ASX Release – Alesco Corporation Limited (“ALS”)

HALF - YEAR RESULTS FOR PERIOD ENDED 30 NOVEMBER 2003

Date: 28 January 2004

Release: **IMMEDIATELY**

The Directors of Alesco Corporation Limited (**Company**) are pleased to announce the results for the half year ended 30 November 2003. Highlights of the period’s performance were:

- Record earnings per share (before goodwill amortisation and significant items) of 30.2 cents per share (cps), up 34% from 22.5 cps for the previous corresponding period.
- Strong operating cash generated of more than $18 million.
- Interim dividend of 15 cps up from 12 cps for the previous corresponding period.
- Buoyant trading conditions, supply chain and productivity initiatives and a stronger Australian dollar contributed to improved operating ratios across the Group.
- Strong contributions from the Company’s two recent acquisitions, Biolab and Robinhood which both exceeded expectations.

Company Performance

It is very pleasing to be able to report another record result. This continues to highlight the success of our strategy of investing in and developing industrial businesses holding premium brands in niche markets.

All key operating ratios improved over the period as reflected in the following table:

	Nov 03	Nov 02	Nov 01
EBITA/Sales	8.9%	7.2%	5.8%
Return on funds employed	19.3%	16.7%	13.9%
Return on equity (pre goodwill amortisation)	18.2%	13.8%	11.8%

Alesco Corporation Limited
ABN 23 008 666 064

Level 19, Tower A, Zenith Centre
821 Pacific Highway
Chatswood NSW 2067

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Email: sydhq@alesco.com.au
Website: www.alesco.com.au

This improvement is due mainly to our supply chain initiatives and a continued implementation of the 80:20 productivity programs. These, along with a buoyant building and renovations market and a stronger Australian dollar helped to increase margins throughout the year.

Trading Environment

The comparative sales revenue is shown in the following table:

Sales $m	Nov 03	Nov 02
Building and Renovations	83.0	61.7
Construction and Mining	72.9	80.1
Scientific and Testing	40.7	-
Automotive	51.2	52.0
Total	247.8	193.8

The significant features of the trading environment during the period were:

Building and Renovations

- A continuation of the strong building and renovations market experienced in the last financial year.
- Increased market share for Robinhood in the range-hood and laundry tub product range has led to a strong increase in sales and EBITA from this business in the period.
- Strong margin and EBITA improvement in Parbury due to further 80:20 productivity initiatives and the firm Australian dollar.
- Return on net operating assets (NOA) of more than 35% for the period compared to 22% for the prior corresponding period.

Construction and Mining

- Parchem improved EBITA and return on net operating assets compared to the prior corresponding period.

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- Marathon experienced a disappointing trading result for the period due mainly to the drought reducing sales in the wholesale division and a slow implementation of SAP which negatively impacted trading in June and July. Most of the difficulties have been resolved and we anticipate an improved performance in the second half of this year and the 2005 financial year.

Scientific and Testing

- Biolab has experienced good growth at both the sales and EBITA level compared to the prior corresponding period particularly in the environmental and biosciences divisions.

- Improved margins due to the introduction of the 80:20 productivity initiatives.

Automotive

- Sales and EBITA were relatively flat compared to the prior corresponding period however an improved return on NOA due to increased focus on our 80:20 productivity initiatives.

Cash Flow and Gearing

The Group continues to generate strong operational cash flow with more than $18 million being realised during the period. This was predominantly used to reduce debt from $81 million to $69 million and has helped to reduce gearing at 30 November 2003 to 42.3%, down from 53.4% at 31 May 2003. Interest cover (EBITA/net interest expense) improved during the period to a strong 9.2 times compared to 7.3 times in the prior corresponding period.

Shareholders' funds started the period at $151.3 million and closed at $162.5 million.

Dividends

The directors have announced an interim dividend of 15 cps fully franked, up from 12 cps for the prior corresponding period, an increase of 25%.

The dividend is payable in respect of shares registered as at 5:00pm on 10 March 2004 and will be paid on 24 March 2004.

The dividend re-investment plan will be in operation with the discount remaining at 5%.

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Disposal of interest in Marlows

As foreshadowed in the announcement to the Australian Stock Exchange in February 2003, during the period, the Company has recognised a once off gain after income tax of approximately $3.5 million on its disposal of its interest in Marlows Limited. Total consideration received by the Company was approximately $4.6 million.

