Coventry Group Ltd
and its controlled entities

ABN 37 008 670 102

Concise Financial Report
30 June 2010

Coventry Group Ltd and its controlled entities
Concise financial report

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 Concise Financial Reports. The financial statements and specific disclosures required by AASB 1039 have been derived from the Group's full financial report for the financial year. Other information included in the concise financial report is consistent with the Group's full financial report. The concise financial report does not, and can not be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group, as the full financial report.

The full financial report can be viewed on or downloaded from Coventry Group Ltd's website – www.cgl.com.au

A hard copy of the full financial report can be requested by contacting the Company Secretary on (08) 9436 5404.

Coventry Group Ltd and its controlled entities
Concise financial report
Statement of comprehensive income

For the year ended 30 June 2010

In thousands of AUD	*Note*	Consolidated 2010	2009 Re-presented
Continuing operations			
Revenue from sale of goods		393,103	419,096
Cost of sales		(240,551)	(253,722)
Gross profit		152,552	165,374
Other revenue		2,402	2,357
Other income		2,014	11,226
Employee benefits expense		(86,638)	(97,537)
Depreciation and amortisation expenses		(3,954)	(3,841)
Occupancy costs		(12,223)	(11,840)
Communication costs		(2,778)	(3,294)
Freight		(8,327)	(9,297)
Impairment of goodwill		-	(6,880)
Other expenses		(32,380)	(39,544)
Profit before financing costs		10,668	6,724
Financial income		324	403
Financial expenses		(1,467)	(3,516)
Net financing costs		(1,143)	(3,113)
Profit before income tax		9,525	3,611
Income tax expense		(2,821)	(2,790)
Profit from continuing operations for the year		6,704	821
Discontinued operation			
Profit/(loss) from discontinued operations (net of income tax)	7	271	(1,826)
Profit/(loss) for the year		6,975	(1,005)
Other comprehensive income/(loss)			
Effective portion of changes in the fair value of cash flow hedges		218	(2,352)
Net change in fair value of cash flow hedges transferred to profit or loss		577	287
Foreign currency translation differences		191	351
Income tax (expense)/recovery on other comprehensive income/(loss)		(298)	515
Other comprehensive income/(loss) for the year, net of income tax		688	(1,199)
Total comprehensive income/(loss) for the year		7,663	(2,204)
Profit/(loss) attributable to:			
Equity holders of the Company	6	6,474	(1,416)
Minority interest		501	411
Profit/(loss) for the year		6,975	(1,005)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		7,167	(2,615)
Minority interest		496	411
Total comprehensive income/(loss) for the period		7,663	(2,204)
Earnings per share:			
Basic earnings/(loss) per share:		16.3 cents	(3.6) cents
Diluted earnings/(loss) per share:		16.3 cents	(3.6) cents
Continuing operations			
Basic earnings per share:		15.6 cents	1.0 cents
Diluted earnings per share:		15.6 cents	1.0 cents

The notes on pages 12 to 22 are an integral part of these consolidated financial statements.

Discussion and analysis of the statement of comprehensive income

For the year ended 30 June 2010

The Group's total revenue from sale of goods declined 6.2% to $393.1 million. Group profit after tax was $7.0 million compared to a loss of $1.0 million after tax the Group recorded for last year. However results in both years were adversely affected by materially significant items, as disclosed in note 5 and in this discussion and analysis, amounting to a net gain of $0.1 million in the current year and a net loss of $3.8 million in last year.

Details of the revenue and results by segment are shown in note 4 but further analysis is as follows:

- Automotive parts distribution revenues increased by 2.8% to $167.6 million. A profit before finance costs and tax of $3.5 million was recorded compared to a loss of $7.9 million in the previous year. However results in both years were adversely affected by materially significant items of a non recurrent nature as disclosed in note 5, amounting to $0.1 million in the current year and $5.0 million for last year. These results are attributable to:
    - Improvement in the Group's operations in both Western and South Australia
    - Significant reduction in the overall cost base of the operations stemming largely from head count reduction
    - The operation of the warehousing and distribution centre in Western Australia now providing a solid platform to regain the sales lost in the preceding years
    - Improvement in the general market conditions surrounding the supply of automotive parts to the mining sector in Western Australia in the latter part of the financial year

- Industrial products distribution revenues decreased by 12.9% to $215.0 million. Profit before tax increased to $5.7 million compared to $1.0 million for the previous year. However results in both years were adversely affected by materially significant items of a non recurrent nature as disclosed in note 5, amounting to $2.1 million in the current year and $10.0 million for last year. These results are attributable to:
    - The Fasteners business unit declined significantly in both revenues and profitability. The decline was first noted in late November 2008 and continued throughout the financial year. The continuing impact of the global economic crisis was felt across the fastener customer base but most acutely in the construction – both domestic and commercial/industrial and government infra structure areas. The results were particularly adversely affected in the states of South Australia, Victoria and Queensland whilst New South Wales and Western Australia were stronger, buoyed by, in the case of New South Wales the completion of remaining infra structure projects and Western Australia increased resource activity. The business in New Zealand also showed decline in both revenues and profitability due to the on going economic recession. Data both from International and Australian based companies and economic indicators suggest that this was in line with the general experience of all companies in the market place.

    - The Coopers Fluid Systems business unit declined in revenue however showed improved profitability. The Queensland based business showed revenue and profit growth primarily due to infrastructure projects in Far North Queensland. The remaining Australian businesses declined in revenue due to the closure of the Victorian branch in July 2009 however showed improved profitability from reduced costs and improvement in the general market conditions surrounding the supply of parts to the mining sector in Western Australia in the latter part of the financial year.

Discussion and analysis of the statement of comprehensive income (continued)

For the year ended 30 June 2010

  - The Cabinet Hardware business unit (branded Artia) declined in revenue but the cost reduction measures taken in the previous and current years allowed the business to return to profitability. The small unit in New Zealand recorded a loss for the year as it struggled in an economy in recession. The senior management changes which were made in January 2009 have shown continuing business performance improvements.

  - The senior management of the Industrial products distribution business continue to undertake a systematic review of its operations to enhance business performance and reduce costs.

