COVENTRY GROUP LTD

ABN 37 008 670 102

CONCISE ANNUAL REPORT

2009

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5 YEAR FINANCIAL OVERVIEW

YEAR ENDED 30 JUNE		2009	2008	% Change		2007	2006	2005
Revenue from sale of goods	($M)	**419.1**	448.8	6.6	▼	468.3	502.0	470.8
Profit before tax [1]	($M)	**1.0**	4.3	76.7	▼	1.9	14.7	24.1
Profit/(loss) after tax [1]	($M)	**(1.0)**	6.9	114.5	▼	(1.2)	9.6	17.7
Net assets	($M)	**170.4**	172.9	1.4	▼	168.1	166.4	168.5
Shareholders' equity [2]	($M)	**167.7**	170.9	1.9	▼	165.3	163.6	165.5
Earnings/(loss) per share [3]	(cents)	**(3.6)**	16.6	121.7	▼	(3.8)	26.1	48.9
Dividends per share	(cents)	**5.0**	–	–	–	17	35	36
Net tangible assets per share	($)	**3.30**	3.24	1.9	▲	3.21	3.11	3.75
Operating cash flow	($M)	**18.5**	11.8	56.8	▲	10.0	2.1	12.5
Return on equity [4]	(%)	**1.0**	4.4	77.3	▼	8.0	8.1	8.7
Net interest bearing debt	($M)	**15.1**	45.8	67.0	▼	75.5	76.4	14.0
Gearing (net debt to equity)	(%)	**8.9**	26.5	66.4	▼	44.9	45.9	8.3
Interest cover	(times)	**2.5**	2.1	19.0	▲	4.9	7.1	14.2
Share price (30 June)	($)	**0.91**	1.91	52.3	▼	4.50	4.20	5.80
Market capitalisation (30 June)	($M)	**35.9**	75.3	52.3	▼	177.3	151.0	205.7

1 before minority interest
2 excludes minority interest
3 basic
4 before significant items

About Coventry Group

Coventry Group Ltd was incorporated in 1936 and has been listed on the Australian Securities Exchange since 1966 (ASX Code: CYG). We employ around 1,600 people and operate throughout Australia and New Zealand with a network of 107 locations.

Our principal activities are:

- distribution of industrial products;
- distribution of automotive parts and accessories; and
- manufacture of automotive and industrial gaskets.

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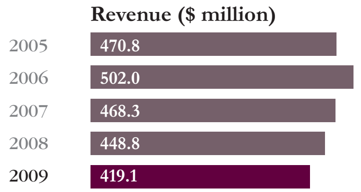
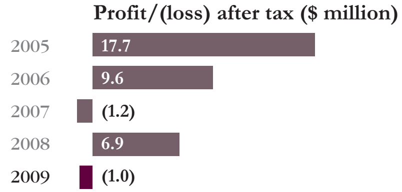
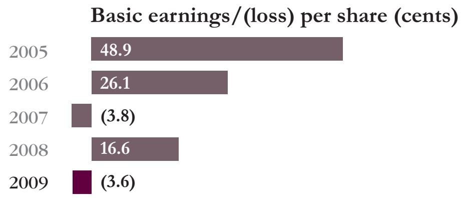
2009 YEAR IN BRIEF

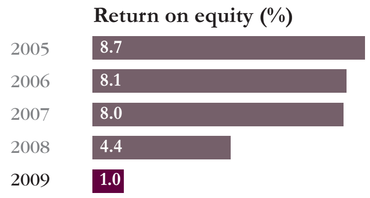
FINANCIAL





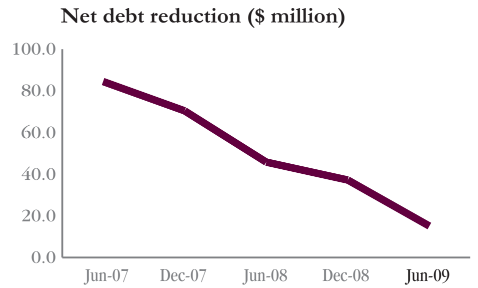
- revenue from continuing operations of $421.5 million (2008 - $450.9 million)
- net (loss)/profit after tax of $(1.0) million (2008 - $6.9 million)
- (loss)/earnings per share of (3.6) cents (2008 – 16.6 cents)
- net debt of $15.1 million (2008 - $45.8 million)
- dividend of 5 cents per share fully franked (2008 – nil)





OPERATIONS

- completed the rollout of new IT system – now operating in all businesses throughout the Group
- initiatives to improve working capital implemented – reductions in inventory levels and trade and other receivables achieved
- continued the divestment of surplus freehold property
- downsizing of business activities across all divisions in light of weaker market conditions
- good performance by gasket manufacturing subsidiary – AA Gaskets
- automotive division moved into profit in the second half of the year
- operational efficiency and customer service levels significantly improved



OVERVIEW OF BUSINESS UNITS

INDUSTRIAL

Principal Activities

- distribution and marketing of:
  - industrial and construction fasteners including bolts, nuts and screws; and
  - general industrial products.
- distribution, design and installation of lubrication and hydraulics 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.

Year In Brief

- completed rollout of Oracle information technology system
- all divisions negatively impacted by depressed market conditions – especially in the second half of the year
- all divisions restructured to align to changed economic climate
- management restructure of cabinet and furniture hardware division, Artia – improved performance

AUTOMOTIVE

Principal Activities

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

Year In Brief

- review of operations to achieve significant cost reductions
- significant improvement in service levels to customers
- business beginning to derive benefits from new IT system and Redcliffe distribution centre
- business traded profitably in the second half of the year

GASKETS

Principal Activities

- manufacture and distribution of automotive and industrial gaskets.

Year In Brief

- achieved improved sales and profitability in a generally difficult trading environment

OVERVIEW OF BUSINESS UNITS

Financial	2009	2008	% Change
Sales ($M)	247.1	272.7	-9.4
EBIT – normalised ($M)	11.1	21.2	-48.6
EBIT/Sales Margin (%)	4.5	7.8	-42.3
Capital Employed ($M)	91.4	110.7	-17.4
Return on Capital Employed (%) [1]	12.1	19.2	-37.0

1 EBIT/assets less creditors and provisions

Employees 803 (including 102 in NZ)
Sites 71 (including 14 in NZ)

Financial [1]	2009	2008	% Change
Sales ($M)	163.3	168.3	-3.0
EBIT – normalised ($M)	(2.8)	(8.6)	+67.4
EBIT/Sales Margin (%)	(1.7)	(5.1)	+66.7
Capital Employed ($M)	49.8	53.6	-7.1
Return on Capital Employed (%) [2]	(5.7)	(16.0)	+64.4

1 Excludes discontinued operations 2 EBIT/assets less creditors and provisions

Employees 661
Sites 34

Financial	2009	2008	% Change
Sales ($M)	11.8	11.6	+1.7
EBIT – normalised ($M)	2.1	2.0	+5.0
EBIT/Sales Margin (%)	17.4	16.9	+3.0
Capital Employed ($M)	9.9	8.9	+11.2
Return on Capital Employed (%) [1]	21.0	21.9	-4.1

1 EBIT/assets less creditors and provisions

Employees 62 (including 10 in NZ)
Sites 2 (including 1 in NZ)

EXECUTIVE CHAIRMAN'S REPORT

Dear Shareholder

On behalf of your directors I present the Coventry Group's 2009 concise annual report.

