

- | | | | |
|-------------------------------------|--|--------------------------|--|
| <input checked="" type="checkbox"/> | The financial statements have been audited. | <input type="checkbox"/> | The financial statements have been subject to review. |
| <input type="checkbox"/> | The financial statements are in the process of being audited or subject to review. | <input type="checkbox"/> | The financial statements have <i>not</i> yet been audited or reviewed. |

⁷ EBITDA less net capital expenditure and movements in working capital.

asx release		Page 13
Alesco Corporation Limited ABN 23 008 666 064	Level 24, 207 Kent Street Sydney NSW 2000	T: 61 2 9248 2000 F: 61 2 9248 2099 E: investorrelations@alesco.com.au W: www.alesco.com.au



Alesco Corporation Limited

ABN 23 008 666 064

Appendix 4E

Preliminary final report for the year ended 31 May 2009

ASX code: ALS

APPENDIX 4E



Preliminary final report Year ended 31 May 2009

Alesco Corporation Limited ABN 23 008 666 064
Level 24, 207 Kent Street Sydney NSW 2000
PO Box 4268 Sydney NSW 2001
T: 61 2 9248 2000 F: 61 2 9248 2099
www.alesco.com.au

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Entity: Alesco Corporation Limited and its controlled entities
Reporting period: year ended 31 May 2009
Previous corresponding period: year ended 31 May 2008

					\$000
Revenue ¹	down	5.6%	to		1,011,335
Profit after tax before significant items ¹	down	56.8%	to		28,307
Net significant items (after tax)					(41,096)
Loss after tax attributable to members					(12,789)

DIVIDENDS	CENTS PER SECURITY	% FRANKED PER SECURITY
CURRENT PERIOD		
Final dividend	7.0	100%
Interim dividend	Nil	–
	7.0	
PREVIOUS PERIOD		
Final dividend	36.0	100%
Interim dividend	31.0	100%
	67.0	

Record date for determining entitlements to dividends 18 August 2009
DRP election notice date 18 August 2009
Dividend payment date 1 September 2009

Explanation of information reported

	CONSOLIDATED	
	2009	2008
	\$000	\$000
Profit after tax before significant items	28,307	65,480
Net significant items after tax	(41,096)	(7,509)
(Loss)/profit after tax	(12,789)	57,971

¹ Inclusive of the Scientific & Medical division from 1 June 2008 to 30 April 2009



Alesco Corporation Limited

Preliminary final report for the year ended 31 May 2009

INCOME STATEMENT

FOR THE YEAR ENDED 31 MAY 2009

	NOTE	CONSOLIDATED	
		2009 \$000	2008 \$000
Revenue from sale of goods		828,526	855,470
Revenue from rendering services		25,970	49,881
Other revenue		1,613	3,837
Total revenue	2	856,109	909,188
Cost of sales		(553,750)	(575,502)
Gross Profit		302,359	333,686
Other income		459	62
Selling expenses		(97,593)	(80,039)
Marketing expenses		(12,739)	(15,049)
Customer service expenses		(22,157)	(19,733)
Purchasing and inventory management		(2,256)	(2,449)
Distribution expenses		(49,053)	(49,125)
Administration and general expenses		(65,703)	(70,615)
Restructuring & other expenses	3	(28,327)	(10,131)
Impairment of intangibles	3	(70,000)	–
(Loss)/profit before financing costs		(45,010)	86,607
Financial income		449	2,127
Interest rate hedging restructure	3	(14,842)	–
Financial expenses		(25,940)	(28,201)
Net financing costs		(40,333)	(26,074)
Share of associates' equity accounted net profit		22	93
(Loss)/profit before income tax		(85,321)	60,626
Income tax benefit/ (expense)	5	1,813	(18,006)
(Loss)/profit from continuing operations		(83,508)	42,620
Discontinued operation¹			
Profit from discontinued operation, net of income tax	4	70,719	15,351
(Loss)/profit for the period after income tax		(12,789)	57,971
Earnings per share			
Basic earnings per share	6	(13.94)¢	67.22¢
Diluted earnings per share	6	(13.94)¢	67.06¢
Continuing operations			
Basic earnings per share	6	(91.05)¢	49.42¢
Diluted earnings per share	6	(91.05)¢	49.30¢

The 2008 comparative numbers of the consolidated entity have been restated to show the discontinued operation separately from the continuing operations.

1 See discontinued operation – note 4

The notes on pages 17 to 41 are an integral part of these consolidated financial statements.

STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 31 MAY 2009

	NOTE	CONSOLIDATED	
		2009 \$000	2008 \$000
Foreign exchange translation gain/(loss) on translating foreign subsidiaries	13	1,363	(933)
Net unrealised (loss)/gain from cash flow hedges taken to equity	13	(6,542)	1,724
Net realised gain from cash flow hedges transferred from equity to the income statement	13	534	883
Net income and (expense) recognised directly in equity		(4,645)	1,674
(Loss)/profit for the period	6	(12,789)	57,971
Total recognised (expense) and income for the year		(17,434)	59,645

The notes on pages 17 to 41 are an integral part of these consolidated financial statements.

BALANCE SHEET

AS AT 31 MAY 2009

	NOTE	CONSOLIDATED	
		2009 \$000	2008 \$000
Current assets			
Cash and cash equivalents		6,106	1,910
Receivables		128,672	189,175
Inventories		122,009	154,989
Other		5,022	9,777
Total current assets		261,809	355,851
Non-current assets			
Receivables		6,869	3,984
Investments in equity accounted investees	14	–	485
Other investments		89	89
Property, plant and equipment		67,521	89,855
Intangible assets	10	506,094	649,794
Deferred tax assets		19,648	18,729
Other		638	975
Total non-current assets		600,859	763,911
Total assets		862,668	1,119,762
Current liabilities			
Payables		92,586	149,408
Loans and borrowings	9	85,262	453
Current tax liabilities		3,969	6,215
Provisions		38,149	40,155
Other		3,992	–
Total current liabilities		223,958	196,231
Non-current liabilities			
Loans and borrowings	9	80,500	321,240
Provisions		6,773	8,659
Total non-current liabilities		87,273	329,899
Total liabilities		311,231	526,130
Net assets		551,437	593,632
Equity			
Issued capital	13	513,262	504,664
Reserves	13	4,376	9,772
Retained earnings	13	33,799	79,196
Total equity	13	551,437	593,632