- Gaskets manufacturing revenues increased by 13.5% to $12.8 million. Profit before tax increased 24.1% to $2.6 million. These results are attributable to:
  - The business units in Australia and New Zealand both performed strongly. Whilst it is difficult to quantify the specific reason the results were improved by the fact that one major competitor to the businesses was under administration during the financial year. The businesses supply the automotive after market from its manufactured and imported product range

The basic earnings per share were 16.3 cents per share compared to a loss of 3.2 cents per share for the previous year. The Company paid total dividend of 11 cents per share, fully franked, during the year and has declared a dividend of 8 cents per share, fully franked, which will be paid on 21 September 2010.

Coventry Group Ltd and its controlled entities
Concise financial report
Statement of changes in equity

For the year ended 30 June 2010

In thousands of AUD	*Note*	Consolidated 2010	2009 Re-presented
Total equity at the beginning of the financial year		170,384	172,892
Total comprehensive income for the period			
Profit/(loss) for the year		6,975	(1,005)
Other comprehensive income			
Effective portion of changes in fair value of cash flow hedges, net of tax		152	(1,645)
Net change in fair value of cash flow hedges transferred to profit or loss, net of tax		402	200
Foreign currency translation differences, net of tax		134	246
Total other comprehensive income		688	(1,199)
Total comprehensive income for the period	6	7,663	(2,204)
Transactions with owners, recorded directly in equity			
Own shares acquired		(338)	-
Share based payment transactions		70	54
Dividends to equity holders		(4,361)	-
Dividends paid to minority interests in controlled entities		(481)	(358)
Dividend re-investment – share issues		1,104	-
Total transactions with owners		(4,006)	(304)
Total equity at the end of the financial year	6	174,041	170,384

The notes on pages 12 to 22 are an integral part of these consolidated financial statements.

Discussion and analysis of the statement of changes in equity

For the year ended 30 June 2010

There were no significant changes in equity for the year other than as described fully in the statements.

Coventry Group Ltd and its controlled entities
Concise financial report
Statement of financial position
As at 30 June 2010

In thousands of AUD	***Note***	**Consolidated 2010**	**2009**
Assets			
Cash and cash equivalents		5,730	5,071
Trade and other receivables		63,978	64,099
Inventories		82,633	91,419
Income tax receivable		31	802
Total current assets		152,372	161,391
Deferred tax assets		11,756	14,042
Property, plant and equipment		27,049	28,850
Intangible assets		36,109	37,668
Total non current assets		74,914	80,560
Total assets		227,286	241,951
Liabilities			
Trade and other payables		38,793	35,444
Interest bearing loans and borrowings		812	-
Employee benefits		10,242	10,620
Income tax payable		278	220
Provisions		778	887
Total current liabilities		50,903	47,171
Interest bearing loans and Borrowings		-	20,213
Employee benefits		1,721	2,034
Derivatives liability		-	893
Provisions		621	1,256
Total non current liabilities		2,342	24,396
Total liabilities		53,245	71,567
Net assets		174,041	170,384
Equity			
Issued capital	*6*	113,442	112,676
Reserves	*6*	24,377	23,367
Retained earnings	*6*	33,497	31,631
Total equity attributable to equity holders of the Company		171,316	167,674
Minority interest		2,725	2,710
Total equity		174,041	170,384

The notes on pages 12 to 22 are an integral part of these consolidated financial statements.

Discussion and analysis of the statement of financial position

For the year ended 30 June 2010

The Group's net assets increased by 2.1% to $174.0 million.

The Group's total assets decreased by 6.0% ($14.7 million) to $227.3 million.

The decrease in total assets principally comprises:

- A reduction in inventories of $8.8 million (9.6%) since 30 June 2009. The Group has undertaken a systematic review and reduction of its inventory levels across all business units aided by the analytic tools afforded by the computer system. Whilst some on-going improvement is expected in inventory management, further falls like those experienced in the last 18 months are unlikely
- A reduction in Property plant and equipment of $1.8 million. During the year the Group successfully sold three properties for prices in excess of their book value as disclosed in note 5
- Deferred tax assets which decreased by $2.3 million to $11.8 million due to a reduction in carry forward revenue losses
- Intangible assets which decreased by $1.5 million to $36.1 million due to amortisation.

Current liabilities increased by $4.0 million to $50.9 million due to an increase in trade and other payables of $3.3 million. Employee benefits decreased by $0.4 million and other provisions decreased by $0.1 million. The Group's agreement with its current bank are such that the facilities will be repayable on 1 January 2011 and the interest bearing loans and borrowings under that facility ($0.8 million) have been reclassified as current liabilities. At 30 June 2010 the Group was in advanced discussion with a number of bankers in respect of providing facilities to the Group.

Non-Current liabilities decreased by $22.1 million to $2.3 million. At 30 June 2009 the interest bearing loans and borrowings ($0.8 million) were $20.2 million; the borrowings under these facilities have been classified as current liabilities in the current year.

Issued capital increased by $0.8 million to $113.4 million due to shares issued under the dividend reinvestment plan.

Total reserves increased by $2.9 million to $57.9 million mainly as a result of an increase in retained earnings, movements in foreign currency translation reserve, movements in the fair value of cash flow hedges and minority interests.

Coventry Group Ltd and its controlled entities
Concise financial report
Statement of cash flows
For the year ended 30 June 2010

In thousands of AUD	*Note*	Consolidated 2010	2009
Cash flows from operating activities			
Cash receipts from customers		434,806	498,053
Cash paid to suppliers and employees		(410,355)	(477,142)
Cash generated from operations		24,451	20,911
Interest paid		(1,209)	(3,203)
Income taxes received/(paid)		(81)	766
Net cash from operating activities		23,161	18,474
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		3,340	16,696
Interest received		45	103
Acquisition of business, net of cash acquired		-	(80)
Acquisition of property, plant and equipment		(1,986)	(981)
Acquisition of intangible assets		(93)	(3,192)
Net cash from investing activities		1,306	12,546
Cash flows from financing activities			
Proceeds from borrowings		15,262	7,000
Repayment of borrowings		(34,684)	(35,885)
Payments for share buy-back	*6*	(338)	-
Payments for settlement of derivatives		(310)	-
Dividends paid	*6*	(3,257)	-
Dividends paid to outside equity interests	*6*	(481)	(358)
Net cash used in financing activities		(23,808)	(29,243)
Net increase in cash and cash equivalents		659	1,777
Cash and cash equivalents at 1 July		5,071	3,294
Cash and cash equivalents at 30 June		5,730	5,071

The notes on pages 12 to 22 are an integral part of these consolidated financial statements.