Financial Performance

During the year ended 30 June 2009, Coventry completed its IT roll-out, reduced its net debt to $15.1 million, for a net debt to equity ratio of 9%, without raising fresh equity and markedly improved its operating efficiency and cost structure.

Markets for the industrial business were strong until around mid-November 2008 but then dropped significantly as projects were deferred and customer stocks were run down. This resulted in a big drop in the second half profits for the industrial business. Subsequent cuts to our cost structure and a gradual lift in sales levels this year should significantly improve Coventry's profit position.

Conversely, the automotive business which made a loss in the first half of the year, moved back into profitability in the second half, despite tough market conditions.

The gaskets business had another profitable year.

Operating earnings before interest, tax and amortisation from continuing operations and before individually material items was $8.0 million for the year and profit before tax and individually material items was $4.8 million.

The table below shows a number of key financial indicators for the year.

	Year ended 30.06.09	**Year ended 30.06.08**	**% Change**
Revenue from continuing operations ($M)	421.5	450.9	-7
Net (loss)/profit after tax ($M)	(1.0)	6.9	-
NTA per share ($)	3.30	3.24	+2
Net debt ($M)	15.1	45.8	-67
EPS - basic (cents)	(3.6)	16.6	-

The pre-tax results for the 2008/09 financial year were impacted by a number of material items as follows:

	$M
Impairment loss on goodwill	(6.9)
Net gain on sale of land and buildings	11.3
Additional provisions	(4.5)
Redundancy costs	(1.1)
Restructuring costs	(2.6)
Total	(3.8)

Due to lower than expected sales and lower profits for certain divisions within the Company's industrial business unit there was a need to recognise a reduction in the carrying value of goodwill for some of these divisions. This resulted in an impairment loss of $6.9 million. On the other hand, sales of freehold properties during the year that were surplus to the Company's needs resulted in net gains of $11.3 million.

Additional provisions covering inventory, debtors and a lease commitment associated with a business disposed of in the prior year totalled $4.5 million. Other items relating to redundancy and restructuring costs were incurred as part of downsizing business activities in light of weaker market conditions.

The reduction in both inventories and receivables have been assisted by the additional analytic tools available from the new Company-wide IT system.

The results for the 2008/09 financial year were also adversely impacted by the Company's tax rate. The effective tax rate for the year ended 30 June 2009 was 77.3% due primarily to the fact that the impairment of goodwill ($6.9 million) is a non-deductible expense for tax purposes.

EXECUTIVE CHAIRMAN'S REPORT (continued)

Gearing and Cash Flow

The Company's net debt position continues to improve having reduced 67% to $15.1 million without the issue of any new shares. The key initiatives that have contributed to a reduction of the Company's net debt are:

- sale of 8 freehold properties;
- reduction in inventory levels - $15.8 million since 31 December 2008; and
- reduction in trade and other receivables -$9.8 million since 31 December 2008 and $23.3 million since 30 June 2008.

The following table shows key data relating to the Group's gearing and cash flow:

Year Ended	30 June 2009	30 June 2008
Operating Cash Flow ($M)	18.5	11.8
Net Interest Bearing Debt ($M)	15.1	45.8
Net Debt/Equity (%)	8.9	26.5
Interest Cover (times)	2.5	2.1

Dividend

As a consequence of the Company's improved debt position and the Directors' confidence in the future operating prospects, a dividend of 5 cents per share, fully franked, was declared on 3 July 2009.

The dividend is payable on 25 September 2009 with a record date of 8 September 2009. The Company's dividend reinvestment plan was reactivated for this dividend with a discount of 5%.

Board Composition

Mr Joe Boros has decided to retire from the Board and will not seek re-election at the 2009 AGM.

On behalf of the continuing directors I wish to record our thanks for the highly valued contribution made by Joe during the past 5½ years as a Board member.

As a consequence of Mr Boros' pending retirement at the AGM, the Board appointed Mr Ken Perry as an additional director on 18 September 2009. Mr Perry is Managing Director of the listed company, Brandrill Limited, and brings many years of relevant senior management experience.

In accordance with the Company's constitution, Mr Perry retires at the forthcoming AGM and being eligible offers himself for re-election. The remaining board members have strongly recommended his re-election.

Operations Review

Industrial Products Distribution

Revenue from the industrial business was $247.1 million compared to $272.7 million for the prior year. Profit before individually material items, interest and tax was down 48% to $11.1 million.

The business has been significantly impacted by depressed market conditions, particularly in the resources and construction sectors with consequent weaker sales across all the industrial divisions. This was particularly evident in the second half of the 2008/09 financial year. Restructuring initiatives involving branch closures, staff redundancies and inventory reductions have been implemented to counter the changed trading environment. On the positive side, the cabinet and furniture hardware division, Artia, has seen an improvement in performance following a management restructure.

The rollout of the new IT system has been completed for the remaining divisions within the business which should result in improved operating efficiencies. The simplified and leaner business structure is well placed to capitalise on any market growth.

Automotive Parts Distribution

Revenue for the automotive parts business decreased marginally to $163.3 million – a drop of 3%. A loss before individually material items, interest and tax of $2.8 million represented a 67% improvement on the prior year.

During the 2008/09 financial year the business undertook significant steps to review its operations and reduce its cost

EXECUTIVE CHAIRMAN'S REPORT (continued)

structure. Whilst a loss overall was recorded, both divisions in Western Australia and South Australia reported significantly improved trading results from the prior year. For the second half of the 2008/09 financial year, the automotive business traded profitably. Management is continuing to examine initiatives to improve the overall performance of the automotive business and to derive maximum operational benefits from the new IT system.

Gasket Manufacturing

The Company's controlled entity, AA Gaskets Pty Ltd, achieved a 2% increase in revenue to $11.8 million. Profit before interest and tax of $2.1 million was a 6% increase on the prior year.

