



Coventry Group Ltd

ABN 37 008 670 102

Appendix 4D

Half-year report for the six months ended 31 December 2020

Reporting period

Report for the half-year ended 31 December 2020

Previous corresponding period is the financial year ended 30 June 2020 and the half-year ended 31 December 2019

Results for announcement to the market

	<u>31 Dec 2020</u>	<u>31 Dec 2019</u>	<u>Change</u>	<u>Change</u>
	<u>\$M</u>	<u>\$M</u>	<u>\$M</u>	<u>%</u>
Revenue from continuing operations	137,776	122,637	15,139	12.3%
Net profit/(loss) after tax from continuing operations attributable to members	2,278	2,026	252	12.4%

Dividends

No dividends have been declared in relation to the half-year ended 31 December 2020.

No ordinary dividends were paid during the period.

Amount of dividend per security

		<u>Amount per security</u>	<u>Franked amount per security at 30%</u>
Interim dividend	current year	Nil	Nil
	previous year	Nil	Nil
Final dividend	current year	Nil	Nil
	previous year	Nil	Nil
Total dividend current year		Nil	Nil
previous year		Nil	Nil

The Company's Dividend Reinvestment Plan remains suspended.

Net Tangible Assets Per Security

As at 31 December 2020	0.39
As at 31 December 2019	0.61

The financial information provided in Appendix 4D is based on the half-year condensed consolidated financial report

The attached financial statements and Directors' declaration have been subject to an independent review.



Coventry Group Ltd

and its controlled entities

Financial report for the half year ended 31 December 2020

This half year financial report is to be read in conjunction with the financial report for the year ended 30 June 2020.

Our Values

At Coventry Group, we value
Fairness, Integrity, Respect, Safety and Teamwork.

Above all, we value
Our People, Our Customers and Our Suppliers.



Coventry Group Ltd and its controlled entities

Financial report for the half year ended 31 December 2020

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Coventry Group Ltd

Directors' Report

For the half year ended 31 December 2020

The Directors present their report on the Consolidated entity consisting of Coventry Group Ltd and controlled entities at the end of, or during, the half year ended 31 December 2020. Throughout the report, the Consolidated entity is referred to as the Group.

Directors

The Directors of the Company at any time during the half year ended 31 December 2020 and up to the date of this report are:

Neil George Cathie, Chairman
Robert James Bulluss, Managing Director and Chief Executive Officer
Andrew William Nisbet
James Scott Charles Todd
Anthony John Howarth

Review of operations

The trading performance of the Group improved during H1 FY21 with the Group delivering underlying profitability growth for both EBITDA and EBIT. Group sales growth for H1 FY21 including acquisitions of 12.5% and excluding acquisitions of 11.9% compared with the prior corresponding period. Group sales including acquisitions at \$138.1m (\$122.7m FY20). \$5.5m of the large \$8.0m order reported in the Q1 trading update has been delivered to the end of the half year.

Group underlying EBITDA of \$7.0m (\$4.0m FY20), a 74.5% (\$3.0m) improvement compared with the prior corresponding period. Group underlying EBIT of \$5.7m (\$2.6m FY20). Statutory net profit for the half year \$2.3m (\$2.0m FY20).

The Group has a solid balance sheet with Net Tangible Assets of \$48.4m and Net Assets of \$104.7m as at 31 December 2020. Net debt of \$11.2m as at 31 December 2020.

In December we completed the acquisition of the business and assets of H.I.S. Hose Pty. Ltd. ("H.I.S. Hose"), funded through the Company's existing debt facility.

The company has entered into a new financing arrangement with the National Australia Bank (NAB), subject to final documentation.

Note 1: Group sales growth % excludes foreign exchange translation variance

Note 2: Underlying EBIT and EBITDA exclude the impact of AASB 16 – Leases

COVID-19

All business units are operating with COVID-safe plans and are fully operational. We are well prepared to respond to any localised lockdowns.

