



Coventry Group Ltd

ABN 37 008 670 102

Appendix 4D

Half-year report for the six months ended 31 December 2017

Reporting period

Report for the half-year ended 31 December 2017

Previous corresponding period is the financial year ended 30 June 2017 and the half-year ended 31 December 2016

Results for announcement to the market

	<u>31 Dec 2017</u>	<u>31-Dec-16</u>	<u>Change</u>	<u>Change</u>
	<u>\$M</u>	<u>\$M</u>	<u>\$M</u>	<u>%</u>
Revenue from ordinary activities (including discontinued operations of AA Gaskets)	90,970	85,253	5,717	6.7%
Profit/(loss) after tax attributable to members	8,742	(22,192)	30,934	-
Net profit/(loss) after tax attributable to members	8,742	(22,192)	30,934	-

Dividends

No dividends have been declared in relation to the half-year ended 31 December 2017.

No ordinary dividends were paid during the period.

Amount of dividend per security

		<u>Amount per security</u>	<u>Franked amount 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 2017	1.39
As at 31 December 2016	1.69

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

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



Coventry Group Ltd

Coventry Group Ltd and controlled entities

ABN 37 008 670 102

Financial report

for the half-year ended 31 December 2017

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2017.

Coventry Group Ltd and controlled entities

Financial report for the half-year ended 31 December 2017

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Coventry Group Ltd

Directors' report

For the six months ended 31 December 2017

The directors present their report on the Consolidated entity consisting of Coventry Group Ltd and controlled entities at the end of, or during, the six months ended 31 December 2017. Throughout the report, the Consolidated entity is referred to as the Group.

Directors

The directors of the Company at any time during the six month period ended 31 December 2017 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 (appointed 1 October 2017)
 Kenneth Royce Perry (resigned 22 November 2017)
 Nicholas John Willis (resigned 31 August 2017)
 Vicky Papachristos (resigned 28 July 2017)

Review of operations

The trading performance of the Group has improved in the first half of FY18. Group revenue for the half has grown year on year with Cooper Fluid Systems (CFS) and Trade Distribution New Zealand (TDNZ) delivering strong growth. Trade Distribution Australia (TDA) had some revenue growth which was encouraging.

Sales for the six months ending 31 December 2017 (excluding the non-continuing operations of AA Gaskets) were up 9.8% to \$83.7m on the prior corresponding period. The underlying EBIT loss for the six months was -\$1.7m, an improvement of \$4.4m on the prior corresponding period. Net profit after tax including the profit on the sale of the AA Gaskets business, was \$8.7m. Net loss after tax excluding the profit on the sale of the AA Gaskets business, -\$4.3m compared to -\$22.2m for the prior corresponding period.

During the half the business completed the sale of the AA Gaskets business to GUD Holdings following a strategic decision to focus on our two core industrial supply businesses.

The Executive Leadership Team was strengthened with the appointment of Rod Jackson as Chief Financial Officer and Tracey Gibbins as General Manager - People, Safety, Well Being and Quality.

Revenue

Percentage revenue change in the first half of FY18 (July to December) when compared with the prior corresponding period (PCP) is shown below:

Revenue change			1H FY18 Vs 1H FY17
Fluids			+21.0%
Trade distribution			+4.1%
Consolidated Group excluding non-continuing operations			+9.8%

Note 1: The discontinuing operations of AA Gaskets have not been included.

Cooper Fluid Systems

Cooper Fluid Systems made an increased contribution to the Group during the first half. Revenue has seen substantial growth with sales up 21.0% on PCP. Sales growth is being driven by an increase in service and maintenance activity in the resources sector and improving business conditions.

Coventry Group Ltd

Directors' report

For the six months ended 31 December 2017

Trade Distribution

Trade Distribution New Zealand continued to perform well in its key markets, with revenue up 10.2% on PCP and an increased contribution to the Group.