Whilst generally the business performed well given the overall tough trading environment, the Australian operations continue to outperform the New Zealand activities which operate in a more depressed economy.

People

Despite the challenges faced by the Company over the year, our people have continued to demonstrate a strong commitment which has helped Coventry position itself to take advantage of more positive economic conditions when they occur.

A stronger economic environment in the first half of the year resulted in the Company experiencing high staff turnover and the consequent significant costs associated with high recruitment activity and lower productivity as less experienced employees joined our businesses.

The impact of the global financial crisis necessitated cost reductions in all divisions of the Company. Voluntary turnover and recruitment reduced significantly during this period. However, the restructuring of various divisions lead to a significant increase in people activities. These changes particularly in the last three quarters of the financial year reduced costs to sustainable levels and introduced a more performance accountable environment. This has required many parts of the Company's businesses to "do more with less" whilst challenging them to retain or improve service levels.

Training was focussed on IT activities associated with completing the roll-out of the new computer system across the Group. Support continues for various types of traineeships and there has also been the opportunity to complete "future leaders programs" for developing managers through the identification of internal talent.

Safety continues to be a focus which has resulted in a significant reduction in lost time injuries (LTIs) over the past 5 years. In fact a 50% reduction in LTIs has been achieved over the past 2 years.

Outlook

Whilst the Directors have confidence that the businesses are now cost effectively positioned and will continue to trade profitably, the Directors cannot determine with any accuracy the rate of recovery of the economy and the sectors in which the businesses operate. Thus, it is considered premature to give any quantified financial outlook at this time. The Directors will continue to monitor the situation and will advise the market accordingly as soon as any sustainable trends are evident.

It is our intention to grow the Company, regarding at all times the primacy of achieving superior value for our shareholders. In doing this we will also meet the reasonable expectations of our other two major stakeholders, namely, our customers and our employees.

In conclusion I wish to record my appreciation for the efforts made by employees of the Group, especially in these difficult economic circumstances, as well as the support I have received from my fellow directors.

Roger B Flynn
Executive Chairman

BOARD OF DIRECTORS

Roger Flynn

Roger Baden Flynn B.Eng (Hons), MBA, FIE (Aust), FAICD
Executive Chairman
Chairman of nomination committee
age 59

Mr Flynn was appointed a director of the Company in October 2001. He became Chairman in November 2006 and in April 2007 Mr Flynn assumed the role of Executive Chairman of the Company. Mr Flynn has had broad senior management experience in primarily metal based industries in the US, Australia and Asia and has worked for BHP and Alcoa. He was General Manager of Pacific Dunlop's Olex Australia cable division and Managing Director of Siddons Ramset Limited for 7 years until 1999. He is also a director of Hills Industries Limited. He is a former director of Wattyl Limited and Longreach Group Ltd and has had 38 board years experience on 6 listed companies.
Other listed company directorships held during the past 3 financial years:

	From	*To*
Hills Industries Limited	23.11.1999	current

Joe Boros

Joseph Boros FCPA, FAICD
Independent non-executive director
Chairman of remuneration committee; member of the audit and risk committee and nomination committee
age 64

Mr Boros was appointed a director of the Company in March 2004. He has had 40 years experience in the hardware and building industry in financial and general management roles. Mr Boros was Managing Director of the Alco Group when it was acquired by Bunnings in 1990 and was then appointed Managing Director of Bunnings Building Supplies to merge the two businesses. He was also appointed a Director of Bunnings Ltd, a listed public company at that time up until its acquisition by Wesfarmers.

During his 13 year term as head of Bunnings, the business grew from a WA, state based enterprise to a national operation with a turnover exceeding $3 billion and employing 20,000 staff.

Mr Boros is also a director of Westscheme Pty Ltd and a former director of the Chamber of Commerce of Western Australia and was a representative of the Retail Shops Advisory Committee.

He held no other listed company directorships during the past 3 financial years.

Barry Nazer

Barry Frederick Nazer
BBus, FCPA, FFin, ANZIIF (Fellow), FAICD
Independent non-executive director
Chairman of audit and risk committee; member of nomination committee
age 61

Mr Nazer was appointed as a director of the Company in September 2003. He is currently Chief Financial Officer of Wesbeam Holdings Limited, an unlisted public company which operates a laminated veneer lumber manufacturing facility. He is also a director of the M G Kailis Group and the listed company, VDM Group Limited.

He was Chief Financial Officer and Company Secretary of WESFI Limited, a major engineered wood products manufacturer and distributor, from August 1999 until its sale in 2001. He previously spent over 10 years at the executive level of Western Australia's largest financial institution, Bank of Western Australia Limited (BankWest), including almost 9 years as Chief Financial Officer.

Other listed company directorships held during the past 3 financial years:

	From	*To*
VDM Group Limited	01.10.2008	current

John Nickson

John Harold Nickson B.Ec, CPA, FAICD
Independent non-executive director
Member of audit and risk committee and remuneration committee
age 65

Mr Nickson was appointed a director of the Company in November 2007. He has over 43 years experience in the finance industry, including 35 years at Goldman Sachs JBWere (formerly J B Were and Son) until retiring in 2004. He was a Director/ Partner for over 20 years.

For 28 years Mr Nickson specialised in corporate advice and finance, working closely with a wide range of listed and to be listed corporations, both public and private, many in Western Australia. He is a director of a number of private companies and a committee member of a number of charities and treasurer of a sporting club.

He held no other listed company directorships during the past 3 financial years.

Vince Scidone

Vince Scidone BBus, AFAIM, AAICD
Executive director
age 46

Mr Scidone was appointed an executive director of the Company in February 2008. He joined the Company in 1996 as Group Marketing Manager and was appointed the Group General Manager, Industrial in 1997. He has since successfully led the growth of that division.

Mr Scidone has a strong background in the steel, fastener and industrial industries having worked for BHP Steel, Email Limited and Ajax Fasteners.

He held no other listed company directorships during the past 3 financial years.

CONCISE FINANCIAL REPORT

Coventry Group Ltd
For the year ended 30 June 2009

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 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.

