

Half-year HIGHLIGHTS

- Net profit before tax of \$8.3million compared to \$3.4 million for the prior comparative period.
- Trading revenue of \$214.3 million an increase of 9% on the prior comparative period.
- Earnings per share rose strongly to 14.7 cents – up from 2.8 cents for the prior comparative period.
- Improved profit result attributed to:
 - strong trading performance by the established automotive and industrial business segments, and
 - significant reduction in losses incurred by the Group's controlled entity, Coventry Auto Parts Pty Ltd (CAP).
- Acquired 100% ownership of CAP from entities associated with Ford Motor Company of Australia Limited.
- Expansion of CAP's activities in QLD with the opening of a new branch and acquisition of an automotive parts business in Cairns.
- Execution of agreements with CSR Emoleum to establish a new joint asphalt manufacturing facility with the Group's Hot Mix division.
- reintroduction of the dividend reinvestment plan with a 2.5% discount to the subscription price.
- Interim dividend of 14 cents per share, fully franked (record date – 19 March 2003; payable – 2 April 2003).

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 2002 as compared to the prior comparative period.

Half-year 2002	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	115,527	87,948	6,939	6,723	4,541	-	(1,715)	219,963
Segment operating profit/ (loss) before income tax	2,029 ¹	7,567	789	643	(2,705)	(1)	-	8,322
Half-year 2001								
Total segment revenue	107,586	77,887	6,452	7,137	804	-	(1,047)	198,819
Segment operating profit/ (loss) before income tax	(1,615) ²	5,679	716	839	(2,205)	-	-	3,414

1. Includes loss incurred by Coventry Auto Parts Pty Ltd of \$3.16 million.
2. Includes loss incurred by Coventry Auto Parts Pty Ltd of \$5.59 million. The now closed Victorian operation incurred \$1.96 million of this loss, inclusive of closure costs.



Coventry Group Ltd

ABN 37 008 670 102

Registered Office

253 Walter Road
Morley, Western Australia 6062
Telephone (08) 9276 0222
Facsimile (08) 9276 1666

Internet Address

www.cgl.com.au
Company reports are available at this website

Share Registry

Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St. George's Terrace
Perth Western Australia 6000
Telephone (08) 9323 2000
Facsimile (08) 9323 2033
Internet www.computershare.com

Shareholder Calendar 2003

Record Date for Interim Dividend - 19 March 2003

Final Date for Receipt of Dividend Reinvestment Plan
Application Forms (Interim Dividend) - 19 March 2003

Payment of Interim Dividend - 2 April 2003

Announcement of Preliminary Final Report and
Final Dividend - 22 August 2003

Payment of Final Dividend - 23 September 2003

2003 Annual General Meeting - 5 November 2003

Shareholders'

HALF YEARLY REPORT

Six months ended 31 December 2002



Coventry Group Ltd

ABN 37 008 670 102

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 2002.

CONSOLIDATED FINANCIAL RESULTS

For the six month period ended 31 December 2002 the Group recorded an operating profit before tax of \$8.3 million compared to \$3.4 million for the prior comparative period – an increase of 144%.

This improved result was largely attributable to the strong trading performance of the established businesses within the automotive and industrial segments. Both segments achieved significant increases in profitability through improved margins and revenue growth.

The Group result also was impacted by the significant reduction in the losses incurred by the controlled entity Coventry Auto Parts Pty Ltd ("CAP"). For the period under review, CAP incurred losses of \$3.2 million as compared to \$5.6 million for the prior comparative period. The closure of CAP's Victorian operations in 2001 was a major factor in lowering CAP's losses for the period under review. As previously reported, the Group acquired the balance of the issued capital of CAP from entities associated with Ford Motor Company of Australia Limited during the reporting period. This has resulted in Coventry Group holding 100% of CAP's issued capital from October 2002, an increase from 88%.

The Group's net profit after tax attributable to members of the parent entity was \$5.0 million as compared to \$0.9 million for the prior comparative period.

The relatively high effective tax rate of 40.3% for the period under review was brought about by the inability to offset tax losses incurred by CAP prior to it becoming wholly owned against the taxable income of other group companies. The effective tax rate of 86.6% for the prior comparative period was due to the higher losses incurred by CAP, which also could not be grouped for tax purposes.

Earnings per share for the period under review was 14.7 cents compared to 2.8 cents for the prior comparative period.

INTERIM DIVIDEND

The directors have declared a fully franked interim dividend of 14 cents per share – up from 8 cents per share for the prior comparative period. This reflects the Board's current policy to distribute a high proportion of the Company's earnings.

The interim dividend will be paid on 2 April 2003 to shareholders registered at the close of business on 19 March 2003.

DIVIDEND REINVESTMENT PLAN

Shareholders should be aware by now of the Board's decision to reintroduce the dividend reinvestment plan (DRP) with effect from the interim dividend to be paid on 2 April 2003. In mid February 2003 an information package which included the DRP terms and conditions booklet and application form was mailed to shareholders.

In order to participate in the DRP for the interim dividend,

shareholders are reminded that the application forms must be returned by 19 March 2003 – the record date for the interim dividend. If any additional information is required, shareholders should contact the Company's share registry.

APPOINTMENT OF MANAGING DIRECTOR

As previously reported to the stock exchange, Mr Barry Watson retired as Managing Director and Chief Executive Officer of the Company on 31 January 2003.