Trade Distribution Australia continued to show slow improvement with sales up 1.9% for the half year on PCP. The Board and management are not happy with the pace of change and the level of sales growth in this business unit and initiatives continue to be refined to accelerate the pace of improvement and return it to sustainable profitable growth. Key areas of focus are improving stock availability/service levels, returning to a trade distribution branch delivery model, ensuring branches have the right resource levels, building supplier partnerships, directional buying and selling, improving sales resource capability and further streamlining DC operations.

Significant work remains to return the TDA business to positive contribution and sustainable profitable growth. The business is focussed on delivering service excellence into to its core markets of mining and resources, industrial and construction. Our markets are generally performing well and there are early signs of recovery in the Western Australia market.

Corporate

Excluding an insurance recovery relating to the Cyber attack previously reported, corporate net costs reduced in the order of \$1.0m on the prior corresponding period.

AA Gaskets divestment

The AA Gaskets sale completed on 1 December 2017. The transaction has been finalised and net proceeds from sale of the business assets received.

Share buy back

The minimum holding share buy-back for holders of unmarketable parcels of shares in the Company completed on 23 January 2018. A total of 336,075 shares were acquired and cancelled for a total amount paid of \$373,315. The number of shareholders reduced by 1,290 to 1,784 at that time.

As previously advised when the AA Gaskets sales was announced, the Group will now commence an on market buy-back of up to 10% of the Issued Share Capital of the Company.

Balance sheet

Following the sale of the AA Gaskets business which completed on 1 December 2017, the Scottish Pacific securitised trade receivables facility was repaid but remains available for use in the future if required.

The Group had cash funds available of \$6.3m as at 31 December 2017.

Group net tangible assets per share is \$1.39 (\$1.30 as at 30 June 2017).

With the improving performance of the Group and stronger balance sheet no further impairments or deferred tax asset adjustments have been required.

Dividends

As a consequence of the loss (excluding the profit on sale of the AA Gaskets business) recorded for the six months ending 31 December 2017, the Board has determined that no interim dividend be declared.

Coventry Group Ltd

Directors' report

For the six months ended 31 December 2017

Outlook

Our key markets in mining and resources, construction and industrial are continuing to perform well.

Overall, we are positive about the outlook for the Group.

Events since the end of the financial year

The directors are not aware of any matter or circumstance having arisen since the end of the half year and the date of this report that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Significant changes in the state of affairs

Except for the sale of the AA Gaskets business, there have been no other significant changes in the state of affairs of the Group during the period.

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 4.

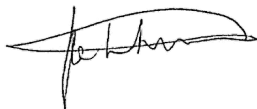
Rounding of amounts

The company is of a kind referred to in ASIC Legislative 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.



Neil George Cathie
Chairman



Robert James Bulluss
Managing Director and Chief Executive Officer

Melbourne
23 February 2018



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 2017 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

A handwritten signature in blue ink that reads 'Julie Carey'.

Julie Carey
Partner
Melbourne
23 February 2018

Coventry Group Ltd and controlled entities
Condensed consolidated statement of profit or loss and
comprehensive income
For the six months ended 31 December 2017

		31 December 2017 \$'000	Restated * 31 December 2016 \$'000
Revenue from sale of goods		83,678	76,233
Cost of sales		(52,437)	(47,582)
Gross profit		31,241	28,651
Other income	4	2,753	2,023
Employment costs		(21,495)	(21,030)
Occupancy costs		(5,800)	(5,016)
Freight		(3,004)	(3,314)
Depreciation and amortisation expense	5, 6	(672)	(1,782)
Communication costs		(1,173)	(934)
Vehicle operating costs		(783)	(836)
Restructuring, impairment and other significant costs		(136)	(8,253)
Other expenses		(4,339)	(5,867)
Profit/(loss) before financial income and tax		(3,408)	(16,358)
Financial income, including net foreign exchange gain		4	186
Financial expense, including net foreign exchange loss		(902)	(91)
Net financial (expense)/income		(898)	95
Profit/(loss) before income tax		(4,306)	(16,263)
Income tax (expense)/benefit		(904)	(7,012)
Profit/(loss) for the half-year		(5,210)	(23,275)
Profit from discontinued operation, net of tax	8	14,278	1,457
Profit/(loss) for the half-year		9,068	(21,818)