Sales growth

Percentage sales growth change for the half year for FY21 when compared with the PCP is shown below:

Revenue change	Half year FY21 vs Half year FY20 % sales change including acquisitions	Half year FY21 vs Half year FY20 % sales change excluding acquisitions
Fluid Systems	+21.1%	+19.4%
Trade Distribution	+7.5%	+7.5%
Consolidated Group	+12.5%	+11.9%

Segment commentary

Fluid Systems (FS) had strong growth with H1 FY21 sales including acquisitions up 21.1% and excluding acquisitions up 19.4% on the prior corresponding period. Underlying EBITDA for H1 FY21 was \$6.7m compared to \$5.1m in the prior corresponding period. Sales growth is being driven by our strong value proposition in the mining and resources sector and our continuing diversification into new sectors including Defence, Agriculture, Transport and Recycling. The integration of H.I.S Hose is progressing to plan.

Coventry Group Ltd

Directors' Report

For the half year ended 31 December 2020

Trade Distribution (TD) sales for H1 FY21 up 7.5% on the prior corresponding period. The underlying EBITDA for H1 FY21 was \$5.7m compared to \$3.9m in the prior corresponding period.

New Zealand

Konnect and Artia New Zealand (KANZ) continued to perform well. Sales up 11.0% on the prior corresponding period.

Australia

Konnect and Artia Australia (KAA) sales in line with the prior corresponding period. Sales have been impacted by lack of activity in large oil and gas customers. On flat sales, KAA is now trading at close to break even, a significant improvement on prior corresponding periods during which substantial losses were incurred. Through perseverance and commitment our KAA strategy is now bearing fruit.

Nubco continued to perform strongly. Sales up 18.2% on the prior corresponding period.

Corporate Costs

Net Corporate costs of \$5.4m at 3.9% to Group sales (4.1% H1 FY20).

Net debt position

Net debt as at 31 December 2020 of -\$11.2m (Net debt as at 30 June 2020 of -\$3.3m). The Group continues to take action to manage inventory levels, debtor collections and operating costs to improve our cash position. Inventory levels have been increased to ensure high customer service levels while there are supply chain issues resulting from the COVID-19 pandemic. Acquisition related payments impacted cash flow by \$5.7m (H.I.S Hose and Torque Industries).

Balance sheet

The Group has a solid working capital position with Current Assets exceeding Current Liabilities by \$42.0m at 31 December 2020. The Group has a solid balance sheet with Net Tangible Assets of \$48.4m and Net Assets of \$104.7m as at 31 December 2020.

Acquisition of H.I.S Hose

On 1 December we completed the acquisition of the business and assets of H.I.S. Hose Pty. Ltd. ("H.I.S. Hose"), funded through the Company's existing debt facility.

The Victorian based H.I.S. Hose was acquired for \$4.6m. H.I.S. Hose is a market leader in the supply of industrial hose, fittings, flexible ducting and associated equipment including pneumatic and hydraulic components. H.I.S. Hose's FY20 adjusted EBITDA of \$1.2m from \$11.5m of revenue. H.I.S. Hose expands Fluid Systems geographical coverage with three locations in Melbourne, Victoria and provides further diversification from the mining and resources sector.

NAB financing arrangements

The Coventry Group has entered a new 3 year financing arrangement with the National Australia Bank (NAB). Subject to final documentation intended financial close is 31/03/2021. The financing agreement provides a holistic banking offering including:

- A 3 year \$45m Borrowing Base Facility against eligible inventory and debtors. The facility limit is scalable for future growth.
- A \$5.0m Senior Secured Ancillary Facility to provide security for Transactional Banking, Bank Guarantees, FX, and any other transactional facilities required by the Coventry Group. The intention is for these facilities to transition to NAB over the next 3 months

We are very pleased to be partnering with the NAB.

Coventry Group Ltd Directors' Report For the half year ended 31 December 2020

Dividends

The Board has determined that no interim dividend be declared.