Proposed Capital Raising

The Company is currently in discussions regarding a proposed placement to raise approximately $30million, the details of which will be shortly finalised. This placement will be managed and fully underwritten by JP Morgan Australia Limited. The Company also proposes to make an offer to all shareholders under a non-underwritten Share Purchase Plan (SPP). The SPP will give Alesco shareholders in Australia and New Zealand the opportunity to subscribe for up to $5,000 worth of ordinary shares in the Company. All shares issued under the placement and SPP will be entitled to the interim dividend of 15 cps. Further details on the placement and SPP will be provided on or before 29 January 2004.

Outlook

We expect trading conditions to remain at satisfactory levels for the remainder of the 2004 financial year. Allowing for the capital raising currently being undertaken we expect earnings per share (pre goodwill amortisation and significant items) for the year ending 31 May 2004 will increase by at least 20% compared to the prior year.

Acquisition targets that meet our strategic criteria will continue to be investigated. The strength of the Company's balance sheet and its strong cash flow will enable us to exploit attractive opportunities.

Alesco is an industrial marketing and distribution company with leading positions in niche markets in the building and renovations, construction and mining, scientific and testing and automotive sectors.

For further information, please contact Alesco Corporation Limited:

Mr. Kevin Clarke
Chief Executive Officer
Tel: (02) 9495 8588

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ALESCO CORPORATION LIMITED

Appendix 4D

Half-year report for the period ended 30 November 2003

ASX code: ALS

APPENDIX 4D

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Half-year report
Period ended 30 November 2003

RESULTS FOR ANNOUNCEMENT TO THE MARKET

Entity: **Alesco Corporation Limited and its controlled entities**
Reporting period: **six months ended 30 November 2003**
Previous corresponding period: six months ended 30 November 2002

				$000
Revenue from ordinary activities	up	30.2%	to	254,852
Profit from ordinary activities after tax attributable to members	up	121.9%	to	14,170
Net profit for the period attributable to members	up	123.0%	to	14,170

Dividends	Amount per security	Franked amount per security
Interim dividend	15 cents	15 cents
Previous corresponding period	12 cents	12 cents

Record date for determining entitlements to the dividends: 10 March 2004

Explanation of information reported

As foreshadowed in the announcement to the Australian Stock Exchange on 24 February 2003, during the period the Company has recognised a once off gain after income tax of $3,472,000 on the disposal of its investment in Marlows Limited.

Alesco Corporation Limited

Half-Year Financial Report

30 November 2003

Directors' report

The directors present their report together with the consolidated financial report for the half-year ended 30 November 2003 and the auditor's review report thereon.

DIRECTORS

The directors of the Company at any time during or since the end of the half-year are:

Name	Period of directorship
Sean Patrick Wareing Chairman	Director since 2000
Kevin Franklin Clarke Managing Director	Director since 1995
Robert Murray Aitken Non-Executive Director	Director since 2003
Barry James Jackson Non-Executive Director	Director since 2001
David Derrick Scanlan Non-Executive Director	Director since 1996
Donald Michael Watt Non-Executive Director	Director since 1986

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS

Highlights of the period's performance were:

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- Strong contributions from the Company's two recent acquisitions, Biolab and Robinhood which both exceeded expectations.

Directors' report (continued)

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (CONTINUED)

Company performance

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Directors' report (continued)

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (CONTINUED)

Trading Environment (continued)

<u>Construction and mining</u>

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Directors' report (continued)

REVIEW OF OPERATIONS AND LIKELY DEVELOPMENTS (CONTINUED)

Proposed capital raising

The Company is currently in discussions regarding a proposed placement to raise approximately $30million, the details of which will be shortly finalised. This placement will be managed and fully underwritten by JP Morgan Australia Limited. The Company also proposes to make an offer to all shareholders under a non-underwritten Share Purchase Plan (SPP). The SPP will give Alesco shareholders in Australia and New Zealand the opportunity to subscribe for up to $5,000 worth of ordinary shares in the Company. All shares issued under the placement and SPP will be entitled to the interim dividend of 15 cps. Further details on the placement and SPP will be provided on or before 29 January 2004.

Outlook

We expect trading conditions to remain at satisfactory levels for the remainder of the 2004 financial year. Allowing for the capital raising currently being undertaken we expect earnings per share (pre goodwill amortisation and significant items) for the year ending 31 May 2004 will increase by at least 20% compared to the prior year.

Acquisition targets that meet our strategic criteria will continue to be investigated. The strength of the Company's balance sheet and its strong cash flow will enable us to exploit attractive opportunities.

