

Half-year Highlights

- Net profit before tax of \$10.7 million – up 28% on the prior comparative period.
- Operating revenue up 3% on the prior comparative period to \$217 million.
- Earnings per share of 21.1 cents continues to improve strongly – up 44% from 14.7 cents for the prior comparative period.
- Profit result impacted by
 - solid trading performances by the automotive and industrial business segments.
 - improved gross margins and lower operating expenses relative to sales.
 - a reduction in the effective tax rate from 40% to 30%.
- Interim dividend of 16 cents per share, fully franked – up from 14 cents per share for the prior comparative period (record date – 17 March 2004; payable – 31 March 2004).

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 2003 as compared to the prior comparative period.

Half-year 2003	Automotive Parts Distribution \$'000	Industrial Products Distribution \$'000	Bitumen Products \$'000	Gasket Manufacturing \$'000	Elimination \$'000	Consolidated \$'000
Total segment revenue	119,163	88,972	6,086	6,464	(1,927)	218,758
Unallocated corporate revenue						490
Total revenue						219,248
Segment operating profit before interest and tax	3,376 ¹	8,071	369	849	366	13,031
Unallocated net corporate expenses						(1,647)
Operating profit before interest and tax						11,384
Net interest expense						(704)
Net profit before tax						10,680
Half-year 2002						
Total segment revenue	114,468	86,019	6,938	6,723	(1,716)	212,432
Unallocated corporate revenue						4,508
Total revenue						216,940
Segment operating profit before interest and tax ³	1,030 ²	7,481	734	643	-	9,888
Unallocated net corporate expenses						(584)
Operating profit before interest and tax						9,304
Net interest expense						(982)
Net profit before tax						8,322

1. Includes loss incurred by Coventry Auto Parts Pty Ltd of \$2.4 million.

2. Includes loss incurred by Coventry Auto Parts Pty Ltd of \$3.2 million.

3. With effect from 1 July 2003, business segments have been charged rent where they occupy company-owned premises. The segment operating profit for the comparative period has been similarly adjusted.



Coventry Group Ltd

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Shareholder Calendar 2004

Record Date for Interim Dividend - 17 March 2004

Final Date for Receipt of Dividend Reinvestment Plan Application Forms (Interim Dividend) - 17 March 2004

Payment of Interim Dividend - 31 March 2004

Announcement of Preliminary Final Report and Final Dividend - 26 August 2004

Payment of Final Dividend - 24 September 2004

2004 Annual General Meeting - 1 November 2004

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Shareholders' Half Yearly Report

Six months ended 31 December 2003

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 (the Group) for the half year ended 31 December 2003.

GROUP PERFORMANCE

Highlights of the Group's performance for the period under review were:

- Net profit after tax of \$7.3 million - a 46% increase on the prior comparative period.
- An operating profit before tax of \$10.7 million – up 28% from the prior comparative period.
- Earnings per share of 21.1 cents compared to 14.7 cents for the prior comparative period.
- Interim dividend of 16 cents per share, fully franked – up from 14 cents per share for the prior comparative period.
- A strong contribution from the automotive parts and industrial products business segments.

Operating revenue increased 3% to \$217 million, whilst total revenue improved by 1%. Revenue for the prior comparative period included the sale of property assets totalling \$3.6 million.

Better gross margins and lower operating expenses relative to sales underpinned the improved trading results.

The Group result was also impacted by a reduction in losses incurred by the controlled entity Coventry Auto Parts Pty Ltd (CAP). For the period under review, CAP's losses totalled \$2.4 million compared to \$3.2 million for the prior comparative period. Whilst this represented a 25% improvement, CAP's trading results for the six month period were well below expectations. Significant management attention is being directed to CAP's activities to improve its performance.

The after tax profit result was also impacted by the reduction of the effective tax rate to 30% for the period under review from 40% for the prior comparative period. The lower tax rate was attributable to the grouping of CAP losses for a full six month period as well as the utilisation of part of CAP's brought forward tax losses.

Operating expenses increased by 4% to \$71.2 million. The Group continued to generate solid cash flows - \$9.5 million against \$7.0 million for the prior comparative period. The net interest cover (EBITA/net interest expense) was 17.3 times and the net debt to equity ratio was 13%.

The key performance ratios* below show a continued improvement in the Group's performance.