Outlook

The markets in which FS and TD operate are to date performing well. We expect some of these markets to benefit from further Government stimulus measures. Whilst pleased to report positive growth in the first half, we are not providing full year guidance due to continuing COVID-19 uncertainty.

AASB16 Leases

Underlying EBIT, EBITDA, and balance sheet ratios exclude the impact of AASB16 Leases.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 6 and forms part of this report.

Rounding of amounts

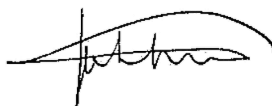
The company is of a kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



N.G. Cathie
Chairman

Melbourne
25 February 2021



R.J. Bulluss
Chief Executive Officer and Managing Director

Melbourne
25 February 2021



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Coventry Group Ltd

I declare that, to the best of my knowledge and belief, in relation to the review of Coventry Group Ltd for the half-year ended 31 December 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

J Carey
Partner

Melbourne
25 February 2021

Coventry Group Ltd and its controlled entities
Condensed consolidated statement of profit or loss
For the half year ended 31 December 2020

	Note	31 December 2020 \$'000	31 December 2019 \$'000
Revenue from sale of goods		137,776	122,637
Cost of sales		(85,994)	(74,798)
Gross profit		51,782	47,839
Other income		1,282	1,803
Employment costs		(29,510)	(29,388)
Depreciation and amortisation expense	4,5,6	(5,584)	(5,796)
Occupancy costs		(1,052)	(1,354)
Communication costs		(1,523)	(1,122)
Freight		(3,288)	(2,247)
Vehicle operating costs		(849)	(981)
Restructuring and other significant costs		(329)	(158)
Other expenses		(4,839)	(4,755)
Profit/(Loss) before financial income and tax		6,090	3,841
Financial income, including net foreign exchange gain		29	237
Financial expense, including net foreign exchange loss		(3,041)	(3,048)
Net financial expense		(3,012)	(2,811)
Profit/(Loss) before income tax		3,078	1,030
Income tax benefit/(expense)		(800)	996
Profit/(Loss) for the half year		2,278	2,026
Earnings/(loss) per share:			
Basic earnings/(loss) per share:		2.5 cents	2.3 cents
Diluted earnings/(loss) per share:		2.5 cents	2.3 cents

The condensed consolidated statement of profit or loss is to be read in conjunction with the accompanying notes to the consolidated financial statements.

Coventry Group Ltd and its controlled entities
 Condensed consolidated statement of comprehensive income
 For the half year ended 31 December 2020

	31 December 2020 \$'000	31 December 2019 \$'000
Profit/(Loss) for the half year	2,278	2,026
Other comprehensive income/(loss)		
Items that may be reclassified to profit or loss:		
Foreign currency translation differences	(34)	(89)
Effective portion of changes in fair value of cash flow hedges	(324)	(212)
Other comprehensive income/(loss) for the half year, net of income tax	(358)	(301)
Total comprehensive profit/(loss) for the half year	1,920	1,725

The condensed consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the consolidated financial statements.

Coventry Group Ltd and its controlled entities
Condensed consolidated statement of financial position
As at 31 December 2020

	Note	31 December 2020 \$'000	30 June 2020 \$'000
Assets			
Cash and cash equivalents		2,851	7,542
Trade and other receivables		33,849	33,549
Inventories		61,090	53,560
Other financial assets		2,754	2,133
Other current assets		3,266	3,421
Income tax refundable		-	23
Total current assets		103,810	100,228
Other receivables		1,819	1,828
Deferred tax assets		19,146	19,011
Property, plant and equipment	4	8,219	6,777
Right-of-use assets	5	41,560	39,835
Intangible assets	6	49,604	47,902
Total non-current assets		120,348	115,353
Total assets		224,158	215,581
Liabilities			
Trade and other payables		40,821	40,846
Employee benefits		7,030	5,821
Interest-bearing loans and borrowings		14,040	10,869
Lease liability		8,755	9,725
Income tax payable		121	-
Total current liabilities		70,767	67,261
Employee benefits		364	335
Other payables		159	178
Provisions		3,116	3,125
Lease liability		45,556	42,562
Total non-current liabilities		49,195	46,200
Total liabilities		119,962	113,461
Net assets		104,196	102,120
Equity			
Issued capital	7	149,773	149,617
Reserves		(3,468)	(5,388)
Accumulated losses		(42,109)	(42,109)
Total equity		104,196	102,120

The condensed consolidated statement of financial position should be read in conjunction with the accompanying notes to the consolidated financial statements.