The notes on pages 17 to 41 are an integral part of these consolidated financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MAY 2009

	NOTE	CONSOLIDATED	
		2009 \$000	2008 \$000
Cash flows from operating activities:			
Cash receipts in the course of operations		1,136,319	1,164,794
Cash payments in the course of operations		(1,046,561)	(1,063,382)
Income taxes paid		(12,673)	(17,051)
Net cash provided by operating activities	12	77,085	84,361
Cash flows from investing activities:			
Proceeds from sale of property, plant and equipment		1,900	536
Payments for property, plant and equipment and capitalised expenditure		(16,992)	(20,117)
Disposal of discontinued operation, net of cash disposed of		173,248	–
Proceeds of sale of equity accounted investees	14	342	–
Payments for deferred consideration on acquisitions		(1,791)	(8,846)
Payments for assets on acquisition of businesses	11	(5,542)	(6,877)
Payments for controlled entities net of cash acquired	11	–	(115,526)
Payments for assumed debt on acquisition of controlled entities		–	(87,999)
Interest received		514	2,200
Net cash provided by/(used in) investing activities		151,679	(236,629)
Cash flows from financing activities:			
Proceeds from issue of shares		761	199,641
Transaction costs from issue of shares		–	(6,397)
Dividends paid		(28,830)	(45,462)
Finance lease payments		(536)	(499)
Net (repayments)/proceeds from borrowings		(152,923)	26,886
Payments related to interest rate hedge restructure		(14,842)	–
Interest paid		(28,158)	(28,188)
Net cash (used in)/provided by financing activities		(224,528)	145,981
Net increase/(decrease) in cash held		4,236	(6,287)
Cash and cash equivalents at the beginning of the financial year		1,910	8,334
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		(40)	(137)
Cash and cash equivalents at the end of the financial year		6,106	1,910

The notes on pages 17 to 41 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

Alesco Corporation Limited (the "Company") is a company domiciled in Australia. The consolidated financial report for the Company as at and for the year ended 31 May 2009 comprises the Company and its subsidiaries (together referred to as the "consolidated entity") and the consolidated entity's interest in jointly controlled entities.

The financial report is a preliminary final report only which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the *Corporations Act 2001*. The report complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

(b) Basis of preparation

The financial report is presented in Australian dollars and is prepared on the historical cost basis except for derivative financial instruments that are stated at fair value. The accounting policies have been consistently applied to all periods presented in these financial statements.

The consolidated entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The accounting policies applied by the consolidated entity in this financial report are the same as those applied by the consolidated entity in its consolidated financial report as at and for the year ended 31 May 2008.

Certain comparative amounts have been reclassified to conform with the current year's presentation. In addition, the comparative income statement has been re-presented as if an operation discontinued during the current year has been discontinued from the start of the comparative period.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future period affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect of the amount recognised in the financial statements are described in the following notes:

- Note 10 – measurement of the recoverable amounts of cash generating units containing goodwill and other intangible assets.

(c) Going concern

As at 31 May 2009 the Group had \$270 million of committed debt facilities with a \$25 million facility to be repaid in September 2009, \$90 million due to expire in January 2010, \$15 million in June 2010 and \$140 million in June 2011. At 31 May 2009, Alesco has drawn down \$165.5 million on these facilities.

On 24 July 2009, Alesco Finance Pty Limited (a wholly owned subsidiary of Alesco Corporation Limited) signed an unsecured Syndicated Facility Agreement and Common Terms Deed with four banks, including Alesco's three current core lenders; ANZ, BNP Paribas, Commonwealth Bank of Australia and a new lender; National Australia Bank Limited. The Facility provides for a syndicated cash advance facility of \$240 million over two equal tranches with a maturity date of July 2011 and July 2012. Drawdown of the facility is subject to a number of conditions precedent which are expected to be fulfilled shortly.

Proceeds from the facility will be used to repay Alesco's existing facilities, which at 24 July 2009 were drawn to the extent of \$175.0 million.

On this basis, the directors believe that it is appropriate to prepare the financial statements on a going concern basis.

NOTE 2: SEGMENT REPORTING

Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segments, is based on the Group's management and internal structure.

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 Group comprises the following main business segments, based on the Group's management reporting system:

Continuing operations

Garage Doors & Openers	Garage doors and openers.
Functional & Decorative Products	Home building and renovation products to the kitchen, laundry and bathroom markets.
Construction & Mining	Concrete products including construction chemicals, decorative concrete and associated equipment, specialised construction chemicals, earthmoving and heavy duty industrial tyres.
Water Products & Services	Water management products and services to agricultural, industrial, commercial, domestic and mining industries.

Discontinued operation

Scientific & Medical	Scientific and medical consumables and equipment for laboratory, environmental and research markets. This business was sold on 30 April 2009. Refer note 4.
----------------------	---

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: SEGMENT REPORTING (continued)