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INCOME STATEMENT for the year ended 30 June 2009

In thousands of AUD	Note	Consolidated 2009	2008
Continuing operations			
Revenue from sale of goods		**419,096**	448,795
Cost of sales		**(253,722)**	(273,678)
Gross profit		**165,374**	175,117
Other revenue		**2,357**	2,075
Other income		**11,226**	6,833
Employee benefits expense		**(97,537)**	(103,752)
Depreciation and amortisation expenses		**(3,841)**	(5,337)
Occupancy costs		**(11,840)**	(10,920)
Communication costs		**(3,294)**	(3,578)
Freight		**(9,297)**	(10,437)
Impairment		**(6,880)**	-
Other expenses		**(39,544)**	(38,754)
Profit before financing costs		**6,724**	11,247
Financial income		**403**	818
Financial expenses		**(3,516)**	(5,067)
Net financing costs		**(3,113)**	(4,249)
Profit before tax		**3,611**	6,998
Income tax expense		**(2,790)**	(1,443)
Profit from continuing operations for the year		**821**	5,555
Discontinued operation			
(Loss)/profit from discontinued operations (net of income tax)	6	**(1,826)**	1,366
(Loss)/profit for the year		**(1,005)**	6,921
Attributable to:			
Equity holders of the Company	5	**(1,416)**	6,522
Minority interest		**411**	399
(Loss)/profit for the year		**(1,005)**	6,921

Discussion and analysis of the income statement

For the year ended 30 June 2009

The Group's total revenue from sale of goods, from its continuing operations, declined 6.6% to $419.1 million. Group profit after tax was a loss of $1.0 million after the Group recorded a profit after tax of $6.9 million for last year. However results in both years were affected, positively and negatively, by individually material items, as disclosed in Note 4 and in this discussion and analysis, amounting to a net loss of $3.8 million in the current year and a net loss of $1.0 million in the previous year. These items are generally of a non recurrent nature.
Details of the revenue and results by segment are shown in Note 3 but further analysis is as follows:

Automotive parts distribution

- Revenues declined by 3.0% to $163.3 million. Losses before interest and tax decreased from $15.4 million in 2008 to $5.3 million in the current year. However results in both years were adversely affected by individually material items of a generally non recurrent nature as disclosed in Note 3, amounting to $2.4 million in the current year and $6.8 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 staff reduction.
  - The operation of the warehousing and distribution centre in Western Australia improved throughout the year providing a solid platform to regain the sales lost in the preceding year. Similarly the computer system installed in Western Australia during last year has enabled the business to analyse its operations more effectively to generate better outcomes.

INCOME STATEMENT for the year ended 30 June 2009 (continued)

In thousands of AUD	Note	Consolidated 2009	2008
Earnings per share:			
Basic (loss)/earnings per share:		**(3.6) cents**	16.6 cents
Diluted (loss)/earnings per share:		**(3.6) cents**	16.2 cents
Continuing operations			
Basic earnings per share:		**1.0 cents**	13.1 cents
Diluted earnings per share:		**1.0 cents**	12.8 cents

The notes on pages 16 to 24 are an integral part of these consolidated financial statements.

Discussion and analysis of the income statement (continued)

As a consequence of these improvements the Automotive parts distribution business recorded a trading profit before individually material items, interest and tax of $0.4 million in the second half of the year, compared to a loss of $3.3 million in the first half of the year.

Industrial products distribution

- Revenues decreased by 9.4% to $247.1 million. Profit before interest and tax declined 95.1% to $1.0 million. However results in both years were adversely affected by individually material items of a generally non recurrent nature as disclosed in Note 3, amounting to $10.0 million in the current year and $0.5 million for last year. These results are attributable to:
  - The Fasteners division declined significantly in both revenues and profitability. The decline was first noted in late November 2008 and continued to the year end. The impact of the global economic crisis was felt across the fastener customer base but most acutely in the resource and related infrastructure 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 remaining infrastructure projects. As a consequence of the poor performances in South Australia and Victoria the decision was taken to impair $1.3 million of the goodwill related to these businesses. The business in New Zealand also showed decline in both revenues and profitability due to the ongoing economic recession. Published economic releases from similar international and Australian based companies indicate that the results achieved by the Fasteners divisions are in line with the general experience of similar companies in the market place.
  - For similar reasons the Coopers Fluid division declined in both revenue and profitability. The Queensland based business had revenue and profit growth primarily due to infrastructure projects in far North Queensland. However the business in Western Australia was adversely impacted by the downturn in the nickel extraction industry and the businesses in South Australia and Victoria with their bias to manufacturing were also adversely impacted, leading to the closure of the Victorian branch.
  - The Cabinet Hardware division (branded Artia) performed poorly both in Australia and its small unit in New Zealand and recorded a loss for the year. Senior management changes were made in January 2009 and the business performance, particularly in Australia, performed at a much stronger level in the second half of the year. As a consequence of the poor performances in Australia and New Zealand the decision was taken to impair $5.6 million, being the total goodwill related to these businesses.

Due to the poor performance of all business areas the Industrial products distribution business undertook a systematic review of its operations and as a consequence 11 branches were closed during the year and there was a significant reduction in staff numbers. Whilst this incurred $0.5 million in redundancy/restructure costs in the year, the consequential reduction in employee benefit expenses in the next financial year is expected to be significant.

Gaskets manufacturing

- Revenues increased by 2.4% to $11.8 million. Profit before interest and tax increased 5.8% to $2.1 million. The business unit in Australia performed strongly whilst the business in New Zealand showed some sales decline as a consequence of the general economic recession with profitability further adversely impacted by the weaker New Zealand dollar. The businesses supply the automotive after market from their manufactured and imported product range.

The basic earnings per share was a negative 3.6 cents per share but, as cash flows for the year were strong, the directors declared, in July 2009, a dividend of 5 cents per share, fully franked, payable on 25 September 2009.

BALANCE SHEET as at 30 June 2009

In thousands of AUD	Note	Consolidated 2009	2008
Assets			
Cash and cash equivalents		**5,071**	3,294
Trade and other receivables		**64,099**	87,351
Inventories		**91,419**	96,666
Income tax receivable		**802**	2,417
Total current assets		**161,391**	189,728
Deferred tax assets		**14,042**	14,638
Property, plant and equipment		**28,850**	35,795
Intangible assets		**37,668**	42,678
Derivatives asset		**-**	1,271
Total non-current assets		**80,560**	94,382
Total assets		**241,951**	284,110
Liabilities			
Trade and other payables		**35,444**	46,564
Interest-bearing loans and borrowings		**-**	49,053
Employee benefits		**10,620**	10,881
Income tax payable		**220**	251
Provisions		**887**	2,177
Total current liabilities		**47,171**	108,926
Interest-bearing loans and borrowings		**20,213**	-
Employee benefits		**2,034**	2,292
Derivatives liability		**893**	-
Provisions		**1,256**	-
Total non-current liabilities		**24,396**	2,292
Total liabilities		**71,567**	111,218
Net assets		**170,384**	172,892

Discussion and analysis of the balance sheet

For the year ended 30 June 2009

The Group's net assets decreased by 1.5% to $170.4 million. The Group's net tangible assets increased by 1.9% to $132.7 million which equates to $3.30 per share.