Coventry Group Ltd and its controlled entities
Condensed consolidated statement of changes in equity
For the half year ended 31 December 2020

	Hedge reserve \$'000	Translation reserve \$'000	Other reserve \$'000	Profit reserve \$'000	Total reserves \$'000	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 30 June 2020	-	(1,814)	(3,574)	-	(5,388)	149,617	(42,109)	102,120
Total comprehensive (loss)/income for the half year								
Profit for the half year	-	-	-	-	-	-	2,278	2,278
Other comprehensive (loss)/income for the half year:								
Foreign currency translation differences	-	(34)	-	-	(34)	-	-	(34)
Effective portion of changes in fair value of cash flow hedges	(324)	-	-	-	(324)	-	-	(324)
Total other comprehensive (loss)/income	(324)	(34)	-	-	(358)	-	-	(358)
Total comprehensive (loss)/income for the half year	(324)	(34)	-	-	(358)	-	2,278	1,920
Transactions with owners, recorded directly in equity								
Share issue	-	-	-	-	-	158	-	158
Share issue costs	-	-	-	-	-	(2)	-	(2)
Transfer to Profit Reserve	-	-	-	2,278	2,278	-	(2,278)	-
Balance at 31 December 2020	(324)	(1,848)	(3,574)	2,278	(3,468)	149,773	(42,109)	104,196

Amounts are stated net of tax

	Hedge reserve \$'000	Translation reserve \$'000	Other reserve \$'000	Total reserves \$'000	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
Balance at 30 June 2019	96	(1,396)	(3,574)	(4,874)	149,517	(43,613)	101,030
Adjustment on initial application of AASB16, net of tax	-	-	-	-	-	713	713
Adjusted Balance at 1 July 2019	96	(1,396)	(3,574)	(4,874)	149,517	(42,900)	101,743
Total comprehensive (loss)/income for the half year							
Profit for the half year	-	-	-	-	-	2,026	2,026
Other comprehensive (loss)/income for the half year:							
Foreign currency translation differences	-	(89)	-	(89)	-	-	(89)
Effective portion of changes in fair value of cash flow hedges	(212)	-	-	(212)	-	-	(212)
Total other comprehensive (loss)/income	(212)	(89)	-	(301)	-	-	(301)
Total comprehensive (loss)/income for the half year	(212)	(89)	-	(301)	-	2,026	1,725
Transactions with owners, recorded directly in equity							
Share issue	-	-	-	-	100	-	100
Balance at 31 December 2019	(116)	(1,485)	(3,574)	(5,175)	149,617	(40,874)	103,568

Amounts are stated net of tax

Coventry Group Ltd and its controlled entities
Condensed consolidated statement of cash flows
For the half year ended 31 December 2020

	Note	31 December 2020 \$'000	31 December 2019 \$'000
Cash flows from operating activities			
Cash receipts from customers		150,436	139,431
Cash paid to suppliers and employees		(143,743)	(131,316)
Cash from/ (used in) operations		6,693	8,115
Interest paid		(2,649)	(3,009)
Income taxes refunded/(paid)		(46)	(703)
Net cash from/ (used in) operating activities		3,998	4,403
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		76	80
Interest received		106	118
Payments for acquisition of businesses, net of cash acquired		(5,699)	-
Acquisition of property, plant and equipment	4	(1,806)	(1,872)
Acquisition of intangible assets	6	(353)	(733)
Net cash used in investing activities		(7,676)	(2,407)
Cash flows from financing activities			
Proceeds from Borrowings		136,916	92,908
Repayment of Borrowings		(133,745)	(93,448)
Repayment of Lease liabilities		(4,067)	(3,685)
Share issue costs		(2)	-
Net cash from/ (used in) financing activities		(898)	(4,225)
Net increase/(decrease) in cash and cash equivalents		(4,576)	(2,229)
Cash and cash equivalents at the beginning of the half year		7,542	5,314
Effects of movements in exchange rates on cash and cash equivalents		(115)	(89)
Cash and cash equivalents at 31 December		2,851	2,996

The condensed consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the consolidated financial statements.