	GARAGE DOORS & OPENERS		FUNCTIONAL & DECORATIVE PRODUCTS		CONSTRUCTION & MINING		SCIENTIFIC & MEDICAL* (DISCONTINUED)		WATER PRODUCTS & SERVICES		UNALLOCATED & ELIMINATIONS		CONSOLIDATED		LESS SCIENTIFIC & MEDICAL* (DISCONTINUED)		CONTINUING OPERATIONS	
PRIMARY REPORTING	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008**
BUSINESS SEGMENTS	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Revenue																		
Revenue from sale of goods	167,793	193,809	295,839	312,051	170,152	184,269	146,769	152,370	194,742	165,341	–	–	975,295	1,007,840	(146,769)	(152,370)	828,526	855,470
Revenue from rendering of services	12,719	13,037	–	–	13,321	12,926	8,448	9,005	(70)	23,918	–	–	34,418	58,886	(8,448)	(9,005)	25,970	49,881
Other revenue	421	895	681	650	62	1,750	9	490	270	465	179	77	1,622	4,327	(9)	(490)	1,613	3,837
External segment revenue	180,933	207,741	296,520	312,701	183,535	198,945	155,226	161,865	194,942	189,724	179	77	1,011,335	1,071,053	(155,226)	(161,865)	856,109	909,188
Inter-segment revenue	5	–	–	–	–	63	–	606	–	–	(5)	(669)	–	–	–	–	–	–
Total revenue	180,938	207,741	296,520	312,701	183,535	199,008	155,226	162,471	194,942	189,724	174	(592)	1,011,335	1,071,053	(155,226)	(161,865)	856,109	909,188
Result																		
EBITDA (pre-significant items and share of associates' net profit)	25,354	30,981	26,759	41,345	23,796	30,404	18,673	21,743	14,323	21,635	(7,543)	(6,989)	101,362	139,119	(18,673)	(21,743)	82,689	117,376
Share of associates' net profit	22	93	–	–	–	–	–	–	–	–	–	–	22	93	–	–	22	93
EBITDA (pre-significant items)	25,376	31,074	26,759	41,345	23,796	30,404	18,673	21,743	14,323	21,635	(7,543)	(6,989)	101,384	139,212	(18,673)	(21,743)	82,711	117,469
Depreciation	(4,648)	(4,061)	(4,124)	(4,858)	(2,962)	(2,476)	(1,510)	(1,458)	(1,729)	(1,408)	(771)	(570)	(15,744)	(14,831)	1,510	1,458	(14,234)	(13,373)
EBITA (pre-significant items)	20,728	27,013	22,635	36,487	20,834	27,928	17,163	20,285	12,594	20,227	(8,314)	(7,559)	85,640	124,381	(17,163)	(20,285)	68,477	104,096
Amortisation of identifiable intangibles	(2,815)	(4,032)	(1,999)	(2,521)	(526)	(442)	(511)	(391)	(5,898)	(56)	(3,900)	(214)	(15,649)	(7,656)	511	391	(15,138)	(7,265)
Significant items	(4,950)	(7,966)	(12,429)	(2,165)	(2,954)	–	(1,142)	–	(73,976)	–	(4,018)	–	(99,469)	(10,131)	1,142	–	(98,327)	(10,131)
EBIT	12,963	15,015	8,207	31,801	17,354	27,486	15,510	19,894	(67,280)	20,171	(16,232)	(7,773)	(29,478)	106,594	(15,510)	(19,894)	(44,988)	86,700
Net financing costs***													(40,296)	(26,005)	(37)	(69)	(40,333)	(26,074)
(Loss)/profit before income taxes													(69,774)	80,589	(15,547)	(19,963)	(85,321)	60,626
Income tax (expense)/benefit													(2,636)	(22,618)	4,449	4,612	1,813	(18,006)
(Loss)/profit after income tax before gain on sale													(72,410)	57,971	(11,098)	(15,351)	(83,508)	42,620
Gain on sale of discontinued operation (net of income tax)	–	–	–	–	–	–	–	–	–	–	–	–	59,621	–	(59,621)	–	–	–
(Loss)/profit for the year													(12,789)	57,971	(70,719)	(15,351)	(83,508)	42,620

* see discontinued operation – note 4

** Year ended 31 May 2008 restated for discontinued operation

** includes \$14,842 before tax shown as a significant item in note 3.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: SIGNIFICANT ITEMS

	CONSOLIDATED	
	2009	2008
	\$000	\$000
Sale of Scientific & Medical Division		
Proceeds on sale of Scientific & Medical division	181,537	–
Carrying value of net assets sold, associated costs incurred and net impact of foreign exchange	(115,162)	–
Gain on sale	66,375	–
Related income tax expense	(6,754)	–
	59,621	–
Sale of investment		
Loss on sale of equity accounted investment	(165)	–
Related income tax expense	–	–
	(165)	–
Asset write-downs		
Impairment loss on goodwill	(59,980)	–
Impairment loss on brand names	(10,020)	–
Related income tax expense	–	–
	(70,000)	–
Business restructuring		
Rationalisation of business operations	(16,834)	(10,131)
Related income tax benefit	5,050	2,622
	(11,784)	(7,509)
Inventory		
Write-down of inventory to net realisable value	(7,920)	–
Related income tax benefit	2,376	–
	(5,544)	–
Occupational Health and Safety (OH&S)		
Provision for costs associated with OH&S	(3,408)	–
Related income tax benefit	573	–
	(2,835)	–
Interest rate hedge restructure¹		
Costs associated with revaluation and settlement of interest rate swaps	(14,842)	–
Related income tax benefit	4,453	–
	(10,389)	–
Total significant items before income tax expense	(46,794)	(10,131)
Related income tax benefit /(expense) on significant items	5,698	2,622
Total significant items after income tax	(41,096)	(7,509)

¹ Interest rate hedge restructuring shown included in net financing costs

NOTES TO THE FINANCIAL STATEMENTS

NOTE 4: DISCONTINUED OPERATION

In April 2009, the Group sold its entire Scientific and Medical division. The segment was not a discontinued operation or classified as held for sale as at 31 May 2008 and the comparative income statement has been re-presented to show the discontinued operation separately from continuing operations. A process to investigate the potential sale of this division was commenced late in 2008. The strategic decision made was to place greater focus on the Group's key competencies. The decision to sell the division was made in April 2009.

	NOTE	CONSOLIDATED	
		2009 \$000	2008 \$000
Results of discontinued operation			
Revenue		155,226	161,865
Expenses		(139,679)	(141,902)
Results from operating activities			
Income tax	5	(4,449)	(4,612)
Results from operating activities, net of income tax			
Gain on sale of discontinued operation		66,375	–
Income tax on gain on sale of discontinued operation	5	(6,754)	–
Profit for the period			
		70,719	15,351
Basic earnings per share			
Basic earnings per share	6	77.11¢	17.80¢
Diluted earnings per share			
Diluted earnings per share	6	77.11¢	17.76¢
Cash flows from / (used in) discontinued operation			
Net cash from operating activities		2,076	16,474
Net cash used in investing activities		(288)	(15,730)
Net cash used in financing activities		(150)	(238)
Net cash from discontinued operation			
		1,638	506
Effect of disposal on the financial position of the Group			
Property, plant and equipment		(4,603)	
Intangibles		(78,208)	
Inventories		(21,378)	
Trade and other receivables		(30,771)	
Cash and cash equivalents		(1,752)	
Deferred tax assets		(680)	
Trade and other payables		22,838	
Provisions		4,178	
Net assets and liabilities			
		(110,376)	
Consideration received, satisfied in cash			
Consideration received, satisfied in cash		175,000	
Cash disposed of		(1,752)	
Net cash inflow			
		173,248	
Consideration received, satisfied in cash			
Consideration received, satisfied in cash		175,000	
Deferred consideration to be received		6,537	
Total proceeds from sale			
		181,537	