*Comparative information for the half-year ended 31 December 2016 has been restated for the effects of the application of *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* following the disposal of the AA Gaskets business. The consolidated balance sheet and the Statement of changes in equity and Statement of cash flows for this period is not required to be restated. Refer to Note 8 'Discontinued operation' to the financial statements.

The above Condensed consolidated statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

Coventry Group Ltd and controlled entities
Condensed consolidated statement of profit or loss and
comprehensive income
For the six months ended 31 December 2017

	31 December 2017 \$'000	Restated * 31 December 2016 \$'000
Notes		
Profit/(loss) attributable to:		
Owners of the Company	8,742	(22,192)
Non-controlling interests	326	374
Profit/(loss) for the half-year	9,068	(21,818)
Other comprehensive income/(loss):		
Items that may be reclassified to profit or loss:		
Foreign currency translation differences	(536)	(160)
Effective portion of changes in fair value of cash flow hedges	(25)	312
Other comprehensive (loss)/income for the half-year, net of income tax	(561)	152
Total comprehensive income/(loss) for the half-year	8,507	(21,666)
Total comprehensive income/(loss) attributable to:		
Owners of the Company	8,207	(22,106)
Non-controlling interests	300	440
Total comprehensive income/(loss) for the half year	8,507	(21,666)
Earnings/(loss) per share from continuing operations:		
Basic earnings/(loss) per share:	(13.8) cents	(61.5) cents
Diluted earnings/(loss) per share:	(13.8) cents	(61.5) cents

*Comparative information for the half-year ended 31 December 2016 has been restated for the effects of the application of *AASB 5 Non-current Assets Held for Sale and Discontinued Operations* following the disposal of the AA Gaskets business. The consolidated balance sheet and the Statement of changes in equity and Statement of cash flows for this period is not required to be restated. Refer to Note 8 'Discontinued operation' to the financial statements.

The above Condensed consolidated statement of profit or loss and comprehensive income should be read in conjunction with the accompanying notes.

Coventry Group Ltd and controlled entities
Condensed consolidated statement of financial position
As at 31 December 2017

	31 December 2017 Notes	30 June 2017 \$'000
ASSETS		
Cash and cash equivalents	6,309	5,149
Trade and other receivables	31,708	29,260
Inventories	44,769	49,282
Total current assets	82,786	83,691
Deferred tax assets	5,827	6,749
Property, plant and equipment	5 4,202	4,698
Intangible assets	6 5,897	5,935
Total non current assets	15,926	17,382
Total assets	98,712	101,073
LIABILITIES		
Trade and other payables	27,215	23,806
Interest-bearing loans and borrowings	-	8,045
Income tax payable	381	249
Provisions	90	131
Employee benefits	3,602	3,931
Total current liabilities	31,288	36,162
Other payables	3,162	3,089
Employee benefits	219	247
Total non current liabilities	3,381	3,336
Net assets	64,043	61,575
EQUITY		
Issued capital	108,063	108,063
Reserves	(4,924)	(815)
Retained earnings	(39,096)	(47,838)
Total equity attributable to equity holders of the Company	64,043	59,410
Non-controlling interests	-	2,165
Total equity	64,043	61,575

The above Condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

Coventry Group Ltd and controlled entities
Condensed consolidated statement of changes in equity
For the six months ended 31 December 2017