The Group's total assets decreased by 14.8% ($42.2 million) to $242.0 million.

The decrease in total assets is principally comprised of:

- A reduction in inventories of $5.2 million (5.4%) since 30 June 2008 and $15.8 million (14.8%) from the level at 31 December 2008. 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.
- A reduction in property, plant and equipment of $6.9 million. During the year the Group successfully sold 8 properties for prices in excess of their book value. The net gain on disposal of property, plant and equipment was $11.0 million.
- A reduction in trade and other receivables of $23.3 million (26.6%) since 30 June 2008 and $9.8 million (13.2%) from the level at 31 December 2008. The Group has undertaken a systematic review and reduction of its receivables levels across all business units aided by the analytic tools afforded by the computer system.
- Deferred tax assets decreased by $0.6 million to $14.0 million due to a reduction in carry forward capital tax losses.
- The income tax receivable reduction of $1.6 million is due to lower provisional tax paid in respect of the current financial year.
- Intangible assets decreased by $5.0 million to $37.7 million largely due to the impairment of goodwill of $6.9 million. Expenditure on information technology system amounted to $3.2 million. The "roll out" of this system was completed during the year and thus the expenditure in this area should be much reduced in the future.

BALANCE SHEET as at 30 June 2009 (continued)

In thousands of AUD	Note	Consolidated 2009	2008
Equity			
Issued capital	5	**112,676**	112,676
Reserves	5	**23,367**	23,582
Retained earnings	5	**31,631**	33,977
Total equity attributable to equity holders of the Company		**167,674**	170,235
Minority interest		**2,710**	2,657
Total equity		**170,384**	172,892

The notes on pages 16 to 24 are an integral part of these consolidated financial statements.

Discussion and analysis of the balance sheet (continued)

- Cash and cash equivalents increased by $1.8 million.
- Derivatives asset value decreased by $1.3 million due to the reduction in Australian interest rates.

Current liabilities decreased by $61.8 million to $47.2 million due to a decrease in trade and other payables of $11.1 million; a decrease in employee benefits of $0.3 million. As the Group has secured its Bank's agreement that the facilities will not be repayable until 1 July 2010 the interest bearing loans and borrowings under that facility have been reclassified as non current liabilities. At 30 June 2008 the interest bearing loans and borrowings were $49.1million.

Non current liabilities increased by $22.1 million to $24.4 million. As the Group has secured its Bank's agreement that the facilities will not be repayable until 1 July 2010, the interest bearing loans and borrowings under that facility have been reclassified as non current liabilities. At 30 June 2009 the interest bearing loans and borrowings were $20.2 million. Employee benefits decreased by $0.3 million and a derivative liability was recorded of $0.9 million in respect of interest rate management products. Provision increased from nil to $1.3 million in respect of the unexpired portion of the lease of the former distribution centre for Coventry Automotive Queensland business that was closed in 2008.

As at 30 June 2009 the Group net debt/equity ratio has fallen to 8.9%. Group net indebtness reduced by 66.9% to $15.1 million without any new equity being issued.

Issued capital at $112.7 million remained unchanged.

Total reserves, retained earnings and minority interest decreased by $2.5 million to $57.7 million mainly as a result of a decrease in retained earnings, movements in foreign currency translation reserve, movements in the fair value of cash flow hedges and minority interests.

STATEMENT OF CHANGES IN EQUITY for the year ended 30 June 2009

In thousands of AUD	Note	Consolidated 2009	2008
Total equity at the beginning of the financial year		**172,892**	168,083
Changes in the fair value of cash flow hedges		**(1,445)**	263
Exchange differences on translation of foreign operations		**246**	(2,002)
Net income recognised directly in equity		**(1,199)**	(1,739)
(Loss)/profit for the year		**(1,005)**	6,921
Total recognised income and expense for the year	5	**(2,204)**	5,182
Transactions with equity holders in their capacity as equity holders			
Changes in value of share based payments reserve		**54**	53
Dividends paid to minority interests in controlled entities		**(358)**	(426)
		(304)	(373)
Total equity at the end of the financial year	5	**170,384**	172,892
Total recognised income and expense for the year is attributable to:			
Equity holders of the Company		**(2,615)**	4,855
Minority interest		**411**	327
		(2,204)	5,182

The notes on pages 16 to 24 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 2009

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

STATEMENT OF CASH FLOWS for the year ended 30 June 2009

In thousands of AUD	Note	Consolidated 2009	2008
Cash flows from operating activities			
Cash receipts from customers		**498,053**	547,597
Cash paid to suppliers and employees		**(477,142)**	(529,231)
Cash generated from operations		**20,911**	18,366
Interest paid		**(3,203)**	(4,153)
Income taxes received/(paid)		**766**	(2,447)
Net cash from operating activities		**18,474**	11,766
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		**16,696**	18,179
Proceeds from sale of business		**-**	8,114
Interest received		**103**	313
Acquisition of business, net of cash acquired		**(80)**	(712)
Acquisition of property, plant and equipment		**(981)**	(3,295)
Acquisition of intangible assets		**(3,192)**	(5,034)
Net cash from investing activities		**12,546**	17,565
Cash flows from financing activities			
Proceeds from borrowings		**7,000**	13,000
Repayment of borrowings		**(35,885)**	(36,198)
Dividends paid to outside equity interests	5	**(358)**	(426)
Net cash used in financing activities		**(29,243)**	(23,624)
Net increase in cash and cash equivalents		**1,777**	5,707
Cash and cash equivalents at 1 July		**3,294**	(2,413)
Cash and cash equivalents at 30 June		**5,071**	3,294

The notes on pages 16 to 24 are an integral part of these consolidated financial statements.

Discussion and analysis of the statement of cash flows

For the year ended 30 June 2009

Cash flows from operating activities increased by $6.7 million to $18.5 million mainly due to cash generated from trading (working capital initiatives) of $2.5 million, decreased taxation of $3.2 million due to reduced profit levels and also reduced interest paid of $1.0 million from reduced debt levels and lower interest rates.

Cash flows from investing activities are evident from the cash flow statement and relate largely to acquisition or disposal of property, plant and equipment and expenditure on intangible assets – primarily the computer system.

Cash flows from financing activities are evident from the cash flow statement and relate largely to net repayment of borrowings and dividends paid to minority interests.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2009

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 the following assets and liabilities are stated at their fair value: derivative financial instruments, financial instruments at fair value through profit or loss and liabilities for cash settled share based payment arrangements.