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: INCOME TAX EXPENSE

RECOGNISED IN THE INCOME STATEMENT	CONSOLIDATED	
	2009	2008
	\$000	\$000
Current tax expense		
Current year	2,929	18,116
Adjustments for prior year	588	(176)
	3,517	17,940
Deferred tax expense		
Origination and reversal of temporary differences	(881)	4,678
Total income tax expense excluding gain on sale	2,636	22,618
Income tax (benefit)/expense from continuing operations	(1,813)	18,006
Income tax expense from discontinued operations (excluding gain on sale)	4,449	4,612
	2,636	22,618
Income tax expense on gain on sale of discontinued operation	6,754	–
Total income tax expense	9,390	22,618
NUMERICAL RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX NET (LOSS)/PROFIT		
	2009	2008
	\$000	\$000
(Loss)/profit for the period	(12,789)	57,971
Total income tax expense	9,390	22,618
(Loss)/profit excluding income tax expense	(3,399)	80,589
Prima facie income tax (benefit)/expense calculated at 30% (2008: 30%) on (loss)/profit before tax	(1,020)	24,177
Increase / (decrease) in income tax expense due to:		
Non-deductible amortisation of intangibles	3,921	1,797
Non-deductible expenses	548	152
Non-deductible foreign exchange losses	1,890	–
Non-deductible impairment expenses	21,000	–
Overseas tax rate differential	(35)	(88)
Research and development	(589)	(305)
Recovery of tax benefits not previously brought to account	(3,181)	(43)
Restatement of deferred tax asset	–	113
Non-assessable capital gains	(10,377)	–
Non-assessable foreign exchange gains	(3,234)	–
Tax cost base adjustments	–	(3,465)
Non-deductible set up costs	298	–
Non-deductible capital loss	–	418
Sundry items	(419)	38
Income tax expense on (loss)/profit	8,802	22,794
Income tax under/(over) provided in prior year	588	(176)
Income tax expense attributable to pre-tax (loss)/profit	9,390	22,618

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: INCOME TAX EXPENSE (CONTINUED)

In February 2009, the New Zealand Inland Revenue Department issued amended assessment notices to Alesco NZ group entities in relation to an ongoing dispute regarding the tax deductibility of interest on Optional Convertible Notes ("OCN's") issued by Alesco NZ Limited in 2003. On the basis of external legal and tax advice, Alesco has commenced proceedings in the NZ High Court in relation to this matter. If Alesco is unsuccessful, the accounting value of interest deductions claimed since the inception of this financing arrangement in 2003 to 31 May 2009 would be \$NZ5,964,000. However, as at 31 May 2009, an amount of \$NZ5,239,000 has been provided in the Groups' accounts (provided progressively since 2004) which would result in a net accounting loss of \$NZ725,000 (excluding any potential penalties and interest).

In the event that Alesco NZ Limited is successful in the NZ High Court, any provision held at that time in relation to the OCN's will be written back to profit.

The consolidated entity will continue to fully provide for any future tax deductions in relation to the interest on the OCN's.

NOTE 6: EARNINGS PER SHARE

	CONSOLIDATED	
	2009	2008
	\$000	\$000
Earnings reconciliation		
Net (loss)/ profit	(12,789)	57,971
Basic and diluted (loss)/ earnings	(12,789)	57,971
Significant items (net of tax)	41,897	7,509
Amortisation of intangibles (net of tax)	15,017	7,656
Net profit before significant items and amortisation of intangibles	44,125	73,136

	CONSOLIDATED					
	2009			2008		
	CONTINUING OPERATIONS \$000	DISCONTIN- UED OPERATION \$000	TOTAL \$000	CONTINUING OPERATIONS \$000	DISCONTIN- UED OPERATION \$000	TOTAL \$000
(Loss)/profit attributable to ordinary shareholders (basic)	(83,508)	70,719	(12,789)	42,620	15,351	57,971
(Loss)/profit attributable to ordinary shareholders (diluted)	(83,508)	70,719	(12,789)	42,620	15,351	57,971

	2009	2008
	NUMBER	NUMBER
Weighted average number of shares used as the denominator		
Number of shares for basic earnings per share	91,712,638	86,239,232
Estimate of shares to be issued under TEM vendor management offer	–	205,781
Number of shares for diluted earnings per share	91,712,638	86,445,013

Post balance date, an agreement was reached with certain key management vendors in relation to the finalisation of the purchase price for their shareholdings in Total Eden Holdings Pty Ltd. Under the agreement, settlement was paid on 17 July 2009 by the issue of 1,078,609 shares in Alesco.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 7: DIVIDENDS

	CENTS PER SHARE	TOTAL AMOUNT \$000	DATE OF PAYMENT	FRANKED/ UNFRANKED
Dividends recognised in the current year by the Company are:				
2009				
Final 2008 ordinary	36.0	32,608	1 September 2008	Franked
Total amount		32,608		
2008				
Interim 2008 ordinary	31.0	27,960	4 March 2008	Franked
Final 2007 ordinary	36.0	25,628	3 September 2007	Franked
Total amount		53,588		
Franked dividends declared or paid during the period were franked at the tax rate of 30%.				
Subsequent events				
Since the end of the financial year, the directors declared the following dividend:				
Final 2009 ordinary	7.0	6,524	1 September 2009	Franked

The financial effect of the dividend declared subsequent to reporting date has not been brought to account in the financial statements for the year ended 31 May 2009 and will be recognised in subsequent financial reports. The declaration and subsequent payment of this dividend has no income tax consequences.

Dividend reinvestment plan

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 2009.

