

4 September 2002

The Manager
Companies Announcements Office
Australian Stock Exchange

Facsimile No.: 1300 300 021

Dear Sir

PROFIT ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2002

Coventry Group Ltd ("Coventry") has today announced that for the year ended 30 June 2002:

- Sales revenue was \$394.5m, an increase of 9.7% over the previous year; and
- Net profit before tax, outside equity interest and significant items was \$14.4m, compared to \$8.0m for the previous year.

This underlying trading strength gives the Board and management encouragement for the future.

Net profit after tax and outside equity interest was \$4.5m, compared to \$7.4m for the previous year. A number of significant items negatively affected the final result for the 2002 financial year. On the other hand, there were significant items which positively affected the final result for the 2001 financial year. The relevant items were:

- for the 2002 financial year - costs of \$2.7m incurred in closing the Victorian activities of the controlled entity Coventry Auto Parts Pty Ltd ("CAP"), and an expense of \$0.8m from a recoverable amount write-down of land and buildings; and
- for the 2001 financial year - a pre-tax gain of \$5.4m from the liquidation of Investment Company of the West Ltd, a pre-tax gain of \$0.7m from the sale of land and buildings, and costs of \$0.9m incurred in closing the Victorian activities of CAP.

The recoverable amount write-down of \$0.8m for the 2002 financial year relates to an industrial property in Western Australia, which is surplus to business requirements. Management is actively marketing this property with a view to realising its current book value in the short-term.

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The financial year ended 30 June 2002 saw a much improved performance from Coventry's established businesses, and a solid contribution from the first full year of trading of Hylton Parker Fasteners Limited, the New Zealand controlled entity which was acquired in May 2001.

However, the consolidated result was negatively impacted by trading losses incurred by CAP, as it continues to establish its business in New South Wales and Queensland. Excluding Victorian closure costs, the trading losses of CAP amounted to \$7.2m.

A further consequence of the losses of CAP was its impact on the effective tax rate, which was 65% for the year. This high rate was caused by the inability to offset losses incurred by CAP against the taxable income earned by other group businesses. The effective tax rate is anticipated to reduce in line with the reduction in losses incurred by CAP.

A summary of Coventry's consolidated results for the years ended 30 June 2002 and 2001 is as follows:

Consolidated result	2002 \$m	2001 \$m
Net profit before tax and outside equity interest	10.842	13.198
Net profit after tax and outside equity interest	4.536	7.408
Earnings per share	13.4 cents	21.9 cents
Net profit before tax and outside equity interest, excluding significant items	14.377	7.961
Net profit after tax and outside equity interest, excluding significant items	7.753	2.371
Earnings per share, excluding significant items	23.0 cents	7.0 cents
Net operating cash flow	15.718	1.970

Segment Performance

Automotive Parts Distribution

The established businesses in Western Australia and South Australia recorded a 6% increase in revenue to \$192.1m, and a 62% increase in net profit before tax to \$10.1m. Net profit margins improved as a result of better gross profit margins and tight cost control.

As previously mentioned, the overall segment result was largely impacted by the losses incurred by CAP. No further losses are anticipated from the closed Victorian operations as all future commitments have been provided for. Revenue for the New South Wales operation was up by 62%, and for the Queensland operation was up by 103%. A substantial reduction in losses from those States is expected for the 2003 financial year. CAP is budgeting to achieve a break-even result for the 2004 financial year.

Industrial Products Distribution

Segment revenue increased by 19% to \$157.0m, with net profit before tax increasing by 51% to \$12.0m. A solid contribution to revenue and profit growth was achieved by Hylton Parker Fasteners Limited. During the year, Coventry established the Infix brand across Australia, which specialises in the distribution of fasteners to the construction sector. Net profit margins for this segment improved over the previous year.

Bitumen Products

Net profit before tax for this segment fell by 14% to \$2.3m. Revenue fell by 10% to \$14.9m due to intense competition in the market for sprayed bitumen products in Western Australia, and net profit margin was also eroded. As previously announced, Coventry has entered into an agreement with CSR Emoleum to establish a new, state of the art, asphalt production sharing facility at Gosnells in Western Australia. The capital cost to Coventry will be \$2.1m, and annual operating cost savings are expected to be about \$0.5m.

Gasket Manufacturing

This segment recorded a 4% increase in net profit before tax to \$2.0m, with revenue increasing by 5% to \$14.9m. The profit improvement was due to increased sales volumes, as net profit margins remained flat in a competitive market.

Dividends

The directors have declared a final dividend for the year ended 30 June 2002 of 12 cents per share fully franked, and this will be paid on 27 September 2002 to shareholders registered as at 20 September 2002. Combined with the interim dividend paid in May 2002, this brings the total dividend pay-out for the 2002 financial year to 20 cents per share, fully franked.

Future Outlook

Coventry's prospects for the year ending 30 June 2003 are encouraging. The contribution of the automotive parts distribution business is expected to improve as a result of the anticipated reduction in losses incurred by CAP and from continued profit growth in Western Australia and South Australia. Favourable market conditions in the engineering and construction sectors in Australia, together with branch expansion in New Zealand, should present good growth opportunities for the industrial products distribution business. The bitumen and gaskets businesses are expected to again make a steady contribution to group earnings.

Yours faithfully

BARRY WATSON
CHIEF EXECUTIVE OFFICER

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