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(h) – significant accounting policies – inventories
- Note 1(u) – 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. Segment reporting

Segment information is presented in respect of the Group's business segments. The format is consistent with the Group's management and internal reporting structure.

Inter segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly income earning assets and revenue, interest bearing loans, borrowings and expenses, and corporate assets and expenses.

3. Segment reporting (continued)

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Business segments

The Group comprises the following main business segments:

- Automotive Parts Distribution
- Industrial Products Distribution
- Gasket Manufacturing

The Group operates primarily in one geographical segment, being Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

3. Segment reporting (continued)

Industry Segments	Automotive parts distribution		Industrial products distribution		Discontinued operations		Gasket manufacturing		Eliminations		Consolidated		Less discontinued operations		Continuing operations	
In thousands of AUD	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Sales to customers outside the consolidated entity	**162,555**	167,272	**245,460**	270,772	-	34,020	**11,081**	10,751	-	-	**419,096**	482,815	-	34,020	**419,096**	448,795
Inter segment sales	**174**	419	**372**	522	-	-	**590**	808	**(1,136)**	(1,749)	-	-	-	-	-	-
Other revenue	**585**	579	**1,288**	1,398	-	120	**163**	-	-	-	**2,036**	2,097	-	120	**2,036**	1,977
Segment revenue	**163,314**	168,270	**247,120**	272,692	-	34,140	**11,834**	11,559	**(1,136)**	(1,749)	**421,132**	484,912	-	34,140	**421,132**	450,772
Unallocated corporate revenue											**321**	98	-	-	**321**	98
Total segment revenue											**421,453**	485,010	-	34,140	**421,453**	450,870
Segment result	**(5,259)**	(15,419)	**1,010**	20,739	**(2,609)**	(4,191)	**2,065**	1,951	-	-	**(4,793)**	3,080	**(2,609)**	(4,191)	**(2,184)**	7,271
Unallocated net corporate revenue/(expense)											**8,908**	3,976	-	-	**8,908**	3,976
Results from operating activities											**4,115**	7,056	**(2,609)**	(4,191)	**6,724**	11,247
Net financing costs											**(3,113)**	(4,249)	-	-	**(3,113)**	(4,249)
Results from operating activities before tax											**1,002**	2,807	**(2,609)**	(4,191)	**3,611**	6,998
Income tax (expense)/benefit											**(2,007)**	(186)	**783**	1,257	**(2,790)**	(1,443)
Gain on sale of discontinued operations (net of income tax)											-	4,300	-	4,300	-	-
(Loss)/profit for the year											**(1,005)**	6,921	**(1,826)**	1,366	**821**	5,555
Segment assets	**68,895**	77,115	**116,425**	142,008	-	-	**11,105**	10,322	-	1,384	**196,425**	230,829				
Unallocated corporate assets											**45,526**	53,281				
Total assets											**241,951**	284,110				
Segment liabilities	**19,128**	23,545	**24,978**	31,276	-	-	**1,249**	1,404	-	1,384	**45,355**	57,609				
Unallocated corporate liabilities											**26,212**	53,609				
Total liabilities											**71,567**	111,218				

3. Segment reporting (continued)

Industry Segments	Automotive parts distribution		Industrial products distribution		Discontinued operations		Gasket manufacturing		Eliminations		Consolidated	
In thousands of AUD	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Acquisition of property, plant and equipment, intangibles and other non current segment assets	**47**	1,487	**499**	1,430	**-**	-	**268**	138	**-**	-	**814**	3,055
Unallocated corporate acquisition of non current assets											**3,439**	5,483
Total acquisition of property, plant and equipment, intangibles and other non current assets											**4,253**	8,538
Segment depreciation and amortisation expense	**783**	1,783	**892**	1,750	**-**	-	**231**	257	**-**	-	**1,906**	3,790
Unallocated net corporate depreciation and amortisation expense											**1,935**	2,015
Total depreciation and amortisation expense											**3,841**	5,805
Segment other non-cash expenses	**(2,747)**	2,453	**2,286**	(400)	**-**	-	**(36)**	11	**-**	-	**(497)**	2,064
Unallocated corporate non-cash expenses											**(414)**	42
Total other non-cash expenses											**(911)**	2,106
Individually material items included in net profit before interest and tax:												
Relocation costs	**-**	(3,093)	**-**	(8)	**-**	-	**-**	-	**-**	-	**-**	(3,101)
Unallocated corporate relocation costs	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(246)
Redundancy	**(552)**	-	**(539)**	-	**-**	-	**-**	-	**-**	-	**(1,091)**	-
Unallocated corporate redundancy	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(86)**	-
Increase in provision	**(1,886)**	(3,679)	**(2,624)**	(500)	**-**	-	**-**	-	**-**	-	**(4,510)**	(4,179)
Restructuring costs	**-**	-	**-**	-	**(2,609)**	(1,543)	**-**	-	**-**	-	**(2,609)**	(1,543)
Unallocated restructuring costs	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(409)
Unallocated net gain on sale of land and buildings	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**11,337**	6,962
Impairment loss on goodwill on industrial parts distribution business	**-**	-	**(6,880)**	-	**-**	-	**-**	-	**-**	-	**(6,880)**	-
	(2,438)	(6,772)	**(10,043)**	(508)	**(2,609)**	(1,543)	**-**	-	**-**	-	**(3,839)**	(2,516)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

4. Individually material items included in income statement

Continuing operations

In thousands of AUD	Consolidated 2009	2008
Impairment loss on goodwill	**(6,880)**	-
Net gain on sale of land and buildings	**11,337**	6,962
Redundancy	**(1,177)**	-
Relocation costs	**-**	(3,347)
Restructuring costs	**-**	(409)
Additional increase in provisions (i)	**(4,510)**	(4,179)
	(1,230)	(973)

Discontinued operations

In thousands of AUD	Note	Consolidated 2009	2008
Net gain on sale of business	6	**-**	1,505
Restructuring costs	6	**(2,609)**	(1,543)
		(2,609)	(38)

(i) Includes increase in stock provision $2,964,000 (2008: $4,179,000), increase in doubtful debt provision $2,041,000 (2008: $nil), and decrease in miscellaneous provisions $495,000 (2008: $nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

5. Capital and reserves

Reconciliation of movement in capital and reserves

Consolidated

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 2007	661	628	426	22,952	24,667	112,676	27,984	165,327	2,756	168,083
Total recognised income and expense	-	263	(1,930)	-	(1,667)	-	6,522	4,855	327	5,182
Equity settled share based payment transactions	53	-	-	-	53	-	-	53	-	53
Transfer (from)/to reserve	-	-	-	529	529	-	(529)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	(426)	(426)
Balance at 30 June 2008	714	891	(1,504)	23,481	23,582	112,676	33,977	170,235	2,657	172,892
Balance at 1 July 2008	714	891	(1,504)	23,481	23,582	112,676	33,977	170,235	2,657	172,892
Total recognised income and expense	-	(1,445)	246	-	(1,199)	-	(1,416)	(2,615)	411	(2,204)
Equity settled share based payment transactions	54	-	-	-	54	-	-	54	-	54
Transfer (from)/to reserve	(624)	-	-	1,554	930	-	(930)	-	-	-
Dividends to shareholders	-	-	-	-	-	-	-	-	(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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 30 June 2009 (continued)

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

Dividends

No dividends were recognised in the current and previous years by the Company.