NOTE 8: NTA BACKING

	CONSOLIDATED	
	2009 \$000	2008 \$000
Net tangible asset backing per ordinary security ¹	\$0.49	(\$0.62)

1 Shares on issue at 31 May 2009: 92,115,140 (31 May 2008: 90,577,876).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: LOANS AND BORROWINGS

	CONSOLIDATED	
	2009	2008
	\$000	\$000
Current		
Bank loans – unsecured	85,000	–
Finance lease liabilities	262	453
Other borrowings	–	–
	85,262	453
Non-current		
Bank loans – unsecured	80,500	320,549
Finance lease liabilities	–	345
Other borrowings	–	346
	80,500	321,240
Financing facilities		
Total facilities available:		
Bank overdrafts	4,000	3,000
Bank loans	270,000	410,000
Standby letters of credit	6,000	6,000
	280,000	419,000
Facilities utilised at reporting date:		
Bank overdrafts	–	1,787
Bank loans	165,500	320,549
Standby letters of credit	–	–
	165,500	322,336
Facilities not utilised at reporting date:		
Bank overdrafts	4,000	1,213
Bank loans	104,500	89,451
Standby letters of credit	6,000	6,000
	114,500	96,664
Loan facilities		
Loan facilities are denominated in Australian dollars (2008: Australian and New Zealand dollars) and mature as follows:		
Within one year	115,000	–
Later than one year but not later than two years	15,000	150,000
Later than two years but not later than five years	140,000	260,000
	270,000	410,000

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9: LOANS AND BORROWINGS (CONTINUED)

Financing arrangements

(i) Bank overdrafts

The bank overdrafts of the consolidated entity are subject to annual review. Interest is charged at prevailing market rates. The weighted average interest rate for all overdrafts as at 31 May 2009 is 5.2% (2008: 11.6%).

(ii) Bank loans

As at 31 May 2009 the Group had \$270 million of committed debt facilities with a \$25 million facility to be repaid in September 2009, \$90 million due to expire in January 2010, \$15 million in June 2010 and \$140 million in June 2011. At 31 May 2009, Alesco has drawn down \$165.5 million on these facilities.

Bank loans are denominated in Australian dollars (2008: Australian and New Zealand dollars). The weighted average interest rate for bank loans at 31 May 2009 is 7.0% (2008: 7.53%).

On 24 July 2009, Alesco Finance Pty Limited (a wholly owned subsidiary of Alesco Corporation Limited) signed an unsecured Syndicated Facility Agreement and Common Terms Deed with four banks, including Alesco's three current core lenders; ANZ, BNP Paribas, Commonwealth Bank of Australia and a new lender; National Australia Bank Limited. The Facility provides for a syndicated cash advance facility of \$240 million over two equal tranches with a maturity date of July 2011 and July 2012. Drawdown of the facility is subject to a number of conditions precedent which are expected to be fulfilled shortly.

Proceeds from the facility will be used to repay Alesco's existing facilities, which at 24 July 2009 were drawn to the extent of \$175.0 million.

The facilities provided to the Group by its principal bankers are unsecured but subject to certain financial covenants. The Group complied with these covenants during and since the year ended 31 May 2009.

(iii) Terms and conditions

The terms and conditions of outstanding loans were as follows:

	CONSOLIDATED CARRYING AMOUNT		CONSOLIDATED NET FAIR VALUE	
	2009 \$000	2008 \$000	2009 \$000	2008 \$000
Variable interest debt ¹	165,500	320,549	165,500	320,549
Finance lease liabilities ²	262	798	262	798
Other borrowings ³	—	346	—	346

¹ The total variable interest debt comprises only the Australian dollar debt with their nominal interest rates ranging from 3.2% to 4.5% (2008: 7.6% to 9.9%) and a 2 year maturity (2008: 3 years). In prior year, the total variable debt comprised of New Zealand dollar debt and Australian dollar debt.

² Finance lease liabilities are in Australian dollars with nominal interest rates ranging from 4.1% to 8.1% (2008: 4.2% to 12.0%) and have 1 year to maturity (2008: 1 to 2 years).

³ In prior year, other borrowings represented hire purchase liabilities, were in Australian dollars with nominal interest rates ranging from 6.7% to 7.8%. Years of maturity range from 3 to 10 years.

(iv) 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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: INTANGIBLE ASSETS

Impairment tests for cash-generating units containing intangibles with indefinite useful lives

At 31 May 2009, the carrying amounts of intangible assets with indefinite useful lives and all other intangibles with finite useful lives are allocated to cash-generating units ("CGUs") as follows:

	INDEFINITE USEFUL LIFE			FINITE USEFUL LIFE	TOTAL INTANGIBLES	TOTAL INTANGIBLES
	GOODWILL	BRANDS	TOTAL	TOTAL	2009	2008
CONSOLIDATED	\$000	\$000	\$000	\$000	\$000	\$000
Construction & Mining	51,170	9,500	60,670	3,959	64,629	58,497
Functional & Decorative Products	71,721	16,175	87,896	8,678	96,574	92,208
Garage Door & Openers	119,882	53,500	173,382	28,828	202,210	196,920
Scientific & Medical	–	–	–	–	–	76,768
Water Products & Services	116,337	–	116,337	25,974	142,311	216,881
	359,110	79,175	438,285	67,439	505,724	641,274
Multiple units without significant goodwill	–	–	–	370	370	8,520
	359,110	79,175	438,285	67,809	506,094	649,794

Certain brand names have been determined as maintaining an indefinite useful life as they operate in markets where they are positioned as premium brands, command high margins and hold a strong market presence. Brands include B&D, Concrete Technologies, Flextool and other brands under the Lincoln Group.

Finite useful life intangible assets primarily include certain other patents, trademarks, customer relationships and development costs.

Each of the Group's four divisions is viewed as the appropriate level of CGU to assess impairment as the Australian and New Zealand business units are viewed and managed as one operation.

In the financial years ended May 2008 and May 2009, the recoverable amounts of all the Group's CGUs were determined based upon a value-in-use basis.

Key assumptions used for value-in-use calculations

Value-in-use

The cash-generating unit impairment tests are based on value-in-use calculations, whereby the net present value of the future cash flows of each CGU is compared against the net operating assets of that CGU. Cash flow projections are based on the latest financial forecasts for 2010 and the latest management estimates of future growth rates for the 2011-2013 financial years (see table below). A terminal value growth rate is then used for subsequent years as the appropriate period to value these CGUs is assessed as an infinite life since the primary assets held by these CGUs are infinite life intangible assets.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: INTANGIBLE ASSETS (CONTINUED)

Growth Rates

Growth rates used were generally determined by factors such as industry sector, the market to which the CGU is dedicated, the size of the business, geographic location, past performance and other industry factors.