Discussion and analysis of the statement of cash flows

For the year ended 30 June 2010

Cash flows from operating activities increased by $4.7 million to $23.2 million mainly due to cash generated from trading (EBITDA and working capital initiatives) of $3.5 million and also reduced interest paid of $2.0 million from reduced debt levels. Taxation moved from a tax receipt of $0.8 million in the previous year to a tax paid of $0.1 million in the current year in respect of gaskets manufacturing.

Cash flows from investing activities declined by $11.2 million to $1.3 million. The income from sale of property plant and equipment declined $13.4 million to $3.3 million representing the sale of three smaller properties in the current year compared to eight in the previous year. Expenditure on plant and equipment increased by $1.0 million to $2.0 million but remained below the depreciation level. Expenditure on intangible assets (the computer system) declined from $3.2 million to $0.1 million representing the completion of the project.

Cash flows from financing activities are evident from the cash flow statement and relates largely to net repayment of borrowings, dividends paid and a small amount in respect of shares under the buy back provisions.

1. Basis of preparation of concise financial report

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 *Concise Financial Reports* (AASB 1039). The financial statements and specific disclosures required by AASB 1039 have been derived from the Group's full financial report for the financial year. Other information included in the concise financial report is consistent with the Group's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the Group as the full financial report.

The financial report is prepared on the historical cost basis except that derivative financial instruments and share based payments are stated at their fair value.

A full description of the accounting policies adopted by the Group may be found in the Group's full financial report.

These accounting policies have been applied consistently to all periods presented in the consolidated financial statements, and have been applied consistently by each entity in the Group.

The presentation currency is Australian dollars.

2. Accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Management discussed and agreed with the Audit and Risk Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant affect on the amount recognised in the financial statements are described in the following notes of the full financial statements:

- Note 1(j) – significant accounting policies – inventories
- Note 1(w) – significant accounting policies – income tax
- Note 17 – measurement of the recoverable amount of cash generating units containing goodwill
- Note 24 – allowance for trade receivable impairment losses

3. Changes in accounting policies

Starting as of 1 July 2009, the Group has changed its accounting policies in the following areas:

- Determination and presentation of operating segments
- Presentation of financial instruments

4. Segment reporting

The Group has 3 reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Managing Director reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- *Automotive Parts Distribution*: Includes distribution of automotive parts
- *Industrial Products Distribution*: Includes distribution of fasteners, fluid hydraulics and hardware products
- *Gaskets Manufacturing*: Includes manufacturing and distributing gaskets

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax as included in the internal management reports that are reviewed by the Group's Managing Director. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

4. Segment reporting (continued)

Business Segments	Automotive parts distribution		Industrial products distribution		Gasket manufacturing		Total	
In thousands of AUD	**2010**	2009 *Re-presented*	**2010**	2009 *Re-presented*	**2010**	2009 *Re-presented*	**2010**	2009 *Re-presented*
External sales	166,867	162,555	213,476	245,460	12,760	11,081	393,103	419,096
Other revenue	763	585	1,549	1,288	-	163	2,312	2,036
External revenue	167,630	163,140	215,025	246,748	12,760	11,244	395,415	421,132
Inter segment revenue	29	174	12	372	567	590	608	1,136
Total revenue for reportable segments	167,659	163,314	215,037	247,120	13,327	11,834	396,023	422,268
Depreciation and amortization	807	783	834	892	237	231	1,878	1,906
Reportable segment profit or (loss) before finance costs, income tax and material items	3,394	(2,821)	7,760	11,053	2,563	2,065	13,717	10,297
Redundancy	(126)	(552)	(261)	(539)	-	-	(387)	(1,091)
Restructuring costs	387	(2,609)	(131)	-	-	-	256	(2,609)
Increase in doubtful debt provision	(191)	(350)	(243)	(1,691)	-	-	(434)	(2,041)
Increase in obsolete stock provision	-	(1,617)	(1,292)	(1,347)	-	-	(1,292)	(2,964)
Increase in other provisions	-	81	-	414	-	-	-	495
Impairment loss on goodwill	-	-	-	(6,880)	-	-	-	(6,880)
Impairment loss on property, plant and equipment	-	-	(131)	-	-	-	(131)	-
Reportable segment profit or (loss) before finance costs and income tax	3,464	(7,868)	5,702	1,010	2,563	2,065	11,729	(4,793)
Reportable segment assets	65,167	68,895	111,520	116,425	11,480	11,105	188,167	196,425
Reportable segment liabilities	19,154	19,128	26,539	24,978	1,538	1,249	47,231	45,355
Capital Expenditure	525	47	897	499	159	268	1,581	814

4. Segment reporting (continued)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

In thousands of AUD	**2010**	2009 *Re-presented*
Revenues		
Total revenue for reportable segments	396,023	422,268
Other revenue	90	321
Elimination of inter segment revenue	(608)	(1,136)
Consolidated revenue	395,505	421,453
Profit or loss		
Total profit/(loss) for reportable segments	11,729	(4,793)
Unallocated amounts: other corporate expenses and income	(674)	8,908
Net finance costs	(1,143)	(3,113)
Consolidated profit before income tax	9,912	1,002
Elimination of discontinued operations	(387)	2,609
Consolidated profit before income tax from continuing operations	9,525	3,611
Assets		
Total assets for reportable segments	188,167	196,425
Other assets	39,119	45,526
Consolidated total assets	227,286	241,951
Liabilities		
Total liabilities for reportable segments	47,231	45,355
Other liabilities	6,014	26,212
Consolidated total liabilities	53,245	71,567

4. Segment reporting (continued)

Other material items 2010
In thousands of AUD

	Reportable segment totals	Adjustments	Consolidated totals
Redundancy	387	-	387
Restructuring costs	(256)	-	(256)
Increase in doubtful debt provision	434	-	434
Increase in obsolete stock provision	1,292	-	1,292
Impairment loss on property, plant and equipment	131	-	131
	1,988	**-**	**1,988**

Other material items 2009

In thousands of AUD	Reportable segment totals	Adjustments	Consolidated totals
Redundancy	1,091	86	1,177
Restructuring costs	2,609	-	2,609
Increase in doubtful debt provision	2,041	-	2,041
Increase in obsolete stock provision	2,964	-	2,964
Decrease in other provisions	(495)	-	(495)
Impairment loss on goodwill	6,880	-	6,880
	15,090	**86**	**15,176**

Coventry Group Ltd and its controlled entities
Concise financial report
Notes to the consolidated financial statements

5. Individually material items included in income statement

Continuing operations

In thousands of AUD	Consolidated 2010	2009
Impairment loss on goodwill	-	(6,880)
Impairment loss on property, plant and equipment	(131)	-
Net gain on sale of land & buildings	2,061	11,337
Redundancy	(387)	(1,177)
Restructuring costs	(131)	-
Additional increase in provisions [(i)]	(1,726)	(4,510)
	(314)	(1,230)

Discontinued operations

In thousands of AUD	*Note*	Consolidated 2010	2009
Restructuring costs	7	387	(2,609)
		387	(2,609)

[(i)] Includes increase in stock provision in respect of non recurrent items, $1,292,000 (2009: $2,964,000), increase in doubtful debt provision in respect of non recurrent items, $434,000 (2009: $2,041,000), and decrease in miscellaneous provisions $nil (2009: $495,000).