	Share-based payments reserve \$'000	Hedge reserve \$'000	Translation reserve \$'000	Other reserve \$'000	Total reserves \$'000	Share capital \$'000	Retained earnings \$'000	Total for owners of the company \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2017	-	(44)	(771)	-	(815)	108,063	(47,838)	59,410	2,165	61,575
Total comprehensive (loss)/income for the half-year										
Profit/(loss) for the half-year	-	-	-	-	-	-	8,742	8,742	326	9,068
Other comprehensive (loss)/income for the half-year										
Foreign currency translation differences	-	-	(510)	-	(510)	-	-	(510)	(26)	(536)
Effective portion of changes in fair value of cash flow hedges	-	(25)	-	-	(25)	-	-	(25)	-	(25)
Total other comprehensive (loss)/income	-	(25)	(510)	-	(535)	-	-	(535)	(26)	(561)
Total comprehensive (loss)/income for the half-year	-	(25)	(510)	-	(535)	-	8,742	8,207	300	8,507
Transactions with owners, recorded directly in equity										
Acquisition of non-controlling interest	-	-	-	(3,574)	(3,574)	-	-	(3,574)	(2,327)	(5,901)
Dividends to equity holders	-	-	-	-	-	-	-	-	(138)	(138)
Total transactions with owners	-	-	-	(3,574)	(3,574)	-	-	(3,574)	(2,465)	(6,039)
Balance at 31 December 2017	-	(69)	(1,281)	(3,574)	(4,924)	108,063	(39,096)	64,043	-	64,043

Amounts are stated net of tax

The above Condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Coventry Group Ltd and controlled entities
Condensed consolidated statement of changes in equity
For the six months ended 31 December 2017

	Share-based payment reserve \$'000	Hedge reserve \$'000	Translation reserve \$'000	Total reserves \$'000	Share capital \$'000	Retained earnings \$'000	Total for owners of the company \$'000	Non-controlling interest \$'000	Total equity \$'000
Balance at 1 July 2016	104	(80)	(190)	(166)	108,110	(11,711)	96,233	2,031	98,264
Total comprehensive (loss)/income for the half-year									
(Loss)/profit for the half-year	-	-	-	-	-	(22,192)	(22,192)	374	(21,818)
Other comprehensive (loss)/income:									
Foreign currency translation differences	-	-	(226)	(226)	-	-	(226)	66	(160)
Effective portion of changes in fair value of cash flow hedges	-	312	-	312	-	-	312	-	312
Total other comprehensive (loss)/income for the half-year	-	312	(226)	86	-	-	86	66	152
Total comprehensive (loss)/income for the half-year	-	312	(226)	86	-	(22,192)	(22,106)	440	(21,666)
Transactions with owners, recorded directly in equity									
Share based payment transactions	21	-	-	21	-	-	21	-	21
Dividends to equity holders	-	-	-	-	-	-	-	(165)	(165)
Total transactions with owners	21	-	-	21	-	-	21	(165)	(144)
Balance at 31 December 2016	125	232	(416)	(59)	108,110	(33,903)	74,148	2,306	76,454

Amounts are stated net of tax

The above Condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Coventry Group Ltd and controlled entities
Condensed consolidated statement of cash flows
For the six months ended 31 December 2017

	31 December	31 December
	2017	2016
Notes	\$'000	\$'000
Cash flows from operating activities		
Cash receipts from customers	89,352	89,162
Cash paid to suppliers and employees	(92,980)	(95,182)
Cash from/(used in) operations	(3,628)	(6,020)
Interest paid	(902)	(91)
Income taxes refunded/(paid)	150	(486)
Net cash used in operating activities	(4,380)	(6,597)
Cash flows from investing activities		
Proceeds from sale of AA Gaskets	20,907	-
Proceeds from sale of plant and equipment	83	106
Interest received	4	(6)
Acquisition of property, plant and equipment	(777)	(570)
Acquisition of intangibles assets	(57)	(988)
Net cash from/(used in) investing activities	20,160	(1,458)
Cash flows from financing activities		
Proceeds of financing arrangements	68,897	13,543
Repayment of financing arrangements	(76,942)	(3,524)
Transactions with non-controlling interests	(5,927)	-
Dividends paid to non-controlling interests	(138)	(165)
Net cash (used in)/from financing activities	(14,110)	9,854
Net (decrease)/increase in cash and cash equivalents		
Cash and cash equivalents at the beginning of the financial year	5,149	3,520
Effects of exchange rate changes on cash and cash equivalents	(510)	(22)
Cash and cash equivalents at 31 December	6,309	5,297