	December 2003 Half Year	December 2002 Half Year	December 2001 Half Year
EBITA/sales	5.6%	4.9%	3.5%
Return on equity	14.7%	12.7%	8.8%
Return on assets	10.0%	8.2%	5.4%

(*Ratios are based on earnings before interest, tax and goodwill amortisation ("EBITA") before individually significant items, and are annualised where appropriate.)

DIVIDEND

The directors have declared an interim dividend of 16 cents per share, fully franked, up from 14 cents per share for the prior comparative period.

The dividend will be paid on 31 March 2004 to shareholders registered as at 5.00 pm on 17 March 2004.

The dividend reinvestment plan will continue to operate with the discount remaining at 2.5%.

Shareholders are reminded that to participate in the dividend reinvestment plan for the interim dividend, application forms must be returned to the share registry by 17 March 2003 – the record date for the interim dividend. If any additional information is required, shareholders should contact the Company's share registry

BUSINESS SEGMENT PERFORMANCE

Automotive Parts Distribution

In overall terms, the automotive parts business segment of the Group performed well during the half.

Operating profit before tax was \$3.4 million compared to \$1.0 million for the prior comparative period. Revenue increased by 4% to \$119.2 million.

A strong resource sector contributed to a solid performance by the WA based Coventrys division. However, Motor Traders in South Australia recorded a disappointing result due to softening sales arising from changes in the local distribution market.

Whilst CAP's losses have reduced, it has performed below budget for the period under review. Sales for Queensland operations have been encouraging but New South Wales results have been well below management's expectations.

Industrial Products Distribution

This segment recorded a good performance for the period under review with growth in profit and revenue.

Operating profit before tax was \$8.1 million – up 8% on the prior comparative period with revenue increasing 3% to \$89 million.

The buoyant resources sector, particularly in Western Australia and Queensland, together with a strong performance from the segment's New Zealand operations, Hylton Parker Fasteners, underpinned the result. There was an improved contribution from the construction fasteners activities, Infix.

The standardisation and centralisation of core business processes also contributed to the segment achieving improved efficiencies and lower operating costs.

Bitumen Products

Revenue for this business segment decreased by 12% to \$6.1 million. Operating profit before tax was \$0.4 million – down 50% on the prior comparative period. Bitumen Emulsions spray and cover activities are continuing to grow with above budget results. However, the Hot Mix operations were disappointing with a significant drop in volume sales arising from the loss of key local government contracts. The Hot Mix division's results were also impacted by 'start up' problems at the new asphalt manufacturing plant.

Gasket Manufacturing

The segment recorded an operating profit before tax of \$0.8 million – a 32% increase on the prior comparative period. Revenue at \$6.5 million was 4% down as a result of the carry over impact from the loss of a key supply contract. However, an improvement in operating efficiencies and a reduction in costs contributed to an improved profit line.

OUTLOOK

Expectations are that trading conditions will be satisfactory. However, we are seeing some evidence that the second half year will experience increased levels of competition in both the automotive and industrial sectors. It is anticipated that profit growth in the second half will slow a little but should be ahead of the corresponding period for the previous year.

Business prospects for the automotive segment will be impacted by continuing losses incurred by CAP's activities in NSW and QLD. For the industrial segment, whilst some isolated softening is expected in QLD markets, strong infrastructure developments in WA should provide continued growth opportunities.

The bitumen products business segment is expected to return flat results as it faces strong competition in an environment of lower government spending on roads.

Yours faithfully

Warwick Kent, AO
CHAIRMAN

Financial Summary

Six months ended 31 December 2003

	December 2003 \$'000	December 2002 \$'000
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Financial Performance

Operating revenue	217,007	211,288
Operating profit before tax	10,680	8,322
Less tax	(3,194)	(3,351)
Profit after tax	7,486	4,971
Add outside interests	(172)	24
Operating profit for shareholders of Coventry Group Ltd	7,314	4,995
Earnings per share (cents)	21.1	14.7

Cash Flow

Net cash inflow from operations	9,528	7,008
	December 2003 \$'000	June 2003 \$'000

Financial Position

Current assets	156,270	156,116
Non-current assets	86,920	86,688
Total assets	243,190	242,804
Current liabilities	47,415	45,425
Non-current liabilities	29,679	34,571
Total liabilities	77,094	79,996
Net assets	166,096	162,808
Share capital	91,743	90,402
Reserves	32,506	32,510
Retained profits	38,529	36,740
Total parent equity	162,778	159,652
Outside equity interests	3,318	3,156
Total equity	166,096	162,808