ROUNDING OFF

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

Dated at Sydney this 28th day of January 2004 in accordance with a resolution of the directors:

Sean Patrick Wareing
Chairman

Consolidated statement of financial performance
For the period ended 30 November 2003

	Current period $000	Previous corresponding period $000
Sales revenue from ordinary activities	247,828	193,767
Other revenue from ordinary activities	7,024	2,008
Total revenue from ordinary activities	254,852	195,775
Cost of sales	160,838	132,758
Selling expenses	17,052	14,206
Marketing expenses	5,410	3,250
Customer service expenses	8,489	5,919
Purchasing and inventory management	1,547	1,234
Distribution expenses	17,632	13,287
Borrowing costs	2,247	2,014
Administration and finance expenses	21,887	12,813
Profit from ordinary activities before income tax	**19,750**	**10,294**
Income tax on ordinary activities	(5,580)	(3,908)
Profit from ordinary activities after income tax	**14,170**	**6,386**
Net profit attributable to outside equity interests	-	33
Net profit attributable to members of the parent entity	**14,170**	**6,353**
Non-owner transaction changes in equity		
Net exchange differences relating to self-sustaining foreign operations	(166)	141
Total changes in equity not resulting from transactions with owners as owners	**14,004**	**6,494**
Earnings per share (EPS)		
Basic EPS	30.55¢	17.71¢
Diluted EPS	30.41¢	17.60¢
Weighted average number of shares	46,386,564	35,866,853

The statement of financial performance is to be read in conjunction with the notes to the financial statements as set out on pages 11 to 16.

Consolidated statement of financial position
As at 30 November 2003

	30 November 2003 $000	31 May 2003 $000
Current assets		
Cash assets	-	628
Receivables	82,423	77,005
Inventories	88,516	93,814
Other	5,222	2,207
Total current assets	**176,161**	**173,654**
Non-current assets		
Other financial assets	86	1,172
Property, plant and equipment	30,640	32,592
Intangible assets	104,397	105,416
Deferred tax assets	10,001	9,092
Total non-current assets	**145,124**	**148,272**
Total assets	**321,285**	**321,926**
Current liabilities		
Payables	63,516	63,596
Interest-bearing liabilities	38,849	50,610
Current tax liabilities	6,550	5,942
Provisions	16,600	15,118
Total current liabilities	**125,515**	**135,266**
Non-current liabilities		
Interest-bearing liabilities	29,913	30,848
Deferred tax liabilities	692	715
Provisions	2,698	3,812
Total non-current liabilities	**33,303**	**35,375**
Total liabilities	**158,818**	**170,641**
Net assets	**162,467**	**151,285**
Equity		
Contributed equity	116,467	113,170
Reserves	(763)	(931)
Retained profits	46,763	39,046
Total equity	**162,467**	**151,285**

The statement of financial position is to be read in conjunction with the notes to the financial statements as set out on pages 11 to 16.

Consolidated statement of cash flows
For the period ended 30 November 2003

	Current period $000	Previous corresponding period $000
Cash flows from operating activities		
Cash receipts in the course of operations	266,740	215,661
Cash payments in the course of operations	(243,178)	(198,578)
Dividends received	14	2
Interest received	45	100
Income taxes (paid)/refunded	(4,956)	358
Net cash provided by operating activities	**18,665**	**17,543**
Cash flows from investing activities		
Payments for property, plant and equipment	(4,902)	(2,357)
Proceeds from sale of property, plant and equipment	2,050	1,558
Rent received	238	281
Payment for purchase of outside equity interests	-	(442)
Proceeds from investments	3,757	-
Payments for goodwill acquired	(2,348)	-
Net cash used in investing activities	**(1,205)**	**(960)**
Cash flows from financing activities		
Proceeds from issues of shares	1,489	17,675
Borrowing costs paid	(2,247)	(2,014)
Repayment of borrowings	(12,893)	(24,719)
Dividends paid	(4,645)	(4,301)
Net cash used in financing activities	**(18,296)**	**(13,359)**
Net (decrease) / increase in cash held	**(836)**	**3,224**
Cash at the beginning of the period	628	1,183
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies	2	-
Cash at the end of the period	**(206)**	**4,407**

During the period dividends totalling $1,807,981 (2002: $1,454,222) were reinvested in the Company pursuant to the dividend reinvestment plan.

The statement of cash flows is to be read in conjunction with the notes to the financial statements as set out on pages 11 to 16.

Notes to the financial statements

1. Basis of preparation of half-year financial report

The half-year consolidated financial report is a general purpose financial report which has been prepared in accordance with Accounting Standard AASB 1029 "Interim Financial Reporting ", the recognition and measurement requirements of applicable AASB standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The half-year financial report is to be read in conjunction with the 31 May 2003 Annual Financial Report and any public announcements by Alesco Corporation Limited and its controlled entities during the half-year in accordance with continuous disclosure obligations arising under the Corporation Act 2001.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those applied in the 31 May 2003 Annual Financial Report.