6. Capital and reserves

Reconciliation of movement in capital and reserves for the period ended 30 June 2010

In thousands of AUD	Share-based payments reserve	Hedging reserve	Translation reserve	Realisation reserve	Total reserve	Share capital	Retained earnings	Total for members of the Company	Minority interest	Total equity
Balance at 1 July 2009	144	(554)	(1,258)	25,035	23,367	112,676	31,631	167,674	2,710	170,384
Total comprehensive income for the period										
Profit or Loss	-	-	-	-	-	-	6,474	6,474	501	6,975
Other comprehensive income										
Foreign currency translation differences	-	-	139	-	139	-	-	139	(5)	134
Net change in fair value of cash flow hedges transferred to profit or loss	-	402	-	-	402	-	-	402	-	402
Effective portion of changes in the fair value of cash flow hedges	-	152	-	-	152	-	-	152	-	152
Total other comprehensive income	-	554	139	-	693	-	-	693	(5)	688
Total comprehensive income for the period	-	554	139	-	693	-	6,474	7,167	496	7,663
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Own shares acquired	-	-	-	-	-	(338)	-	(338)	-	(338)
Share based payment transactions	70	-	-	-	70	-	-	70	-	70
Transfer (from)/to reserve	-	-	-	247	247	-	(247)	-	-	-
Dividends to equity holders/ re-invested	-	-	-	-	-	1,104	(4,361)	(3,257)	(481)	(3,738)
Balance at 30 June 2010	214	-	(1,119)	25,282	24,377	113,442	33,497	171,316	2,725	174,041

Amounts are stated net of tax

6. Capital and reserves (continued)

Reconciliation of movement in capital and reserves for the period ended 30 June 2009 (re-presented)

In thousands of AUD	Share-based payments reserve	Hedging reserve	Translation reserve	Realisation reserve	Total reserve	Share capital	Retained earnings	Total for members of the Company	Minority interest	Total equity
Balance at 1 July 2008	714	891	(1,504)	23,481	23,582	112,676	33,977	170,235	2,657	172,892
Total comprehensive income for the period										
Profit or Loss	-	-	-	-	-	-	(1,416)	(1,416)	411	(1,005)
Other comprehensive income										
Foreign currency translation differences	-	-	246	-	246	-	-	246	-	246
Effective portion of changes in the fair value of cash flow hedges	-	(1,645)	-	-	(1,645)	-	-	(1,645)	-	(1,645)
Net change in fair value of cash flow hedges transferred to profit or loss	-	200	-	-	200	-	-	200	-	200
Total other comprehensive income	-	(1,445)	246	-	(1,199)	-	-	(1,199)	-	(1,199)
Total comprehensive income for the period	-	(1,445)	246	-	(1,199)	-	(1,416)	(2,615)	411	(2,204)
Transactions with owners, recorded directly in equity										
Contributions by and distributions to owners										
Own shares acquired	-	-	-	-	-	-	-	-	-	-
Share based payment transactions	54	-	-	-	54	-	-	54	-	54
Transfer (from)/to reserve	(624)	-	-	1,554	930	-	(930)	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	(358)	(358)
Balance at 30 June 2009	144	(554)	(1,258)	25,035	23,367	112,676	31,631	167,674	2,710	170,384

Amounts are stated net of tax

6. Capital and reserves (continued)

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations where their functional currency is different to the presentation currency of the reporting entity, as well as from the translation of liabilities that hedge the Company's net investment in a foreign subsidiary.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Realisation reserve

The asset realisation reserve includes revaluation increments and decrements previously included in retained earnings, which have been realised upon the disposal of previously revalued non-current assets.

Share based payments reserve

The share based payment reserve comprises the fair value of shares that are yet to vest under share based payments arrangements.

Dividends

The following dividends were declared and paid by the Group:

Declared and paid during the year 2010	Cents per share	Total amount $000	Franked / Unfranked	Date of payment
Final 2009 Ordinary Dividend	5.0	1,970	Franked	25 September 2009
Interim 2010 Ordinary Dividend	6.0	2,391	Franked	23 March 2010
Total Amount		4,361		

Since 30 June 2010 the following dividend has been declared by the directors.

Declared after end of year	Cents per share	Total amount $000	Franked / Unfranked	Date of payment
Final 2010 Ordinary Dividend	8.0	3,192	Franked	21 September 2010

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2010 and will be recognised in subsequent financial reports.

7. Discontinued operations

In June 2008 the Group sold the business and assets of two divisions (Queensland and the Northern Territory) within its Automotive Parts Distribution segment. At the time those sales contracts were signed, certain items were left to be resolved. All such matters were resolved in the 2009 financial year, resulting in the expense of $2,609,000 which included a provision for onerous contract on the unexpired portion of a leased premises contracted to 31 August 2014. The onerous contract provision was to the value of $1,573,000. During the 2010 financial year a contract was negotiated to sub-lease the premise to 31 August 2014. Consequently, a write back of $387,000 in respect of the onerous contract was recorded.

Profit/(loss) attributable to the discontinued operations were as follows:

	Consolidated	
In thousands of AUD	**2010**	**2009**
Results of discontinued operations		
Expenses	387	(2,609)
Results from operating activities	387	(2,609)
Income tax (Expense)/benefit	(116)	783
Profit/(loss) for the year	271	(1,826)
Basic earnings/(loss) per share	0.7 cents	(4.6) cents
Diluted earnings/(loss) per share	0.7 cents	(4.6) cents
Cash flows from discontinued operations		
Net cash from(used) in operating activities	5	(928)
Net cash from discontinued operations	5	(928)

8. Contingencies

In 2007 the Company supplied bolts to be used in the erection of Wind Towers. The Company sourced the bolts from an importer. The customer has alleged the bolts did not meet specification and in April 2009 has issued a claim for damages of approximately $2,200,000. The claim is denied by the Group. The importer has been put on notice regarding the claim. The Company considers that:

1. The matters surrounding the claim are in dispute.
2. Should any liability be established in the matter that liability will rest with the importer and hence the deemed manufacturer. It is understood that the importer has insurance to mitigate any loss it may incur.