Mr Chris Glenn took up his appointment to that position on 3 February 2003.

Mr Glenn, 44, has held a number of senior executive positions with large international organisations and brings a wealth of experience to the Group in marketing and distribution as well as strong operational skills. His previous position was that of General Manager Fire and Safety at Tyco International in Sydney. His role involved responsibility for a business operating in Australia, New Zealand and Fiji employing some 3,000 staff and with a turnover approaching \$500 million. Other positions have included General Manager Energy Services, General Manager Customer Operations at Integral Energy and National Marketing Manager, Wormald Security Australia.

In addition to base pay, Mr Glenn's contract of employment provides for incentive payments. The incentives are divided between short term incentives (STI) and long term incentives (LTI). The STI (up to 25% of base salary) is paid in cash and is subject to the achievement of key performance indicators. On the other hand, the LTI (also up to 25% of base salary) involves the issue of shares subject to attainment of pre-agreed performance hurdles. Shareholder approval to the issue of shares under the LTI will be sought at the AGM scheduled for 5 November 2003 when further details will be provided.

DIVISIONAL REVIEW

Automotive Parts Distribution

The automotive parts business segment of the Group improved significantly for the first half. Operating profit before tax was \$2.0 million compared to an operating loss before tax of \$1.6 million for the prior comparative period. Revenue increased by 7% to \$115.5 million.

The established businesses trading as Coventrys and Motor Traders, which operate in Western Australia and South Australia respectively, recorded an operating profit of \$5.2 million, an increase of 31% on the prior comparative period. Revenue for these two businesses increased 7% to \$101.5 million. The increase in net profit margin was largely attributable to improved gross profit margins and effective management of costs.

The losses of CAP during the period under review were \$3.2 million compared to \$5.6 million for the prior comparative period. Whilst this developing business achieved a combined revenue growth of 24.6% to \$14.7 million for its New South Wales and Queensland operations, the overall trading losses exceeded budget expectations. Following a review of CAP's operations, it is now anticipated that it will take longer for CAP to achieve break even than the earlier reported time frame of the 2004 financial year.

During the period under review CAP acquired the business of Motor Torque in Cairns, Queensland. This is one of a number of initiatives that are being pursued to grow CAP's business activities.

Industrial Products Distribution

This segment continued to record strong profit and revenue growth for the period under review.

Operating profit before tax increased 33% to \$7.6 million on the prior comparative period with revenue up 13% to \$87.9 million. Strong demand from several large infrastructure projects in Queensland and Western Australia were the key contributors to this growth.

Expansion of the construction fastener business, Infix, continued with the opening of a branch at Clayton, Victoria in November 2002.

During the half year, the segment's bearings activities in Western Australia were rationalised with the closure of two outlets - Geraldton and O'Connor.

Bitumen Products

Operating profit before tax for this segment increased by 10.2% to \$0.8 million. Revenue totalled \$6.9 million – up 7% on the prior comparative period. The Hot Mix road profiling operations remained steady, with Bitumen Emulsions continuing to extend its spray and cover activities. Both divisions are continuing to experience intense competition with additional competitors entering the market.

A new asphalt mixing plant, which is a joint manufacturing facility with CSR Emoleum, is expected to be operational in May 2003 and should deliver considerable production cost savings to the Hot Mix business.

Gasket Manufacturing

This segment recorded an operating profit before tax of \$0.6 million – a 23% decrease on the prior comparative period. Revenue was 6% down at \$6.7 million. The result was largely impacted by the loss of a key supply contract. However, a large proportion of this lost contract revenue has been substituted with increased sales to the existing customer base.

OUTLOOK

If current trading conditions are maintained, it is expected that the Group's trading performance for the second half of the 2002/03 financial year will exceed the results achieved for the period under review.

The forward business outlook for industrial products remains positive with ongoing demand from major projects and manufacturing likely to continue. The automotive business is expected to be buoyant with record new vehicle sales expected to provide ongoing revenue growth for the Group's genuine parts franchises and as well as supporting the non genuine and gasket operations of the business. It is anticipated that Coventry Auto Parts will continue to incur trading losses in NSW and QLD. The bitumen products division is expecting its second half results to be impacted by escalating bitumen costs as well as increased competition.

Yours faithfully

Warwick Kent A.O.
Chairman

Financial SUMMARY

Six months ended 31 December 2002

	December 2002 \$'000	December 2001 \$'000
--	----------------------------	----------------------------

Financial Performance

Operating revenue	214,311	196,758
Operating profit before tax	8,322	3,414
Less tax	(3,351)	(2,957)
Profit after tax	4,971	457
Add outside interests	24	472
Operating profit for shareholders of Coventry Group Ltd	4,995	929
Earnings per share (cents)	14.7	2.8

Cash Flow

Net cash inflow(outflow) from operations	7,008	(862)
	December 2002 \$'000	June 2002 \$'000

Financial Position

Current assets	157,234	155,200
Non-current assets	91,883	94,762
Total assets	249,117	249,962
Current liabilities	47,961	47,813
Non-current liabilities	39,887	46,257
Total liabilities	87,848	94,070
Net assets	161,269	155,892

Share capital	89,110	87,242
Reserves	32,980	32,791
Retained profits	35,927	30,932
Total parent equity	158,017	150,965
Outside equity interests	3,252	4,927
Total equity	161,269	155,892