	CONSOLIDATED		
	GROWTH RATE	GROWTH RATE	GROWTH RATE
	2011	2012	2013
	%	%	%
Construction	3.0	3.0	3.0
Functional & Decorative Products	5.0	5.0	5.0
Garage Doors & Openers	8.5	10.2	5.5
Water Products & Services	6.8	8.5	5.6

The growth rate used to extrapolate cash flows beyond the 2013 financial year was 3.0% and does not exceed the long-term average growth rates for the markets to which the assets are dedicated.

Discount rate

A pre-tax discount rate determined by reference to the Group's weighted average cost of capital has been used in discounting the projected cash flows. The discount rate has increased as a result of the higher cost of debt and the higher cost of equity.

	CONSOLIDATED	
	PRE-TAX DISCOUNT RATE	PRE-TAX DISCOUNT RATE
	2009	2008
	%	%
Construction	14.8	12.3
Functional & Decorative Products	14.7	12.3
Garage Doors & Openers	14.6	12.3
Water Products & Services	15.9	12.0

The discount rate for the Water Products & Services CGU includes an additional risk premium of 1.5% pre tax in recognition of the current financial performance of the businesses within this CGU.

Impairment

During the year ended 31 May 2009, an impairment charge of \$70.0m was incurred in relation to the Water Products and Services division. The impairment was caused by the deterioration in the CGU's actual performance for the year to 31 May 2009 and decline in future year forecasts. Also, the impairment testing as at May 2009 uses a higher pre-tax discount rate of 15.9% (2008: 12.0%) reflecting the increased pricing of risk. An impairment charge of \$10.0 million was taken against brands subsequent to a reassessment of the useful lives of the CGU's brands. A further \$60.0 million impairment charge was made against goodwill. The Group determined that there is no impairment of any of its other cash-generating units containing goodwill or intangible assets with indefinite useful lives.

NOTE 10: INTANGIBLE ASSETS (CONTINUED)**Impact of possible change in assumptions**

With regard to the assessment of the value-in-use of the CGUs, a sensitivity analysis (refer table below) has been conducted on the effect of a change in the respective key assumptions on the carrying value of each CGU.

For the Functional & Decorative and Construction & Mining CGUs, the excess of the recoverable amount over the carrying amount of net operating assets ("Headroom") was significant and reasonable changes in assumptions would not cause any impairment write-downs. The aggregate amount of that excess is \$168.6 million.

For the Garage Doors & Openers CGU, the excess of the recoverable amount over the carrying amount of net operating assets was \$23.6 million using a terminal growth rate of 3.0% and a pre-tax discount rate of 14.6%.

	CONSOLIDATED					
	EXISTING HEADROOM	DISCOUNT RATE		TERMINAL GROWTH RATE		CASH FLOWS ¹
	2009 \$'M	DISCOUNT RATE %	IMPACT OF +/- 0.5% \$'M	TERMINAL GROWTH RATE %	IMPACT OF +/- 0.5% \$'M	IMPACT OF +/- 5.0% \$'M
Construction	32.4	14.8	5.1	3.0	3.5	2.5
Functional & Decorative Products	136.2	14.7	11.5	3.0	7.9	4.8
Garage Doors & Openers	23.6	14.6	11.8	3.0	9.0	4.4
Water Products & Services	Nil	15.9	5.7	3.0	4.2	3.6

¹Sensitivity has been applied to net present value of the cash flows over the forecast period excluding the terminal year.

For the Water Products & Services CGU, subsequent to the impairment charge discussed above, there is no excess of the recoverable amount over the carrying amount of net operating assets.

In addition to the sensitivities shown in the table above, a 5% decline in the terminal year cash flow will further impair the Water Products & Services CGU's assets by \$5.0 million and the Garage Doors & Openers CGU's assets by \$9.9 million.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: CONTROLLED ENTITIES

(a) Particulars in relation to controlled entities

	NOTE	ORDINARY SHARE CONSOLIDATED EQUITY INTEREST	
		2009 %	2008 %
Parent entity			
Alesco Corporation Limited			
Controlled entities			
Alesco Finance Pty Limited		100	100
Alesco HK Limited	(i),(ix)	100	100
Finac Pty Limited		100	100
Alesco No. 2 Pty Limited		100	100
Alesco No. 1 Pty Limited		100	100
Marathon Tyres Pty Limited		100	100
Marathon Tyres (WA) Pty Limited		100	100
Pargone Pty Limited		100	100
Parbury Pty Limited		100	100
Dekorform Pty Limited		100	100
Parchem Construction Supplies Pty Limited		100	100
Robinhood Australia Pty Limited		100	100
Lincoln Sentry Group Pty Limited		100	100
Joinery Products Hardware Supplies Pty Limited	(ii)	100	100
Biolab (Aust) Pty Limited	(iii)	–	100
Promedica Pty Limited	(iii)	–	100
EnviroEquip Pty Limited	(iii)	–	100
Technology Design Solutions Pty Limited	(iii)	–	100
App-Tek Pty Limited	(iii)	–	100
App-Tek Safety Pty Limited	(iii)	–	100
App-Tek Victoria Pty Limited	(iii)	–	100
Alesco Holdings Pty Limited		100	100
Total Eden McCrackens Group Pty Limited	(iv)	100	100
Total Eden Watering Systems Pty Limited	(iv)	100	100
Elegant Landscapes Pty Limited	(iv)	100	100
Hydro Engineering Pty Limited	(iv)	100	100
Diamond Industrial Tools (WA) Pty Limited	(iv)	100	100
Capricorn Stockhorses Pty Limited	(iv)	100	100
McCracken's Water Services Pty Limited	(iv)	100	100
McCracken's Water Services (Townsville) Pty Limited	(iv)	100	100
McCracken's Water Services (East Gippsland) Pty Limited	(iv)	100	100
McCracken's Water Services (Melbourne) Pty Limited	(iv)	100	100
McCracken's Water Services (SEQ) Pty Limited	(iv)	100	100
McCracken's Water Services (Bomaderry) Pty Limited	(iv)	100	100

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: CONTROLLED ENTITIES (continued)

(a) Particulars in relation to controlled entities (continued)