Thus the possibility that the Company will suffer any financial loss is unlikely.

Given the circumstances and history of this matter there can be no certainty as to the timing of its resolution. The directors are of the opinion that provisions are not required in respect of this matter, as it is not probable that a future sacrifice of economic benefits will be required.

The directors present their report together with the financial report of Coventry Group Ltd (the "Company") and of the Group, being the Company and its subsidiaries for the year ended 30 June 2010.

1. Directors

Information on Directors

The directors of the Company at any time during or since the end of the financial year and up to the date of this report are:

Independent, non-executive directors
Barry Frederick Nazer
Joseph Boros (resigned 30 October 2009)
John Harold Nickson
Kenneth Royce Perry (appointed 18 September 2009)

Executive directors
Roger Baden Flynn – Executive Chairman
Vince Scidone

Particulars of their qualifications, experience and special responsibilities are set out on page xx of the Concise Annual Report.

Directors' Interests

As at the date of this report particulars of the relevant interest of each director in the securities of the Company are as follows:

	Number of Ordinary Shares	Number of Options (Unlisted)
BF Nazer	104,420	-
JH Nickson	94,840	-
KR Perry	-	-
RB Flynn	240,496	500,000
V Scidone	29,487	100,000

During the 2009/10 financial year and as at the date of this report no director has declared any interest in a contract or proposed contract with the Company, the nature of which would be required to be reported in accordance with subsection 300(11)(d) of the Corporations Act 2001, except as follows:

- Mr RB Flynn, who has a service contract with the Company which entitles him to benefits in the Company as disclosed in the Remuneration Report section of this report.
- Mr V Scidone, who has an employment contract with the Company which entitles him to benefits in the Company as disclosed in the Remuneration Report section of this report.

Directors' Meetings

The following table sets out the number of meetings of the Company's board of directors and each board committee, held during the year ended 30 June 2010, and the number of meetings attended by each director.

	Board of Directors		**Audit & Risk Committee**		**Remuneration Committee**		**Nomination Committee**	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
BF Nazer	15	14	4	4	-	-	-	-
J Boros	6	6	1	1	2	2	-	-
JH Nickson	15	15	4	4	3	3	-	-
KR Perry	11	10	3	3	1	1	-	-
RB Flynn	15	15	-	-	-	-	-	-
V Scidone	15	13	-	-	-	-	-	-

Note: Directors may pass resolutions in writing without a formal meeting being convened. Such resolutions are deemed by the Company's Constitution to be meetings. The above table does not include such meetings.

2. Principal activities

The principal activities of the Group during the financial year were:

Automotive Parts

- distribution and marketing of automotive parts and accessories, tools and workshop equipment; mining and general industrial consumables; specialised transport and heavy haulage products.

Industrial Products

- distribution and marketing of industrial and construction fasteners including bolts, nuts and screws; general industrial products.
- distribution, design and installation of lubrication and hydraulic fluid systems, hose and fittings products.
- importation, distribution and marketing of hardware, components and finished products to the domestic and commercial furniture, cabinet making, joinery and shop fitting industries; office chair components.

Gasket Manufacturing

- manufacture and distribution of automotive and industrial gaskets.

3. Consolidated results

Results of the Group for the year ended 30 June 2010 were as follows:

	2010 $000	2009 $000
Revenue from sale of goods	**393,103**	419,096
Profit before tax	**9,525**	3,611
Income tax expense	**(2,821)**	(2,790)
Profit from continuing operations for the year	**6,704**	821
Profit/(loss) from discontinued operations (net of income tax)	**271**	(1,826)
Profit/(loss) for the year attributable to:		
- equity holders of the Company	**6,474**	(1,416)
- minority interest	**501**	411
Profit/(loss) for the year	**6,975**	(1,005)

4. Dividends

Dividends paid or declared by the Company to members since the end of the previous financial year were:

Declared and paid during the year 2010	**Cents per share**	**Total Amount $000**	**Franked/ unfranked**	**Date of payment**
Final 2009 Ordinary Dividend	5.0	1,970	Fully Franked	25 September 2009
Interim 2010 Ordinary Dividend	6.0	2,391	Fully Franked	23 March 2010
Total Amount		4,361		

Since 30 June 2010 the following dividend has been declared by the directors. The dividend has not been provided and there are no income tax consequences.

Declared after end of year	**Cents per share**	**Total Amount $000**	**Franked/ unfranked**	**Date of payment**
Final 2010 Ordinary Dividend	8.0	3,192	Fully Franked	21 September 2010
Total Amount		3,192		

5. Review of operations and results

Additional review of the Group's operations for the financial year and the results of those operations are contained in the Concise Annual Report and in particular in the Executive Chairman's review section.

6. Earnings per share

Basic profit per share for the year ended 30 June 2010 was 16.3 cents. This compares to a basic loss per share of 3.6 cents for the previous year.

7. Significant change in the company's affairs

The directors are not aware of any significant change in the Group's state of affairs that occurred during the financial year not otherwise disclosed in this report or the consolidated accounts.

8. Events subsequent to reporting date

The directors are not aware of any matter or circumstance having arisen since the end of the financial year and the date of this report that has significantly affected, or may significantly affect:

(a) the Group's operations;
(b) the results of those operations; or
(c) the Group's state of affairs

in future years.

9. Likely developments

The Group will continue to evaluate and look for opportunities to grow its business. It will actively pursue strategic acquisitions if they fit with the core business of the Group and have the potential to increase and maximise shareholder wealth.

In the opinion of directors it would be prejudicial to the Group's interests if any further information on likely developments and expected results of operations was included in this report.

10. Remuneration report

The entire remuneration report has been audited by the Company's external auditor, KPMG.

Remuneration is referred to as compensation throughout this remuneration report.

10.1 Key Management Personnel (KMPs)

KMPs have authority and responsibility for planning, directing and controlling the activities of the Company and the Group and comprise the directors of the Company and executives for the Company and the Group including the five most highly renumerated Company and Group executives.