After the balance sheet date the following dividend was declared by the directors. The dividend has not been provided.

In thousands of AUD	Cents per share	Total amount	Franked/Unfranked	Date of payment
Ordinary	5	1,970	Franked	25 September 2009

The financial effect of this dividend has not been brought to account in the financial statements for the financial year ended 30 June 2009 and will be recognised in subsequent financial reports.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

6. Discontinued operations

In June 2008 the Group made two separate sales of 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. These items were primarily:

- Contractual matters related to the final determination of inventories, their existence, valuation and degree of impairment;
- Matters related to the collectability of trade receivables for the Queensland division; and
- The ability to sub-lease the previous distribution centre for the Queensland division which was not acquired by the purchaser and which expires on 31 August 2014.

All such matters have now been resolved, resulting in the expense of $2,609,000 which includes $1,573,000 as a provision for onerous contract in respect of the unexpired portion of the lease as described above.

(Loss)/profit attributable to the discontinued operations were as follows:

	Consolidated	
In thousands of AUD	**2009**	**2008**
Results of discontinued operations		
Revenue	-	34,020
Other revenue	-	120
Other income	-	51
Expenses (i)	**(2,609)**	(38,382)
Results from operating activities	**(2,609)**	(4,191)
Income tax benefit	**783**	1,257
Gain on sale of discontinued operation	-	1,505
Income tax benefit on capital loss on sale of discontinued operations	-	2,795
(Loss)/profit for the year	**(1,826)**	1,366
Basic (loss)/earnings per share	**(4.6) cents**	3.5 cents
Diluted (loss)/earnings per share	**(4.6) cents**	3.4 cents

(i) Includes restructuring $2,609,000 (2008: $1,543,000)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 30 June 2009 (continued)

6. Discontinued operations (continued)

	Consolidated	
In thousands of AUD	**2009**	**2008**
Cash flows from discontinued operations		
Net cash used in operating activities	**(928)**	(813)
Net cash from investing activities	-	1,906
Net cash from discontinued operations	**(928)**	1,093
Effect of disposal on the financial position of the Group		
Property, plant and equipment	-	(947)
Trade and other receivables	-	(702)
Inventories	-	(5,505)
Trade and other payables	-	820
Deferred tax liabilities	-	(130)
Net identifiable assets and liabilities	-	(6,464)
Net consideration received, satisfied in cash	-	7,969

7. Contingencies

In August 2007 the Company supplied bolts to be used in the erection of wind towers. The Company sourced the bolts from an importer. Certain bolts failed due to an alleged failure to meet specification. The Company contests the circumstances of that contention. As a consequence of that failure a number of changes were made to project plans for the erection of the wind towers. In April 2009 the Company received a claim for approximately $2,300,000 in respect of alleged costs and liquidated damages in respect of this matter. Whilst not admitting any liability the Company has referred the documentation and claim to the importer for their attention.

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.

DIRECTORS' REPORT

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 controlled entities for the year ended 30 June 2009.

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

Joseph Boros
Barry Frederick Nazer
John Harold Nickson

Executive directors

Roger Baden Flynn – Executive Chairman
Vince Scidone

Particulars of their qualifications, experience and special responsibilities are set out on page 8 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
J Boros	100,000
JH Nickson	50,977
BF Nazer	101,182
RB Flynn	147,146
V Scidone	27,700

During the 2008/09 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' REPORT (continued)

1. Directors (continued)

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 2009, 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
J Boros	12	12	5	5	5	5	1	1
BF Nazer	12	11	5	5	-	-	1	1
JH Nickson	12	12	5	5	5	5	-	-
RB Flynn	12	12	-	-	-	-	1	1
V Scidone	12	11	-	-	-	-	-	-

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.

DIRECTORS' REPORT (continued)

3. Consolidated results

Results of the Group for the year ended 30 June 2009 were as follows:

	2009	2008
	$000	$000
Revenue from sale of goods	**419,096**	448,795
Profit before tax	**3,611**	6,998
Income tax expense	**(2,790)**	(1,443)
Profit from continuing operations for the year	**821**	5,555
(Loss)/profit from discontinued operations		
(net of income tax)	**(1,826)**	1,366
(Loss)/profit for the year attributable to:		
- equity holders of the Company	**(1,416)**	6,522
- minority interest	**411**	399
(Loss)/profit for the year	**(1,005)**	6,921

4. Dividends

On 3 July 2009, the directors declared a dividend of 5 cents, fully franked, for each ordinary share. The record date for the dividend is 8 September 2009 and will be paid on 25 September 2009.

No interim dividend was declared.

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 loss per share for the year ended 30 June 2009 was 3.6 cents. This compares to a basic earnings per share of 16.6 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.

DIRECTORS' REPORT (continued)

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

Remuneration is referred to as compensation throughout this remuneration report.

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

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 5 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
J Boros
BF Nazer
JH Nickson

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

Executives
AP Hockley, Chief Financial Officer and Company Secretary
MW Ridley, Chief Information Officer
GN Wilton, Group General Manager – Automotive (resigned 11 September 2008)
MJ Hurley, Group General Manager – Automotive (appointed 15 October 2008)
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.

For the year ended 30 June 2009 the Board determined that non-executive directors fees be allocated as follows (does not include statutory superannuation contributions):

Chairman (base fee) (i)	$nil
Non-executive Directors (base fee)	$72,000
Interstate Non-executive Director (base fee)	$83,000
Chairman of Audit & Risk Committee (in addition to base fee)	$12,000
Chairman of Remuneration Committee (in addition to base fee)	$9,000

(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.

DIRECTORS' REPORT (continued)

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, return on equity, earnings before interest and tax, return on average capital employed (for certain executives on a consolidated basis and for others on a business unit basis) and personal goals. 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.

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 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 Director's 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 have been made in respect of the 3 year performance period commencing on 1 July 2006 ("the 2006 Offer").

