

HALF-YEAR IN BRIEF

- trading revenue of \$196.8 million – an increase of 13.3% over the prior comparative period.
- net profit after tax of \$929,000 compared to \$3,426,000 for the previous corresponding period. When the latter figure is adjusted to exclude gains from the liquidation of Investment Company of the West Ltd and property disposals, the Group achieved an after tax gain of \$781,000 on the previous corresponding period.
- the profit result was adversely affected by:
 - further trading losses of \$5.6 million incurred by Coventry Auto Parts Pty Ltd, and
 - the Group's high effective income tax rate.
- strong growth in the Group's established automotive parts distribution business of Coventrys and Motor Traders with increased revenue and profit compared with the previous corresponding period.
- industrial products division recorded strong growth in both revenue and profit, with the newly acquired New Zealand based Hylton Parker Fastener Ltd making a significant contribution.
- launch of the Infix brand to facilitate the distribution of specialist fastener products for the construction industry.
- interim dividend of 8 cents per share fully franked (record date - 6 May 2002; payable - 13 May 2002).

Business Segment Performance

The following table provides a summary of the revenue and operating profit before tax for the respective business segments within the Group for the half-year ended 31 December 2001 as compared to the previous corresponding period.

Half-year 2001	Automotive Parts Distribution \$'000	Industrial Products Distribution \$'000	Bitumen Products \$'000	Gasket Manufacturing \$'000	Corporate \$'000	Other \$'000	Elimination \$'000	Consolidated \$'000
Total segment revenue	107,626	77,834	6,452	7,160	864	55	(1,172)	198,819
Segment operating profit before income tax	(1,801) ¹	5,345	716	862	(1,763)	55	-	3,414
Half-year 2000								
Total segment revenue	97,183	64,833	6,933	7,248	18,856 ³	120	(1,242)	193,931
Segment operating profit before income tax	(3,001) ²	3,602	872	1,149	2,310 ⁴	(22)	-	4,910

- Includes trading loss incurred by Coventry Auto Parts Pty Ltd of \$5.59 million. The now closed Victorian operation incurred \$1.96 million of this loss.
- Includes trading loss incurred by Coventry Auto Parts Pty Ltd of \$4.37 million.
- Includes proceeds from distribution upon liquidation of Investment Company of the West Ltd of \$16.37 million.
- Includes gain from distribution upon liquidation of Investment Company of the West Ltd of \$2.94 million, and profit on sale of land and buildings of \$0.51 million.



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Shareholder Calendar 2002

Payment of Interim Dividend - 13 May 2002
Announcement of Preliminary Final Report and
Final Dividend - 4 September 2002.
Payment of Final Dividend - 27 September 2002
2002 Annual General Meeting - 4 November 2002



ABN 37 008 670 102

SHAREHOLDERS' HALF YEARLY REPORT

Six months ended 31 December 2001

CHAIRMAN'S REVIEW

Dear Shareholder

The directors of Coventry Group Ltd are pleased to report on the results of the Company and its controlled entities for the six months ended 31 December 2001.

CONSOLIDATED FINANCIAL RESULTS

The Group's result for the half-year ended 31 December 2001 reflected improved profitability from the established businesses, but was heavily impacted by further trading losses incurred by the controlled entity, Coventry Auto Parts Pty Ltd ("Coventry Auto Parts"). Significant items in the prior comparative period relating to gains from the liquidation of Investment Company of the West Ltd ("ICW") and to the sale of land and buildings, have influenced the performance comparison for the half-year. In addition, the December 2001 half-year included a contribution to the Group's profit by the New Zealand controlled entity, Hylton Parker Fasteners Limited, which was acquired in May 2001.

For the period under review, Coventry Group recorded a net profit before tax and outside equity interests of \$3,414,000 as compared to \$4,910,000 for the previous corresponding period (this latter figure included pre-tax gains from the liquidation of ICW of \$2,936,000 and the sale of land and buildings of \$513,000).

The Group's net profit after tax and attributable to members of the parent entity was \$929,000 as compared to \$3,426,000 for the prior comparative period. When the latter figure is adjusted to exclude the ICW and property disposal gains, this represents an after-tax profit gain of \$781,000 on the previous corresponding period.

The Group recorded trading revenue of \$196.8 million – an increase of 13.3% over the prior comparative period.

The consolidated profit was significantly affected by the trading losses of Coventry Auto Parts, as it continues to develop its business in New South Wales and Queensland. As previously reported, Coventry Auto Parts closed its Victorian operations in August 2001. Losses incurred by Coventry Auto Parts for the review period totalled \$5.6 million, of which \$2 million related to the now closed Victorian activities.