The following were KMPs of the Group at any time during the reporting period and unless otherwise indicated were KMPs for the entire period:

Non-executive directors
BF Nazer
J Boros (resigned 30 October 2009)
JH Nickson
KR Perry (appointed 18 September 2009)

Executive directors
RB Flynn, Executive Chairman
V Scidone, Director and Group General Manager – Industrial

Executives
AP Hockley, Chief Financial Officer & Company Secretary (resigned as Company Secretary on 11 May 2010)
MW Ridley, Chief Information Officer
MJ Hurley, Group General Manager – Automotive
JE Robinson, General Manager – Fasteners
J Colli, Company Secretary

10. Remuneration report (continued)

10.2 Principles used to determine the nature and amount of compensation

Non-executive directors

Fees paid to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees are reviewed annually by the Remuneration Committee. Non-executive directors do not receive any equity-based compensation.

Directors' fees

Non-executive directors' fees are determined within an aggregate directors' fees pool limit, which is periodically recommended for approval by shareholders. The total pool currently stands at $550,000 per annum, which was last approved by shareholders in November 2004 with effect from 1 July 2004. The Board determines the allocation of the maximum amount approved by shareholders amongst the respective directors, having regard to their duties and responsibilities. Directors' fees are not directly linked to Company performance nor are bonuses paid to non-executive directors. There is no provision for retirement allowances to be paid to non-executive directors.

As at 30 June 2010 the non-executive directors fees were allocated as follows (does not include statutory superannuation contributions):

Chairman (base fee) [i]	$nil
Non-executive Directors (base fee)	$76,000
Interstate Non-executive Director (base fee)	$87,000
Chairman of Audit & Risk Committee	
(in addition to base fee)	$15,000
Chairman and Member of Remuneration Committee	
(in addition to base fee)	$5,000

[i] The Company has an Executive Chairman who is paid a salary but no separate director fees.

Executive pay

The objective of the Company's executive reward framework is to ensure that rewards properly reflect duties and responsibilities, are competitive in retaining and motivating people of high calibre, and are appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders. The framework provides a mix of fixed and variable pay, and has three components as follows:

- base pay and benefits, including superannuation ("fixed annual compensation");
- short-term performance incentives; and
- long-term performance incentives.

The combination of these comprises the executive's total compensation. This compensation framework also applies to executive directors.

The total compensation of the Executive Chairman reflects the combination of duties fulfilled as Chairman of the Board and as Managing Director of the Company.

10. Remuneration report (continued)

10.2 Principles used to determine the nature and amount of compensation (continued)

Fixed annual compensation

Fixed annual compensation is structured as a total employment cost package which is delivered as a mix of cash and prescribed non-cash benefits partly at the executive's discretion. Fixed annual compensation for senior executives is reviewed annually by the Remuneration Committee to ensure the executive's pay is competitive with the market. An executive's pay is also reviewed on promotion. There are no guaranteed fixed annual compensation increases set in any senior executive's contract.

The non-cash benefits received as part of fixed annual compensation include the provision of a fully maintained motor vehicle and contributions to accumulation based superannuation funds.

Performance linked compensation

Short-term incentives

Short-term cash incentives of up to 25% of fixed annual compensation (35% for the Executive Chairman) are payable to the senior executives upon the achievement of various annual performance targets, which currently include net profit after tax, dividends paid, changes in share price and other key performance indicators (for certain executives on a consolidated basis and for others on a business unit basis). Such targets ensure that incentives are principally paid when value has been created for shareholders and when profit is above the budget. Discretionary bonuses may be paid when authorised by the Remuneration Committee. For the 2009 and 2010 financial years the short-term incentive was uplifted by 50% (i.e. 37.5% of fixed annual compensation for senior executives and 52.5% for the Executive Chairman) in lieu of a long-term incentive offer.

Each year the Remuneration Committee considers the appropriate targets and maximum payouts under the short-term incentive plan for recommendation to the Board. Incentive payments may be adjusted up or down by the Board in line with the degree of achievement against target performance levels.

Long-term incentives

Long term incentives are provided to senior management, including key management personnel, through the Executive Long Term Incentive Plan ("ELTIP") which was approved by shareholders at the 2003 annual general meeting.

Under the ELTIP, eligible executives were initially offered fully paid ordinary shares in the Company up to a value of 25% of fixed annual compensation at the start of the performance period, upon achieving certain performance criteria set by the Board.

At the 2006 Annual General Meeting shareholders approved a renewal of the Managing Directors participation in ELTIP as well as an amendment to the participation level whereby offers of ordinary shares for performance periods commencing on 1 July 2006 would be determined by reference to 35% of his fixed annual compensation.

Offers of fully paid shares were made in respect of the 3 year performance periods commencing on 1 July 2003, 1 July 2004, 1 July 2005 and 1 July 2006. For each of these offers the performance hurdles were not achieved and as a consequence all of the offers have lapsed.

In September 2007 the Board amended the ELTIP so as to better provide for incentives to executive management by giving them the choice of either an offer of fully paid shares or the issue of options over unissued ordinary shares in the Company.

For the 2009 and 2010 financial years eligible key management personnel were offered a 50% uplift in their short-term incentive potential in lieu of a long-term incentive under ELTIP as detailed above in the short-term incentives section. The same short-term incentive criteria and hurdles as outlined in the section above applied. No other long-term incentives were applicable for the reporting period.

In November 2007, following an amendment to the ELTIP, options over unissued ordinary shares in the company were granted to the executive directors and senior executives.

10. Remuneration report (continued)

10.2 Principles used to determine the nature and amount of compensation (continued)

The terms upon which the options over unissued shares were issued are as follows:

- the exercise price of the options is $3.88, which is the volume weighted average price ("VWAP") at which the shares in the Company traded on the ASX during the 30 day period following the release of the Company's audited accounts for the year ended 30 June 2007 plus 10%;
- the options have a term of 5 years from the date of issue and options not exercised by the end of that period will lapse;
- the options may only be exercised if the price of the Company's shares on ASX (determined by reference to a 5 day VWAP) exceeds certain percentages of growth relevant to the underlying spot price ($3.65), in particular:
  (i) one third of the options can be exercised if the 5 day VWAP exceeds the underlying spot price of the options by 15%;
  (ii) one third of the options can be exercised if the 5 day VWAP exceeds the underlying spot price of the options by 30%; and
  (iii) one third of the options can be exercised if the 5 day VWAP exceeds the underlying spot price of the options by 45%.