The above Condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Coventry Group Ltd and controlled entities

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2017

1 Significant accounting policies

(a) Reporting entity

Coventry Group Ltd (the 'Company') is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2017 comprise the Company and its controlled entities (together referred to as the 'Group'). The Group primarily is involved in the distribution of industrial products, the provision of fluid products and services and the manufacture and distribution of gaskets up to 1 December 2017 (Refer to Note 8).

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2017 are available upon request from the Company's registered office at 235 Settlement Road, Thomastown VIC 3074, Australia or at www.cgl.com.au

(b) Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with *AASB 134 Interim Financial Reporting* and the Corporations Act 2001, and with *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 2017. The consolidated interim financial statements do not include all of 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 2017.

These condensed consolidated interim financial statements were approved by the Board of Directors on 23 February 2018.

(c) Basis of preparation

The financial report is presented in Australian Dollars. The financial report is prepared on the historical cost basis except that derivative financial instruments are stated at their fair value.

The Company 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 amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) 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.

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 2017.

Coventry Group Ltd and controlled entities

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2017

1 Significant accounting policies (continued)

(e) Going concern

In preparing the 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 financial report.

The Group made a profit after tax for the six months ended 31 December 2017 of \$8.7m primarily as a result of the sale of AA Gaskets on 1 December 2017 along with continued strong results in Cooper Fluid Systems and improvements in the Trade Distribution business.

The Directors have assessed the forecast trading results and cash flows for the Group, including the impact of restructuring and other initiatives implemented by management to adjust to market conditions. These forecasts are based on best-estimate assumptions that are subject to influences and events outside of the control of the Group. The forecasts are supported by the performance of the Group in the six months to 31 December 2017.

Should trading conditions not improve or unexpectedly deteriorate, the Group could seek to:

- Make further adjustments to business operations;
- Raise additional funds from shareholders or other parties; and
- Utilise available funds (\$13m) in the Scottish Pacific securitised trade receivables facility.

After making enquiries and considering the matters described above, the Directors have a reasonable expectation that the Group will have adequate resources to continue to meet its obligations as they fall due. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial report.

The recoverable amounts are predicated on the assumption that the Group will continue as a going concern. If, in the event that the Group is unable to continue as a going concern, a further provision would be required to write down the value of assets to an alternative basis of valuation.

Coventry Group Ltd and controlled entities

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2017

2 Segment information

Trade Distribution: Includes the importation, distribution and marketing of industrial fasteners and associated products and hardware to the cabinet making, joinery and shop fitting industries;

Fluids: Includes the design, manufacture, distribution, installation and maintenance of lubrication and hydraulic fluid systems and hoses; and

Gaskets: Includes manufacturing and distribution of automotive and industrial gaskets.

The AA Gaskets business was sold on 1 December 2017 and is reported in the current period as a discontinued operation (See Note 8).

Information regarding the results of each reportable operating segment is included below. Performance is measured based on operating segment profit before income tax as included in the internal management reports that are reviewed by the CEO.