Coventry Group Ltd

Notes to the condensed consolidated interim financial statements

For the half year ended 31 December 2020

1. Significant accounting policies

Coventry Group Ltd (the “Company”) is a for profit company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the half year ended 31 December 2020 comprises the Company and its controlled entities (together referred to as the “Group”).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2020 are available upon request from the Company's registered office at 235 Settlement Road, Thomastown VIC 3074, Australia or at www.cgl.com.au.

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2020.

The Group primarily is involved in the distribution of industrial products and the provision of fluid products and services.

These condensed consolidated interim financial statements were approved by the Board of Directors on 26 February 2021.

a) Statement of compliance

The condensed consolidated interim financial statements for the half year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Act 2001. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2020. The condensed consolidated interim financial statements do not include all the information required for full annual financial statements and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2020.

b) Basis of preparation

The interim report is presented in Australian Dollars. The interim report is prepared on the historical cost basis except share-based payments and derivative financial instruments which are stated at their fair value.

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016 and in accordance with that instrument, amounts in the half year financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

c) Judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The significant judgements made by management in applying the Group's accounting policies, and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

Coventry Group Ltd
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2020

1. Significant accounting policies (continued)

d) Going concern

In preparing the half year financial report, the Directors have made an assessment of the ability of the Group to continue as a going concern, which contemplates the continuity of business operations, realisation of assets and settlement of liabilities in the ordinary course of business and at the amounts stated in the half year financial report. The Directors have a reasonable expectation that the Group will have adequate resources to continue to meet its obligations as they fall due.

2. Segment information

a) Description of segments

The Group has reportable segments as described below. For each of the strategic operating segments, the CEO reviews internal management accounts on a monthly basis. The following summary describes the operations of each of the Group's reportable operating segments:

Trade Distribution	Includes the importation, distribution and marketing of industrial fasteners, industrial hardware supplies and associated products and cabinet making hardware.
Fluid Systems	Includes the design, manufacture, distribution, installation and maintenance of lubrication and hydraulic fluid systems and hoses. This segment includes the acquisition of H.I.S Hose from 1 December 2020 (refer to Note 3).

b) Information about reportable segments

Information regarding the results of each reportable segment is included below.

	Trade Distribution	Fluid Systems	Other business units and consolidation adjustments	Total reportable segments
31 December 2020	\$'000	\$'000	\$'000	\$'000
Segment revenue	82,516	55,662	(61)	138,117
Inter-segment revenue	-	-	-	-
Revenue from external customers	82,516	55,662	(61)	138,117
Timing of revenue recognition at point in time	82,516	55,662	(61)	138,117
over time	-	-	-	-
	82,516	55,662	(61)	138,117
Underlying EBITDA	5,655	6,715	(5,364)	7,006
Depreciation and amortisation	307	359	657	1,323
Underlying EBIT	5,348	6,356	(6,021)	5,683

Coventry Group Ltd
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2020

2. Segment information (continued)

b) Information about reportable segments (continued)

	Trade Distribution	Fluid Systems	Other business units and consolidation adjustments	Total reportable segments
31 December 2019	\$'000	\$'000	\$'000	\$'000
Segment revenue	76,577	45,956	-	122,533
Inter-segment revenue	-	-	-	-
Revenue from external customers	76,577	45,956	-	122,533
Timing of revenue recognition at point in time	76,577	45,956	-	122,533
over time	-	-	-	-
	76,577	45,956	-	122,533
Underlying EBITDA	3,861	5,121	(4,992)	3,990
Depreciation and amortisation	297	323	799	1,419
Underlying EBIT	3,564	4,798	(5,791)	2,571

c) Other segment information

i. Segment Revenue

A reconciliation of segment revenue to total revenue from sale of goods in the Condensed consolidated statement of profit or loss is provided as follows:

	2020 \$'000	2019 \$'000
Total segment revenue	138,117	122,533
Foreign exchange translation variance	(341)	104
Total revenue	137,776	122,637

ii. Segment Operating Profit/(Loss)

The performance of the Group's reportable segments is based on Underlying EBIT (Earnings before Interest and Tax). This measurement basis excludes the effects of interest on external borrowings, income tax expense, significant items and the effects of AASB16 Leases. A reconciliation of Underlying EBIT to operating profit/(loss) in the condensed consolidated statement of profit or loss is provided as follows:

	2020 \$'000	2019 \$'000
Total segment Underlying EBIT	5,683	2,571
Foreign exchange translation variance	(22)	9
Restructuring and other significant costs	(329)	(158)
Net financing expense, excluding interest on lease liabilities (AASB16)	(698)	(576)
Income tax expense	(1,267)	(215)
<i>Impact of AASB16</i>		
Depreciation of Right-of-use Assets	(4,262)	(4,377)
Net Interest on lease liabilities and sub-lease investment	(2,314)	(2,254)
Reversal of net rent and lease payments and receivables	5,020	5,796
Income tax benefit	467	1,211
Foreign Exchange translation	-	19
Total operating profit (loss)	2,278	2,026

Coventry Group Ltd
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2020

3. Business combination

On the 1 December 2020, the Group acquired the business and assets of H.I.S Hose Pty Ltd, a Victorian based supplier of industrial hose, fittings, flexible ducting and associated equipment including pneumatic and hydraulic components.

H.I.S Hose represents a compelling acquisition opportunity that is consistent with the Group's growth strategy and satisfies all the Group's key acquisition criteria.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	\$'000
Purchase consideration	
Cash paid	4,641
Total purchase consideration	4,641

The provisional fair value of the identifiable assets and liabilities recognised at acquisition date are as follows:

	Provisional fair value \$'000
Inventories	2,798
Prepayments	13
Property, plant and equipment (note 4)	321
Net deferred tax assets	214
Right-of-use assets (note 5)	1,124
Employee benefit obligations	(713)
Lease liabilities	(1,124)
Net identifiable assets acquired ⁽ⁱⁱ⁾	2,633
Add: Goodwill on acquisition (note 6) ⁽ⁱⁱⁱ⁾	2,008
Purchase consideration	4,641

(i) Related costs

The total of \$160,000 in transaction costs was incurred during the acquisition process. \$152,000 was incurred during the previous financial year, with \$8,000 of transaction costs being expensed through the condensed consolidated statement of profit or loss.

(ii) Provisional assessment

The net assets recognised in the financial statements are based on a provisional assessment of fair value at reporting date.

(iii) Goodwill

The goodwill is attributable to H.I.S Hose's strategic compliment to the Fluid segment along with historic strong profit performance. This acquisition offers tangible synergies that will benefit the Group's Fluid Systems business including procurement cost savings and knowledge transfer and provides further diversification into non-mining markets and expanded geographical coverage in Victoria. Refer to note 6 for changes in goodwill as a result of the acquisition.

(iv) Revenue and profit contribution

The acquired business contributed revenues of \$802,000 and net profit of \$19,000 to the Group for the period from 1 December 2020 to 31 December 2020 (one month trading). If the acquisition had occurred on 1 July 2020, Group consolidated revenue and consolidated profit after tax for the half year ended 31 December 2020 would have been \$142,433,000 and \$2,563,000 respectively.