The purpose of the issue of the options is to provide executive management with a strong incentive by aligning their rewards with the return to shareholders measured by the performance of the Company's share price.

Shares vested under the ELTIP will rank equally with all other existing ordinary shares in all respects, including having full dividend and voting rights.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Remuneration Committee have regard to the following measures in respect of the current financial year and the previous four financial years.

	2010	**2009**	**2008**	**2007**	**2006**
	$	**$**	**$**	**$**	**$**
Profit/(loss) attributable to equity holders of the Company	6,474,000	(1,416,000)	6,522,000	(1,409,000)	9,337,000
Dividends paid	4,361,000	-	-	12,489,000	23,510,000
Change in share price	0.94	(1.00)	(2.59)	0.30	(1.60)

Profit is considered as one of the financial performance targets in setting the short term incentives. The profit/(loss) amounts for years 2006 onwards have been calculated in accordance with Australian equivalents to IFRS (AIFRS).

10. Remuneration report (continued)

10.3 Details of compensation

The following table provides the details of the nature and amount of elements of compensation for the directors and the key management personnel of the Company and the Group for the year ended 30 June 2010.

	Short-term benefits			*Post employment benefits*	*Other long-term benefits*	*Share-based payment*				
Name	*Cash salary and fees $*	*STI cash bonus $*	*Non-monetary benefits $*	*Super-annuation* (i) *$*	*Long service leave provision $*	*Value of ELTIP shares (options & rights) $*	*Termination benefits $*	*Total $*	*Proportion of compensation performance related %*	*Value of options as proportion of remuneration %*
Non-executive Directors										
BF Nazer	84,429	-	-	7,599	-	-	-	92,028	-	-
J Boros (ii)	20,370	-	-	8,373	-	-	-	28,743	-	-
JH Nickson	43,983	-	-	49,738	-	-	-	93,721	-	-
KR Perry (iii)	60,029	-	-	5,403	-	-	-	65,432	-	-
Total	208,811	-	-	71,113	-	-	-	279,924	-	-
Executive Directors										
RB Flynn	777,689	-	-	27,365	-	44,400	-	849,454	5.2	5.2
V Scidone	405,863	-	19,581	29,775	13,277	8,380	-	476,876	1.8	1.8
Total	1,183,552	-	19,581	57,140	13,277	52,780	-	1,326,330	-	-

(i) Includes statutory superannuation contributions and additional voluntary contributions in some cases.
(ii) Resigned 30 October 2009
(iii) Appointed 18 September 2009.

Name	Short-term benefits			Post employment benefits	Other long-term benefits	Share-based payment				
	Cash salary and fees $	*STI cash bonus $*	*Non-monetary benefits $*	*Super-annuation [i] $*	*Long service leave provision $*	*Value of ELTIP shares (options & rights) $*	*Termination benefits $*	*Total $*	*Proportion of compensation performance related %*	*Value of options as proportion of remuneration %*
Other key management personnel										
AP Hockley	274,904	-	-	46,040	-	6,704	-	327,648	2.0	2.0
MW Ridley	247,648	-	10,610	44,981	-	6,704	-	309,943	2.2	2.2
MJ Hurley	232,601	-	5,704	14,004	-	-	-	252,309	-	-
JE Robinson[iv]	205,650	-	-	16,106	6,761	-	-	228,517	-	-
J Colli	192,033	-	-	14,485	5,034	3,352	-	214,904	1.6	1.6
Total	1,152,836	-	16,314	135,616	11,795	16,760	-	1,333,321	-	-
Total compensation key management personnel										
	2,545,199	-	35,895	263,869	25,072	69,540	-	2,939,575	-	-

Premiums in respect of the Directors' and Officers' insurance policy are not included above, as the policy does not specify the premium paid in respect of individual directors and officers.

(i) Includes statutory superannuation contributions and additional voluntary contributions in some cases.
(ii) Resigned 30 October 2009
(iii) Appointed 18 September 2009.
(iv) Became a relevant group executive during 30 June 2010 for the purposes of section 300A (1B) of the Corporations Act

10. Remuneration report (continued)

10.3 Details of compensation (continued)

The following table provides the details of the nature and amount of elements of compensation for the directors and the key management personnel of the Company and the Group for the year ended 30 June 2009.

	Short-term benefits			*Post employment benefits*	*Other long-term benefits*	*Share-based payment*				
Name	*Cash salary and fees $*	*STI cash bonus $*	*Non-monetary benefits $*	*Super-annuation [i] $*	*Long service leave provision $*	*Value of ELTIP shares (options & rights) $*	*Termination benefits $*	*Total $*	*Proportion of compensation performance related %*	*Value of options as proportion of remuneration %*
Non-executive Directors										
BF Nazer	84,000	-	-	7,560	-	-	-	91,560	-	-
J Boros	15,273	-	-	73,018	-	-	-	88,291	-	-
JH Nickson	-	-	-	90,470	-	-	-	90,470	-	-
Total	99,273	-	-	171,048	-	-	-	270,321	-	-
Executive Directors										
RB Flynn	735,538	50,000	-	50,000	-	44,400	-	879,938	10.7	5.0
V Scidone	401,097	21,750	27,069	37,048	13,964	(1,745)	-	499,183	4.0	1.7
Total	1,136,635	71,750	27,069	87,048	13,964	42,655	-	1,379,121		

Name	*Short-term benefits*			*Post employment benefits*	*Other long-term benefits*	*Share-based payment*				
	Cash salary and fees *$*	*STI cash bonus* *$*	*Non-monetary benefits* *$*	*Super-annuation* (i) *$*	*Long service leave provision* *$*	*Value of ELTIP shares (options & rights)* *$*	*Termination benefits* *$*	*Total* *$*	*Proportion of compensation performance related* *%*	*Value of options as proportion of remuneration* *%*
Other key management personnel										
AP Hockley	226,428	15,315	-	95,105	-	6,704	-	343,552	6.4	2.0
MW Ridley	251,564	15,000	7,295	40,979	-	6,704	-	321,542	6.7	2.1
GN Wilton (ii)	84,620	-	-	7,064	-	-	71,346	163,030	-	-
MJ Hurley (iii)	171,263	-	-	14,050	-	-	-	185,313	-	-
J Colli	212,644	9,998	14,687	18,083	6,063	(1,933)	-	259,542	3.1	1.3
Total	946,519	40,313	21,982	175,281	6,063	11,475	71,346	1,272,979		
Total compensation key management personnel	2,182,427	112,063	49,051	433,377	20,027	54,130	71,346	2,922,421		

Premiums in respect of the Directors' and Officers' insurance policy are not included above, as the policy does not specify the premium paid in respect of individual directors and officers.