	NOTE	ORDINARY SHARE CONSOLIDATED EQUITY INTEREST	
		2009 %	2008 %
McCracken's Water Services (Cairns) Pty Limited	(iv)	100	100
McCracken's Water Services (Mareeba) Pty Limited	(iv)	100	100
J De Wit and Associates Pty Limited	(iv)	100	100
Pump N Power Pty Limited	(iv)	100	100
Central Air & Water Pty Limited	(iv)	100	100
Leewall Pty Limited	(iv)	100	100
PC & Ridgeway & Co Pty Limited	(iv)	100	100
Paludal Pty Limited	(iv)	100	100
PPS Properties Pty Limited	(iv)	100	100
Plastic Plumbing Supplies Pty Limited	(iv)	100	100
Plastic Pipe Australia Pty Limited	(iv)	100	100
B&D Australia Pty Limited		100	100
Automatic Technology (Australia) Pty Limited		100	100
ATA Garage Door Openers Limited	(v)	100	100
Counter mast Limited	(i)	100	100
Counter mast Technology (Dalian) Company Limited	(x)	100	—
Lux-a-Door Pty Limited	(vi)	—	50
Concrete Technologies Pty Ltd		100	100
ACN 109 245 990 Pty Limited		100	100
Flextool (Aust) Pty Limited		100	100
Alesco New Zealand Limited	(vii)	100	100
Alesco NZ Trustee Limited	(vii)	100	100
Biolab Limited	(iii)	—	100
Robinhood Limited	(vii)	100	100
Supertub Limited	(vii)	100	100
Easyiron Limited	(vii)	100	100
Parbury Buildings Products (NZ) Limited	(vii)	100	100
Concrete Plus Limited	(vii)	100	100
Lincoln Sentry Group NZ Limited	(vii),(viii)	100	100
B&D Doors (NZ) Limited	(vii)	100	100

- (i) Incorporated and carries on business in Hong Kong.
- (ii) Acquired on 3 August 2007.
- (iii) Sold to Thermo Fisher Scientific Inc. on 30 April 2009.
- (iv) Acquired on 1 August 2007.
- (v) Incorporated and carries on business in United Kingdom.
- (vi) Incorporated and carries on business in South Africa. On 30 November 2008, the consolidated entity sold its 50% interest in Lux-a-Door Pty Limited.
- (vii) Incorporated and carries on business in New Zealand.
- (viii) Acquired by Alesco NZ Limited on 1 June 2007. Previously owned by Lincoln Sentry Group Pty Limited.
- (ix) Alesco is in the process of liquidating this company and the liquidation process has not been finalised at 31 May 2009.
- (x) Incorporated on 27 February 2009 and carries on business in China.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: CONTROLLED ENTITIES (continued)

(b) Acquisition of controlled entities / businesses

Acquisitions of other businesses

On 2 June 2008, the consolidated entity acquired certain business assets of Datataker Pty Ltd, a manufacturer and supplier of data logging, recording and data acquisition systems for a purchase price of \$2,565,000. This business was a bolt on acquisition for the Scientific & Medical segment.

The consolidated entity also acquired certain business assets of Brandos Industrial Supplies Pty Ltd on 2 June 2008, a business involved in the process and distribution of industrial tapes, for a purchase price of \$2,977,000. This business is a bolt on acquisition for the Functional & Decorative Products segment.

During the period to 31 May 2009, acquisition of these controlled entities and businesses contributed earnings before interest and tax of approximately \$2,462,000. The consolidated entity has not disclosed the revenue and net profit as if these acquisitions had occurred on 1 June 2008 due to dissimilar accounting policies and reporting periods of the acquired entities making it impractical to do so.

The above acquisitions, in aggregate, had the following effect on the consolidated entity's assets and liabilities:

\$'000	PRE- ACQUISITION CARRYING AMOUNTS	FAIR VALUE ADJUSTMENTS	RECOGNISED VALUES ON ACQUISITION
Receivables	672	–	672
Inventories	2,287	(238)	2,049
Other assets	15	–	15
Property, plant and equipment	191	(45)	146
Intangible assets	17	–	17
Payables	(53)	–	(53)
Provisions	(266)	–	(266)
Loans and borrowings	(80)	–	(80)
Net identifiable assets and liabilities	2,783	(283)	2,500
Goodwill on acquisition			3,042
Consideration paid, satisfied in cash			5,542
Cash acquired			–
Net cash outflow			5,542

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: CONTROLLED ENTITIES (continued)

(b) Acquisition of controlled entities / businesses (continued)

Acquisitions of other businesses (continued)

The goodwill recognised on the above acquisitions is mainly attributable to the skills and technical talent of the acquired business work force, strong market presence of the acquired businesses products and brands, and synergies expected to be achieved from integrating the companies into the consolidated entity's Scientific & Medical and Functional & Decorative Products segments. The goodwill associated with the Datataker Pty Ltd acquisition was subsequently sold during the current year as part of the sale of the Scientific & Medical divisions (refer note 4).

(c) Prior period acquisitions of controlled entities / businesses

Acquisition of Total Eden Holdings Pty Ltd

The acquisition of the Total Eden McCracken's group had the following effect on the consolidated entity's assets and liabilities:

\$'000	CONSOLIDATED		
	PRE-ACQUISITION CARRYING AMOUNTS	FAIR VALUE ADJUSTMENTS	RECOGNISED VALUES ON ACQUISITION
Cash and cash equivalents	1,764	–	1,764
Receivables	29,956	(2,402)	27,554
Inventories	24,652	(3,005)	21,647
Other assets	1,380	(170)	1,210
Property, plant and equipment	6,911	(1,360)	5,551
Deferred tax assets	1,450	2,918	4,368
Intangible assets	144	41,056	41,200
Payables	(26,487)	(2,833)	(29,320)
Current tax liabilities	(3,275)	114	(3,161)
Provisions	(4,567)	(802)	(5,369)
Loans and borrowings	(85,889)	–	(85,889)
Net identifiable assets and liabilities	(53,961)	33,516	(20,445)
Goodwill on acquisition			174,863
Deferred consideration			(13,335)
Equity consideration			(32,534)
Consideration paid, satisfied in cash			108,549
Cash acquired			(1,764)
Net cash outflow			106,785

During the current year, the brand names and goodwill associated with this acquisition were written down by \$10,020,000 and \$59,980,000 respectively as a result of impairment (refer note 10).