The after-tax profit result was also adversely affected by the Group's high effective tax rate – 86% for the half-year ended 31 December 2001. A significant factor influencing the tax rate is the Group's inability to offset losses incurred by Coventry Auto Parts against the taxable income earned by other Group businesses. The effective tax rate is expected to reduce in line with the anticipated reduction in losses incurred by Coventry Auto Parts.

Earnings per share for the period under review was 2.8 cents. This compares with 1.7 cents (adjusted to exclude the ICW gain) for the previous corresponding period.

INTERIM DIVIDEND

The directors have declared a fully franked interim dividend of 8 cents per share, as foreshadowed in an announcement to the stock exchange last month. This compares to the interim dividend for the prior comparative period of 15 cents per share. However, it remains the Board's policy to distribute the majority of the Company's future earnings as fully franked dividends in order to pass on the benefits of the Company's accumulated franking credits to its shareholders.

The interim dividend will be paid on 13 May 2002 to shareholders registered at the close of business on 6 May 2002.

DIVISIONAL REVIEW

Automotive Parts Distribution

The established businesses of this business segment achieved significantly improved trading results for the period under review. The Coventrys and Motor Traders divisions, which trade in Western Australia and South Australia respectively, recorded a net profit before tax of \$3.9 million - an increase of 277% on the previous corresponding period. Revenue also increased by 10% to \$107 million. This result was attributable to improved gross profit margins and tighter cost control.

However, overall the automotive parts business segment recorded a loss as a consequence of the trading losses incurred by Coventry Auto Parts which have been detailed in the consolidated financial results section. During the review period, the Victorian operations of Coventry Auto Parts were closed. As a consequence it is expected that Coventry Auto Part's losses will significantly diminish in the second half of the 2001/02 financial year as the only remaining commitments are for Victorian leased properties yet to be sublet. It is expected that some further costs will be incurred in subleasing these properties.

Considerable management attention has been directed to the continuing activities of Coventry Auto Parts in New South Wales and Queensland. The focus is to ensure sustainable growth in revenue and profits.

Industrial Products Distribution

This business segment continued to record significant growth in revenue and profit.

Revenue increased 20%, with net profit before tax of \$5.3 million – an increase of 48% on the prior comparative period. The newly acquired New Zealand based controlled entity, Hylton Parker Fasteners Limited, made a strong contribution to the revenue and profit growth. During the half-year in review, the Group established the Infix brand which specialises in the distribution of fasteners for the construction industry. The commencement of a number of large infrastructure projects is expected to provide a positive outlook for this business unit.

Bitumen Products

This business segment which comprises the Hot Mix and Bitumen Emulsions divisions recorded a decrease in revenue and profit as compared to the previous corresponding period. The segment achieved a net profit before tax of \$716,000 – an 18% decrease on the prior comparative period. This was attributable to intense competition in sprayed bitumen products. However, subject to favourable weather conditions, an improved result is expected for the second half of the 2001/02 financial year.

Gasket Manufacturing

The controlled entity, AA Gaskets Pty Ltd, recorded a net profit before tax of \$860,000 – a 25% decrease on the prior comparative period. Revenue remained steady at \$7.1 million. The result was impacted by margin pressures from increased costs of imported raw materials arising from a declining Australian dollar, and the conversion of the manufacturing process to more expensive, non-asbestos materials.

A review of the Company's production processes is currently being undertaken to reduce operating costs. Initiatives are also being pursued to increase export opportunities for the Company's products.

OUTLOOK

The directors are confident that the Group's trading profit and revenue for the second half of the 2001/02 year will exceed the results achieved for the comparative period as it is anticipated that the negative impact of Coventry Auto Parts trading losses will diminish and that its business activities in New South Wales and Queensland will improve.

W G Kent
Chairman

FINANCIAL SUMMARY

Six months ended 31 December 2001

	December 2001 \$'000	December 2000 \$'000
Profit		
Operating revenue	196,758	173,648
Operating profit before tax	3,414	4,910
Less tax	(2,957)	(2,526)
Profit after tax	457	2,384
Add outside interests	472	1,042
Operating profit for shareholders of Coventry Group Ltd	929	3,426
Cash Flow		
Net cash outflows from operations	(862)	(2,205)
	December 2001 \$'000	June 2001 \$'000
Balance Sheet		
Current assets	156,390	156,221
Non-current assets	98,034	98,604
Total assets	254,424	254,825
Current liabilities	60,145	63,893
Non-current liabilities	37,698	32,514
Total liabilities	97,843	96,407
Net assets	156,581	158,418
Capital	87,242	87,242
Reserves	32,571	32,128
Retained profits	31,379	33,152
Total parent equity	151,192	152,522
Outside equity interests	5,389	5,896
Total equity	156,581	158,418