The half-year report does not include full note disclosures of the type normally included in an annual financial report.

Change in accounting policy

The consolidated entity has applied the revised AASB1044 "Provisions, Contingent Liabilities and Contingent Assets" for the first time from June 2003. There was no impact on opening retained profits at 1 June 2003 or on net profit for the current period to 30 November 2003.

Notes to the financial statements (continued)

2. Segment reporting

Primary reporting Business segments	Building & Renovations 2003 $000	Building & Renovations 2002 $000	Construction & Mining 2003 $000	Construction & Mining 2002 $000	Scientific & Testing 2003 $000	Scientific & Testing 2002 $000	Automotive 2003 $000	Automotive 2002 $000	Consolidated 2003 $000	Consolidated 2002 $000
Revenue										
Revenue from sale of goods	82,960	61,698	72,968	80,050	40,670	-	51,230	52,019	247,828	193,767
Other revenue	459	98	1,699	170	11	-	80	173	2,249	441
									250,077	194,208
Unallocated revenue									4,775	1,567
Total revenue									**254,852**	**195,775**
Result										
EBITA	12,688	5,982	3,904	4,442	4,198	-	4,357	4,487	25,147	14,911
Amortisation of goodwill	(1,452)	(789)	(390)	(388)	(930)	-	(552)	(550)	(3,324)	(1,727)
EBIT	**11,236**	**5,193**	**3,514**	**4,054**	**3,268**	**-**	**3,805**	**3,937**	**21,823**	**13,184**
Unallocated expenses									(2,073)	(2,890)
Profit from ordinary activities before income tax									**19,750**	**10,294**
Income tax expense									(5,580)	(3,908)
Profit from ordinary activities after income tax									**14,170**	**6,386**
Depreciation and amortisation	3,519	2,075	1,341	1,720	1,443	-	941	997	7,244	4,792
Unallocated depreciation									962	991
									8,206	**5,783**

Notes to the financial statements (continued)

3. Dividends

	30 November 2003 $000	30 November 2002 $000
During the reporting period Alesco Corporation Limited has paid dividends not previously recognised in retained profits as follows:		
Final dividend on ordinary shares, 14 cents per share fully franked, paid on 19 September 2003	**6,453**	690
Subsequent to reporting date:		
Since 30 November 2003 the directors have declared the following dividends payable on 24 March 2004:		
Interim dividend on ordinary shares, 15 cents per share fully franked	**7,061**	4,614

The financial effect of these dividends has not been brought to account in the consolidated entity financial statements for the half-year ended 30 November 2003.

Dividend reinvestment plans

Participating shareholders 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 5% discount to market.

The last date for receipt of election notices for the Plan is 10 March 2004.

Notes to the financial statements (continued)

4. Contributed equity

	30 November 2003 $000	31 May 2003 $000
Issued and paid-up capital		
47,070,421 (31 May 2003 : 45,978,047) ordinary shares, fully paid	**116,467**	113,170

On 19 September 2003, 367,391 shares were issued at a price of $4.921 per share as part of the Company's dividend reinvestment plan.

On 26 September 2003, 120,000 shares were issued for no consideration to the Chief Executive Officer as approved at the Annual General Meeting.

On 31 October 2003 the following share transactions took place:

- 75,525 shares were issued for no consideration as part of the Company's employee share plan.
- 84,617 shares were issued at a price of $5.232 per share as part of the Company's employee share plan.
- 98,300 shares were issued for no consideration as part of the Company's management share plan.
- 19,541 shares were issued at a price of $5.232 per share as part of the Company's management share plan.

The following executive share options were exercised during the period:

Total number	Exercise date	Exercise price
32,000	21 July 2003	$3.97
8,000	21 July 2003	$2.91
8,000	21 July 2003	$4.03
20,000	23 July 2003	$3.97
10,000	28 July 2003	$2.91
30,000	28 July 2003	$4.03
10,000	5 August 2003	$2.91
115,000	2 September 2003	$3.04
31,000	9 September 2003	$3.04
63,000	23 September 2003	$3.04

Notes to the financial statements (continued)