During the period the purchase price allocation for the Total Eden McCracken Group was completed resulting in the identification of \$31.8 million of identifiable intangibles which are to be amortised over their useful lives. The total amortisation expense for the current period of \$15.6 million includes an amount of \$2.7million, representing the amount of amortisation expense in respect of the Total Eden McCracken Group which related to the prior financial year.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: CONTROLLED ENTITIES (continued)

(c) Prior period acquisitions of entities / businesses

Acquisitions of other entities / businesses

The acquisition of other entities / businesses, in aggregate had the following effect on the consolidated entity's assets and liabilities:

\$'000	CONSOLIDATED		
	PRE- ACQUISITION CARRYING AMOUNTS	FAIR VALUE ADJUSTMENTS	RECOGNISED VALUES ON ACQUISITION
Cash and cash equivalents	25	–	25
Receivables	3,029	–	3,029
Inventories	4,936	–	4,936
Other assets	83	–	83
Property, plant and equipment	855	–	855
Deferred tax assets	127	–	127
Intangible assets	825	–	825
Payables	(2,744)	–	(2,744)
Current tax liabilities	(32)	–	(32)
Provisions	(485)	–	(485)
Loans and borrowings	(2,110)	–	(2,110)
Net identifiable assets and liabilities	4,509	–	4,509
Goodwill on acquisition			9,281
Consideration paid, satisfied in cash			13,790
Cash acquired			(25)
Net cash outflow			13,765

NOTES TO THE FINANCIAL STATEMENTS

NOTE 12: 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 statement of cash flows is reconciled to the related items in the balance sheet as follows:

	CONSOLIDATED	
	2009	2008
	\$000	\$000
Cash and cash equivalents	6,106	1,910

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

	CONSOLIDATED	
	2009	2008
	\$000	\$000
(Loss)/profit for the year	(12,789)	57,971
Add/(less) items classified as investing/financing activities:		
(Profit)/loss on sale of property, plant and equipment	639	475
Profit on sale of businesses	(59,456)	–
Net financing costs	42,486	25,988
Add/(less) non-cash items:		
Impairment of assets	70,000	–
Depreciation and amortisation	31,393	22,486
Share of joint venture entities result	(22)	(93)
Goodwill written-off as part of business sale	31	1,393
Equity-settled share-based payment expenses	(1,752)	2,064
Net cash provided by operating activities before changes in assets and liabilities	70,530	110,284
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 receivables	22,665	(20,826)
Decrease/(increase) in inventories	13,255	(1,425)
Decrease/(increase) in other current assets	7,556	(3,801)
(Decrease)/increase in payables	(35,530)	(3,687)
(Decrease)/increase in current tax liabilities	(1,069)	(2,594)
(Increase)/decrease in deferred tax assets	(322)	6,410
Net cash provided by operating activities	77,085	84,361

During the year, dividends totalling \$3,786,674 (2008:\$8,136,451) were reinvested in the Company pursuant to the Dividend Reinvestment Plan.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves attributable to equity holders of the parent

CONSOLIDATED	SHARE CAPITAL	TRANSLATION RESERVE	HEDGING RESERVE	SHARE EQUITY RESERVE	RETAINED EARNINGS	TOTAL
	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 1 June 2008	504,664	1,833	3,214	4,725	79,196	593,632
Total recognised income and expense	–	1,363	(6,008)	–	(12,789)	(17,434)
Shares issued – dividend reinvestment plan	3,778	–	–	–	–	3,778
Shares issued – employee equity based compensation	1,026	–	–	(135)	–	891
Shares issued – employees (net of transaction costs)	761	–	–	–	–	761
Shares issued – TEM vendor management offer (net of transaction costs)	616	–	–	(616)	–	–
Shares issued – performance share plan	2,417	–	–	–	–	2,417
Dividends paid to shareholders	–	–	–	–	(32,608)	(32,608)
Balance at 31 May 2009	513,262	3,196	(2,794)	3,974	33,799	551,437

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: EQUITY ACCOUNTED INVESTMENTS

	PRINCIPAL ACTIVITIES	REPORTING DATE	ORDINARY SHARE OWNERSHIP INTEREST		INVESTMENT CARRYING AMOUNT	
			2009 %	2008 %	2009 \$000	2008 \$000
Lux-a-Door Pty Ltd	manufacturing	30 June	–	50	–	485

On 30 November 2008, the consolidated entity sold its 50% interest in Lux-a-Door Pty Ltd for \$342,000. A loss on sale was incurred for \$165,000.

NOTE 15: CONTINGENT ASSETS AND LIABILITIES

In the ordinary course of business, Group entities are involved as defendants in legal proceedings. Where appropriate, the Company takes legal advice. The Group does not consider that the outcome of any current proceedings is likely to have a material effect on its operations or financial position. Occupational, Health & Safety proceedings relating to three workplace fatalities have been provided for at 31 May 2009 (refer to note 3).

The Group is involved in a dispute in relation to tax deductibility of interest on Optional Convertible Notes ("OCN'S). Please refer to Note 5 for further details.

At balance date there remained outstanding disputes with certain vendors in connection with the final purchase price to be paid for the Total Eden McCracken's business. A provision has been set aside in relation to the settlement of these disputes. Post balance date several of these disputes with management vendors were resolved and settled (refer to note 16).

A liability has been recognised for any known losses expected to be incurred where such losses are capable of reliable measurement.

NOTE 16: SUBSEQUENT EVENTS

On 17 July 2009, new shares were issued under a placement to certain vendors of Total Eden Holdings Pty Ltd in relation to the Company's acquisition of Total Eden Holdings on 1 August 2007. 1,078,609 shares were issued to certain vendors in full and final settlement of the payment of the final purchase price. The calculation of the final purchase price was dependent on the determination of the audited pro-forma normalised Earnings Before Interest and Tax ("EBIT") for the 12 months to 30 June 2007 for Total Eden Holdings Pty Ltd and its controlled entities. Although this calculation has not yet been finally determined, the Company has reached agreement on the final payment to be paid to these vendors.

On 24 July 2009, Alesco Finance Pty Limited (a wholly owned subsidiary of Alesco Corporation Limited) signed a Syndicated Facility Agreement and Common Terms Deed with a group of four banks, including Alesco's three current core lenders; ANZ, BNP Paribas, Commonwealth Bank of Australia and a new lender; National Australia Bank Limited. The Facility provides for an unsecured syndicated cash advance facility of \$240 million over two equal tranches with maturity dates of July 2011 and July 2012. Drawdown of the facility is subject to a number of conditions precedent which are expected to be fulfilled shortly. Proceeds from the facility will be used to repay Alesco's existing facilities, which at 24 July 2009 were drawn to the extent of \$175.0 million.