Coventry Group Ltd
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2020

4. Property, plant and equipment

	Plant and equipment \$'000
Cost at 1 July 2020	46,573
Accumulated depreciation at 1 July 2020	(39,796)
Carrying amounts at 1 July 2020	<u>6,777</u>
Additions	1,806
Acquisitions through business combinations (note 3)	321
Depreciation for the period	(664)
Disposals	(25)
Effects of movements in foreign exchange	4
Carrying amount at 31 December 2020	<u>8,219</u>

5. Right-of-use assets

	Property \$'000	Vehicles \$'000	Total \$'000
Carrying amounts at 1 July 2020	35,591	4,244	39,835
Additions	3,240	250	3,490
Acquisitions through business combination (note 3)	1,124	-	1,124
Terminations	-	(33)	(33)
Lease reassessments	1,399	(11)	1,388
Depreciation for the period	(3,294)	(968)	(4,262)
Effect of movements in foreign exchange	17	1	18
Carrying amount at 31 December 2020	<u>38,077</u>	<u>3,483</u>	<u>41,560</u>

6. Intangible assets

	Goodwill \$'000	Brand names \$'000	Customer relationships \$'000	Computer software \$'000	Total \$'000
Carrying amounts at 1 July 2020	26,395	11,376	5,289	4,842	47,902
Additions	-	-	-	353	353
Acquisitions through business combinations (note 3)	2,008	-	-	-	2,008
Amortisation for the period	-	-	(306)	(353)	(659)
Carrying amounts at 31 December 2020	<u>28,403</u>	<u>11,376</u>	<u>4,983</u>	<u>4,842</u>	<u>49,604</u>

7. Capital and reserves

Share capital

In July 2020, 1,424,504 performance rights were granted in accordance with the Executive and Director Incentive Plan.

In September 2020, 202,501 performance rights issued in accordance with the Executive and Director Incentive Plan were converted to ordinary shares.

Dividends

No dividends have been declared or paid for the half year ended 31 December 2020 (31 December 2019: \$Nil).

Coventry Group Ltd
Notes to the condensed consolidated interim financial statements
For the half year ended 31 December 2020

8. Events occurring after the reporting period

Other than the matters outlined elsewhere in the Group's half year financial statements, no matters or circumstances have arisen since the end of the financial year that have significantly affected, or may significantly affect, the operations, results of operations or state of affairs on the Group in subsequent accounting periods.

Coventry Group Ltd and its controlled entities

Directors' Declaration

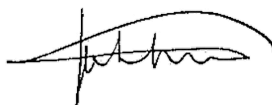
In the opinion of the Directors of Coventry Group Ltd ("the Group"):

1. the condensed consolidated interim financial statements and notes, set out on pages 7 to 17, are in accordance with the Corporations Act 2001, including:
 - a) giving a true and fair view of the Group's financial position as at 31 December 2020 and of their performance, for the half year ended on that date; and
 - b) complying with Australian Accounting Standards AASB 134 '*Interim Financial Reporting*' and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.



N.G. CATHIE
Chairman
Melbourne
25 February 2021



R.J. BULLUSS
Chief Executive Officer and Managing Director
Melbourne
25 February 2021



Independent Auditor's Review Report

To the shareholders of Coventry Group Ltd

Report on the Half-year Financial Report

Conclusion

We have reviewed the accompanying **Half-year Financial Report** of Coventry Group Ltd.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of Coventry Group Ltd does not comply with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2020 and of its performance for the Half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Half-year Financial Report** comprises:

- Condensed consolidated statement of financial position as at 31 December 2020
- Condensed consolidated statement of profit or loss, Condensed consolidated statement of comprehensive income, Condensed consolidated statement of changes in equity and Condensed consolidated statement of cash flows for the Half-year ended on that date
- Notes 1 to 8 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The **Group** comprises Coventry Group Ltd (the Company) and the entities it controlled at the Half-year's end or from time to time during the Half-year.



Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Half-year Financial Report does not comply with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the Half-year ended on that date, and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a Half-year Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

KPMG

KPMG

J Carey
Partner

Melbourne
25 February 2021