(i) Includes statutory superannuation contributions and additional voluntary contributions in some cases.
(ii) Resigned 11 September 2008.
(iii) Appointed 15 October 2008.

10. Remuneration report (continued)

10.4 Analysis of bonuses included in compensation

No short-term incentive bonuses were awarded as compensation to the executive directors and key management personnel during the year ended 30 June 2010.

10.5 Employment contracts

Compensation and other terms of employment for the Executive Chairman and other key management personnel are formalised in employment contracts. Each contract deals with the provision of fixed annual compensation, short-term incentives, and long-term incentives. Other major provisions of the contracts relating to compensation are set out below:

RB Flynn, Executive Chairman

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Board.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- The contract provides for participation in short-term and long-term incentive plans.
- Other than for an act that may have a serious detrimental effect on the Company, such as wilful disobedience, fraud or misconduct, termination of employment requires 12 months notice by the Company. In the event that the Company no longer requires Mr Flynn to report directly to the Board or if the Company no longer requires Mr Flynn to carry out the normal functions of Managing Director, the Company must pay the equivalent of the fixed annual compensation as a redundancy payment.

V Scidone, Executive Director and Group General Manager – Industrial

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 6 months notice by the Company. Upon termination, for each year of service in excess of 5 years continuous service, the Company must pay an additional 2 weeks pay, up to a maximum of 26 weeks pay.

AP Hockley, Chief Financial Officer and Company Secretary

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 12 weeks notice by the Company.

MW Ridley, Chief Information Officer

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 12 weeks notice by the Company.

MJ Hurley, Group General Manager – Automotive

- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 12 weeks notice by the Company.

10. Remuneration report (continued)

10.5 Employment contracts(continued)

JE Robinson, General Manager - Fasteners
- The contract has no fixed term
- Fixed annual compensation to be reviewed annually
- Long service leave is payable by the company in accordance with relevant state legislation
- Participation in the management incentive plan is at the discretion of the Company
- Other than for serious misconduct, termination of employment requires 12 weeks notice by the Company

J Colli, Company Secretary
- The contract has no fixed term.
- Fixed annual compensation to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 6 months notice by the Company. Upon termination, for each year of service in excess of 5 years continuous service, the Company must pay an additional 2 weeks pay, up to a maximum of 26 weeks pay.

10.6 Options over shares granted as compensation

Options that have been granted to date are disclosed in note 21 of the full financial report. No options were granted, vested, exercised or lapsed during and since the end of the reporting period. The value of options forfeited during the year ended 30 June 2010 was $nil (2009: $6,704).

11. Environmental regulation

The Group is not subject to any specific environmental regulation.

The Group mainly operates warehousing and distribution facilities throughout Australia and New Zealand which have general obligations under environmental legislation of the respective statutory authorities in relation to pollution prevention.

The Company has reviewed its obligations under the National Greenhouse & Energy Reporting Act 2007 (the Act). As the Group is under the minimum greenhouse and energy thresholds stipulated in the Act, there are no registration and reporting requirements that have to be complied with as at the date of this report.

For the financial year ended 30 June 2010 and as at the date of this report, the Group has not been prosecuted nor incurred any infringement penalty for environmental incidents.

12. Insurance of officers

During the financial year the Company has paid premiums in respect of contracts insuring the directors and officers of the Company against certain liabilities incurred in those capacities. The contracts prohibit further disclosure of the nature of the liabilities and the amounts of the premiums.

13. Corporate governance

The Statement of Corporate Governance Practices as disclosed on pages xx to xx of the Concise Annual Report sets out the Company's main corporate governance practices throughout the financial year and as at the date of this report.

14. Share options

Options granted to directors and key management personnel

Options that have been granted to date are disclosed in note 21 to the full financial report. No options were granted, vested, exercised or lapsed during and since the end of the reporting period.

15. Non-audit services

During the year KPMG, the Company's auditor, has performed certain other services in addition to their statutory duties. The board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit and Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001, for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Company's Audit and Risk Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out in note 5 to the full financial report.

16. Lead auditor's independence declaration

The lead auditor's independence declaration made in accordance with Section 307C of the Corporations Act 2001 is set out on page xx of the Concise Annual Report and forms part of this directors' report.

17. Company secretaries

Mr John Colli was appointed to the position of Company Secretary in November 1998. Mr Colli previously held the role of company secretary for the former listed company Challenge Bank Limited for seven years.

Mr Anthony Hockley was appointed as a joint Company Secretary from November 2008 to 11 May 2010. Mr John Colli resumed sole responsibility of Company Secretary from 11 May 2010.

18. Rounding off

The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors.

R B Flynn
Executive Chairman

Perth
27 August 2010

Directors' declaration

1. In the opinion of the directors of Coventry Group Ltd, the accompanying concise financial report of the Group, comprising Coventry Group Ltd and its controlled entities, for the financial year ended 30 June 2010 as set out on pages 1 to 22:

   (a) has been derived from or is consistent with the full financial report for the financial year; and

   (b) complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

Signed in accordance with a resolution of the directors.

R B Flynn
Executive Chairman

Perth
27 August 2009

KPMG

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Coventry Group Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2010 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Denise McComish
Partner

Perth

27 August 2010

KPMG

Independent auditor's report to the members of Coventry Group Limited

Report on the concise financial report

The accompanying concise financial report of the Group comprising Coventry Group Ltd (the Company) and its controlled entities comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and related notes 1 to 7 derived from the audited financial report of Coventry Group Ltd for the year ended 30 June 2010 and the discussion and analysis. The concise financial report does not contain all the disclosures required by Australian Accounting Standards.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the concise financial report; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of Coventry Group Ltd for the year ended 30 June 2010. Our audit report on the financial report for the year was signed on 27 August 2010 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free of material misstatement.

Our procedures in respect of the concise financial report include testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts ,discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion, the concise financial report of Coventry Group Ltd and its controlled entities complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

Report on the remuneration report

We have audited the remuneration report included in section 10 of the directors' report for the year ended 30 June 2010. The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Coventry Group Ltd for the year ended 30 June 2010, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

DMcComish

Denise McComish
Partner

Perth

27 August 2010