5. Taxation

	Current period $000	Previous corresponding period $000
Income tax expense		
Prima facie income tax expense calculated at 30% (2002: 30%) on operating profit	**5,925**	3,088
Increase in income tax expense due to:		
Amortisation of goodwill	**997**	518
Overseas tax rate differential	**112**	-
Sundry items	**166**	286
Decrease in income tax expense due to:		
Capital items	**(1,042)**	-
Rebate on dividend income	**-**	(16)
Non assessable income	**(380)**	-
Sundry items	**(169)**	-
	5,609	3,876
Income tax (over) / under provided in prior period	**(29)**	32
Total income tax expense attributable to operating profit	**5,580**	3,908

6. Significant items

As noted as an event subsequent to balance date in the most recent annual report, a significant gain on the disposal of the Company's investment in Marlows Limited was recognised during the period. The details of the gain are set out below:

	Current period $000	Previous corresponding period $000
Gain on disposal of investment in Marlows Limited	**3,472**	-
Related income tax expense	**-**	-
	3,472	-

The proceeds on disposal of the investment, of approximately $4.6 million, have been recognised in 'other revenue from ordinary activities'.

Notes to the financial statements (continued)

7. Earnings per share

	Current period $000	Previous corresponding period $000
Earnings reconciliation		
Net profit	**14,170**	6,386
Net profit attributable to outside equity interests	**-**	(33)
Basic earnings	**14,170**	6,353
Diluted earnings	**14,170**	6,353

	Current period Number	Previous corresponding period Number
Weighted average number of shares used as the denominator		
Number for basic earnings per share	**46,386,564**	35,866,853
Effect of executive share options on issue	**210,454**	235,323
	46,597,018	36,102,176

Options outstanding under the Executive Share Option Plan have been classified as potential ordinary shares and included in diluted earnings per share.

8. NTA backing

	Current period $000	Previous corresponding period $000
Net tangible asset backing per ordinary security	**$1.23**	$1.86

9. Subsequent events

Subsequent to balance date the Company is engaged in discussions regarding a proposed placement to raise approximately $30million. The placement will be managed and fully underwritten by JP Morgan Australia Limited. The Company also proposes to make an offer to all shareholders under a non-underwritten Share Purchase Plan (SPP). The SPP will give Alesco shareholders in Australia and New Zealand the opportunity to subscribe for up to $5,000 worth of ordinary shares in the Company. All shares issued under the placement and SPP will be entitled to the interim dividend of 15 cps.

10. Contingent assets

The Company and its controlled entities contribute to a defined contribution superannuation fund – the ANZ Super Advantage Fund. The transfer of superannuation contributions from a closed defined benefit fund into this fund in April 2002 gave rise to a surplus which at 30 November 2003 amounts to approximately $3.0 million. During the period $500,000 has been brought to account. The balance of this surplus has not been brought to account as an asset as it will be used to fund future superannuation contributions to the ANZ Super Advantage Fund.

Directors' declaration

In the opinion of the directors of Alesco Corporation Limited:

1 the financial statements and notes set out on pages 8 to 16 are in accordance with the Corporations Act 2001, including;

   a) giving a true and fair view of the financial position of the consolidated entity as at 30 November 2003 and of its performance, as represented by the results of its operations and cash flows for the half year ended on that date; and

   b) complying with Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

2 there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Sydney on this 28th day of January 2004 in accordance with a resolution of the directors.

Sean Patrick Wareing
Chairman

Independent review report to the members of Alesco Corporation Limited

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes (1 to 10) to the financial statements, and the directors' declaration for Alesco Corporation Limited Consolidated Entity ("the Consolidated Entity"), for the half-year ended 30 November 2003. The Consolidated Entity comprises Alesco Corporation Limited ("the Company") and the entities it controlled during the half year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach

We conducted an independent review in order for the Company to lodge the financial report with the Australian Securities and Investments Commission. Our review was conducted in accordance with Australian Auditing Standards applicable to review engagements.

We performed procedures in order to state whether on the basis of the procedures described anything has come to our attention that would indicate the financial report does not present fairly, in accordance with the Corporations Act 2001, Australian Accounting Standard AASB 1029 "Interim Financial Report" and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Consolidated Entity's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our statement on the basis of the review procedures performed, which were limited primarily to :

- enquiries of company personnel; and
- analytical procedures applied to the financial date.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

A review cannot guarantee that all material misstatements have been detected.

Independence

In conducting our review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporation Act 2001.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe the half-year financial report of Alesco Corporation Limited is not in accordance with:

(a) the Corporations Act 2001, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 November 2003 and of its performance for the half-year ended on that date: and

(ii) complying with Australian Accounting Standard AASB 1029 "Interim Financial Reporting" and the Corporations Regulations 2001; and

(b) other mandatory financial reporting requirements in Australia.

KPMG

Phillip M. Napier
Partner
Place: Sydney
Date: 28 January 2004