



RELEASE TO THE ASX

UPDATE ON DIVIDENDS

1 September 2011

On 6 September 2011 shareholders will receive a dividend payment for the year ended 31 May 2011.

The payment of 12.5 cents per share comprises a final dividend of 7 cents per share and a special dividend of 5.5 cents per share. This is in addition to an interim dividend of 1.5 cents per share paid on 4 March 2011.

At the time of announcing the final and special dividends in July, Alesco indicated that the dividends are frankable for Australian tax purposes and confirmed that it has sufficient franking credits available to fully frank the dividends.

However, as a consequence of amendments to the *Corporations Act 2001* in 2010 impacting on the payment and franking of dividends, the Commissioner of Taxation had expressed a preliminary view in an ATO Draft Fact Sheet dated 21 June 2011 that where a company's net assets are less than its share capital and the company debits a dividend to an account such as accumulated losses, a dividend will be sourced indirectly from share capital and will be unfrankable.

The ATO Draft Fact Sheet did not specifically address the circumstances where a company is paying a dividend from current period profits and Alesco considered this an appropriate basis on which to distinguish the preliminary ATO view.

For clarity, in July 2011 Alesco sought a formal ruling from the ATO seeking confirmation that the dividends constitute a frankable distribution for Australian tax purposes.

The ATO has confirmed that these dividends are a frankable distribution for Australian tax purposes on the basis that Alesco will reduce its share capital in accordance with section 258F of the *Corporations Act 2001* by an amount that is not represented by available assets. This will have the effect of reducing the share capital account and eliminating accumulated losses at the Company and Consolidated Entity level. The Company intends to undertake this equity transaction by no later than 31 January 2012.

For further information:

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Alesco manages a portfolio of businesses focussed on the supply of innovative branded products to trade and industrial customers serving the building products markets in Australia and New Zealand. Alesco operates through three divisions Construction Products & Equipment, Functional & Decorative Products and Garage Doors & Openers. Its FY11 revenues were approximately \$534 million and it has approximately 1600 employees. Information on Alesco can be found on our internet site at www.alesco.com.au