31 December 2017	Trade Distribution \$'000	Fluids \$'000	Group and unallocated items and consolidation adjustments \$'000	Total continuing segments \$'000	Gaskets (discontinued) \$'000	Total \$'000
Information about reportable segments						
External sales	52,689	30,989	-	83,678	7,292	90,970
Other revenue	462	132	2,159	2,753	260	3,013
Total revenue	53,151	31,121	2,159	86,431	7,552	93,983
Reportable segment (loss)/profit before finance costs, income tax and significant items	(1,929)	2,294	9,457	9,822	1,564	11,386
Net financial income/(loss)	-	-	(898)	(898)	-	(898)
Other significant items: Restructuring and other related costs	-	-	(136)	(136)	-	(136)
Reportable segment profit/(loss) before income tax	(1,929)	2,294	8,423	8,788	1,564	10,352
Reportable segment assets	56,407	24,017	17,369	97,793	919	98,712
Reportable segment liabilities	13,938	8,364	11,871	34,173	496	34,669
Capital employed	42,469	15,653	5,498	63,620	423	64,043

Coventry Group Ltd and controlled entities
Notes to the condensed consolidated interim financial statements
For the six months ended 31 December 2017

31 December 2016	Trade Distribution \$'000	Fluids \$'000	Group and unallocated items and consolidation adjustments \$'000	Total continuing segments \$'000	Gaskets (discontinued) \$'000	Total \$'000
Information about reportable segments						
External sales	50,621	25,613	-	76,234	9,020	85,254
Other revenue	545	21	1,457	2,023	94	2,117
Total revenue	<u>51,166</u>	<u>25,634</u>	<u>1,457</u>	<u>78,257</u>	<u>9,114</u>	<u>87,371</u>
Reportable segment (loss)/profit before finance costs, income tax and significant items	(3,434)	1,122	(5,793)	(8,105)	2,134	(5,971)
Net finance income/(loss)	290	-	(195)	95	(31)	64
Other significant items:						
Impairment loss	(5,576)	-	(2,292)	(7,868)	-	(7,868)
Restructuring and other related costs	(28)	(70)	(287)	(385)	(94)	(479)
Reportable segment (loss)/profit before income tax	<u>(8,748)</u>	<u>1,052</u>	<u>(8,567)</u>	<u>(16,263)</u>	<u>2,009</u>	<u>(14,254)</u>
Reportable segment assets	59,668	26,779	14,852	101,299	11,363	112,662
Reportable segment liabilities	11,309	5,661	16,849	33,819	2,389	36,208
Capital employed	<u>48,359</u>	<u>21,118</u>	<u>(1,997)</u>	<u>67,480</u>	<u>8,974</u>	<u>76,454</u>

3 Equity

On 23 January 2018 the Company completed its unmarketable parcel minimum holding share buy-back, where 336,075 ordinary shares were acquired and cancelled at a price of \$1.1108 per share. This share buy-back was announced on 7 December 2017.

On 8 December 2017 80,000 Performance Rights were converted to ordinary shares which increased the number of fully paid ordinary shares in the Company on issue to 37,716,479.

At the end of the period 37,716,479 shares remained in issue (2016: 37,836,479).

Dividends

No dividends have been declared in relation to the current period. For the previous corresponding period no dividends were declared.

Coventry Group Ltd and controlled entities
Notes to the condensed consolidated interim financial statements
For the six months ended 31 December 2017

4 Other income

	2017	2016
	\$'000	\$'000
Rental and sub-lease rental income	1,199	1,397
Other income	1,554	626
	2,753	2,023

5 Property, plant and equipment

	Consolidated Plant and equipment \$'000
Cost at 1 July 2017	40,500
Accumulated depreciation at 1 July 2017	(35,802)
Carrying amounts at 1 July 2017	4,698
Additions	777
Depreciation for the period	(577)
Disposals	(696)
Carrying amount at 31 December 2017	4,202

6 Intangible assets

	Goodwill	Consolidated Computer software	Total
	\$'000	\$,000	\$'000
Carrying amounts at 1 July 2017	3,327	2,608	5,935
Additions	-	57	57
Amortisation for the year	-	(95)	(95)
Carrying amounts at 31 December 2017	3,327	2,570	5,897

Goodwill is attributable to Cooper Fluid Systems.

Coventry Group Ltd and controlled entities

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2017

7 Impairment of non-financial assets

Trade Distribution

For the half-year ended 31 December 2017, the Group's value in use model indicated no evidence of further impairment in the carrying amount of the assets of this business. Value in use was based on the following key assumptions:

- Sales growth at 4.8%
- Terminal growth 2.5%
- Post tax WACC of 11.5%

The model is sensitive to reasonable possible changes in the key assumptions keeping all other assumptions constant, particularly the headroom would be eliminated if the sales growth was below 3% for each year into perpetuity.

Cooper Fluids Systems

For the half-year ended 31 December 2017, the Group's value in use model showed the recoverable amount exceeded the carrying amount of the Cooper Fluids Systems CGU. The values assigned to the key assumptions were:

- Sales growth at 4.8%
- Terminal growth 2.5%
- Post tax WACC of 11.5%

Any adverse change in key assumptions may result in impairment.

8 Discontinued operation

(a) Description

On 20 November 2017 the Group announced the sale of the AA Gaskets business in Australia and New Zealand to GUD Holdings Limited. AA Gaskets has been a strong revenue growth business with improving profitability in recent years. Management committed to a plan to sell the AA Gaskets business in November 2017 following the Board's strategic decision to focus on our two core businesses which fit the industrial supply market vision it has for the Group.

The AA Gaskets business, sold on 1 December 2017, was not previously classified as held-for-sale and is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(b) Results of discontinued operation

The financial performance and cash flow information presented are for the five months ended 30 November 2017 (2017 column) and the six months ended 31 December 2016.

Coventry Group Ltd and controlled entities

Notes to the condensed consolidated interim financial statements

For the six months ended 31 December 2017

8 Discontinued operation (continued)

(b) Results of discontinued operation (continued)

	2017 \$'000	2016 \$'000
Revenue	7,552	9,114
Expenses	(5,988)	(7,105)
Profit from operating activities	1,564	2,009
Income tax expense	(380)	(552)
Profit from operating activities, net of tax	1,184	1,457
Gain on sale of AA Gaskets	13,094	-
Profit from discontinued operations, net of tax	14,278	1,457

(c) Details of the sale of the discontinued operation

	2017 \$'000
Consideration received or receivable	21,012
Property, plant and equipment	(407)
Inventories	(4,760)
Trade and other receivables	(3,833)
Provisions	1,616
Other costs	(534)
Gain on sale	13,094

(d) Cash flows from discontinued operation

	2017 \$'000	2016 \$'000
Net cash used in operating activities	1,434	2,104
Net cash from investing activities	20,930	1
Net cash flow from financing activities	(51)	-
Net increase in cash generated by the discontinued operation	22,313	2,105

Earnings per share:

Basic earnings per share:	37.9 cents	3.9 cents
Diluted earnings per share:	37.9 cents	3.9 cents

9 Events occurring after the reporting period

On 23 January 2018 the Company completed its unmarketable parcel minimum holding share buy-back, where 336,075 ordinary shares were acquired and cancelled at a price of \$1.1108 per share. This share buy-back was announced on 7 December 2017.

Coventry Group Ltd and controlled entities Directors' declaration

In the opinion of the Directors of Coventry Group Ltd ('the Company'):

1. the condensed consolidated interim financial statements and notes, set out on pages 5 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 2017 and of its performance for the six months ended on that date, and

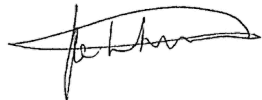
b) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that the Company 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.



Neil George Cathie
Chairman



Robert James Bulluss
Managing Director and Chief Executive Officer

Melbourne
23 February 2018



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 is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group's** financial position as at 31 December 2017 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 2017;
- Condensed consolidated statement of profit or loss and other 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 9 comprising a summary of significant accounting policies and other explanatory information; and
- 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.



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*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility 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. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 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*. As auditor of Coventry Group Ltd, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

Julie Carey
Partner
Melbourne
23 February 2018