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.

10. Remuneration report (continued)

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

For the 2009 financial year eligible key management personnel were offered a 50% uplift in their short-term incentive potential in lieu of a long-term incentive under ELTIP. 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 light of uncertainty created by proposed legislative changes and the taxation treatment of employee share schemes, as at the date of this report it is unlikely that any offers will be made pursuant to the ELTIP for the year ending 30 June 2010.

The performance criteria for the 2006 Offer under the ELTIP are as follows:

- One half of the offered shares will vest to the participant upon the achievement of a threshold earnings per share ("EPS") growth hurdle over the relevant 3 year performance period. The offered shares will be vested in differing amounts depending on the percentage growth in EPS in excess of the threshold level over the 3 year period being cumulative $1.260 for the 2006 Offer with all of the offered shares under these hurdles vested once an additional 10% growth in EPS over and above the threshold levels has been achieved; and
- One half of the offered shares will vest to participant subject to the achievement of a return on equity ("ROE") hurdle over the relevant 3 year performance period. Under the ROE hurdle all offered shares in the 2006 Offer will be vested if a ROE target of at least 12% is attained as at the end of the 2008/2009 financial year.

The EPS and ROE performance hurdles were chosen to ensure that key management personnel are only rewarded when shareholder wealth is increased.

The Remuneration Committee considers the audited financial results of the Group in assessing the extent to which the performance hurdles have been satisfied.

During the reporting period, the 2006 Offer was assessed against the established performance hurdles. As the minimum criteria for both performance hurdles was not attained, all offers of shares under the 2006 Offer lapsed.

In November 2007, following an amendment to the ELTIP, options over unissued ordinary shares in the Company were granted to the executive directors and key management personnel.

The terms upon which the options 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%.

DIRECTORS' REPORT (continued)

10. Remuneration report (continued)

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

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.

	2009	**2008**	**2007**	**2006**	**2005**
	$	**$**	**$**	**$**	**$**
(Loss)/profit attributable to equity holders of the Company	**(1,416,000)**	6,522,000	(1,409,000)	9,337,000	16,556,000
Dividends paid	**-**	-	12,489,000	23,510,000	12,704,000
Change in share price	**(1.00)**	(2.59)	0.30	(1.60)	0.08

Profit is considered as one of the financial performance targets in setting the short-term incentives. The profit amount for year 2005 was calculated in accordance with previous Australian GAAP. The profit/(loss) amounts for years 2006 onwards have been calculated in accordance with Australian equivalents to IFRS (AIFRS). For the 2006 Offer for the long-term incentives, return on equity has been used as one of the performance criteria as it is considered to be consistent with growth in shareholder wealth. The other performance criteria assessed for the LTI is growth in earnings per share, which again takes into account the Group's profit.

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 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										
J Boros	15,273	-	-	73,018	-	-	-	88,291	-	-
JH Nickson	-	-	-	90,470	-	-	-	90,470	-	-
BF Nazer	84,000	-	-	7,560	-	-	-	91,560	-	-
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	-	-

DIRECTORS' REPORT (continued)

10. Remuneration report (continued)

10.3 Details of compensation (continued)

	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
	$	$	$	$	$	$	$	$	%	%
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)

10.3 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 2008.

	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										
J Boros	-	-	-	83,658	-	-	-	83,658	-	-
JH Nickson (ii)	-	-	-	57,895	-	-	-	57,895	-	-
RM McLean (iii)	-	-	-	29,033	-	-	-	29,033	-	-
BF Nazer	82,000	-	-	7,380	-	-	-	89,380	-	-
Total	82,000	-	-	177,966	-	-	-	259,966	-	-
Executive Directors										
RB Flynn	668,752	-	-	50,000	1,606	44,400	-	764,758	5.7	5.7
V Scidone (iv)	363,076	(1,865)	27,073	36,528	18,459	13,442	-	456,713	2.5	1.8
Total	1,031,828	(1,865)	27,073	86,528	20,065	57,842	-	1,221,471	-	-

DIRECTORS' REPORT (continued)

10. Remuneration report (continued)

10.3 Details of compensation (continued)

	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
	$	$	$	$	$	$	$	$	%	%
Other key management personnel										
AP Hockley	229,505	-	-	81,790	614	6,704	-	318,613	2.1	2.1
MW Ridley	233,055	-	-	35,012	592	6,704	-	275,363	2.4	2.4
GN Wilton (v)	222,471	-	-	19,007	247	6,704	-	248,429	2.7	2.7
J Colli	187,854	(957)	8,244	17,165	3,433	5,995	-	221,734	2.3	1.5
PL Todd (vi)	160,942	(517)	-	22,162	-	-	4,744	187,331	-	-
DJ Beisley (vii)	35,182	(1,886)	-	6,004	(790)	-	23,671	62,181	-	-
Total	1,069,009	(3,360)	8,244	181,140	4,096	26,107	28,415	1,313,651	-	-
Total compensation key management personnel	2,182,837	(5,225)	35,317	445,634	24,161	83,949	28,415	2,795,088	-	-

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) Appointed 5 November 2007.
(iii) Resigned 5 November 2007.
(iv) Appointed 22 February 2008.
(v) Appointed 1 November 2007.
(vi) Resigned 30 May 2008.
(vii) Resigned 6 September 2007

10. Remuneration report (continued)

10.4 Value of Shares

The fair value of services received in return for the offers of the ELTIP shares have been calculated at the date of grant using a Black-Scholes model incorporating the factors and assumptions detailed below. The fair value of the services is remeasured, having regard to non-market and service conditions only, at each balance sheet date and at settlement date.

Grant date	Expiry date	Fair value per share	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
3 October 2006	30 June 2009	$3.41	$0.01	$4.26	23.0%	5.8%	7.4%

10.5 Analysis of bonuses included in compensation

Details of the vesting profile of the short-term incentive bonuses awarded as compensation to each director and the key management personnel of the Company and Group are detailed below:

	Short-term Incentive Bonus included in compensation (i)	% vested in year	% forfeited in year (ii)
Executive Directors			
RB Flynn	50,000	17	83
V Scidone	21,750	13	87
Other key management personnel			
AP Hockley	15,315	13	87
MW Ridley	15,000	13	87
GN Wilton	-	-	-
MJ Hurley	-	-	-
J Colli	9,998	13	87

(i) amounts included in remuneration for the financial year represent the amount that vested in the financial year based on achievement of specified performance criteria. It also includes discretionary payments.

(ii) the percentages forfeited are due to the performance or service criteria not being met in relation to the current financial year.

DIRECTORS' REPORT (continued)

10. Remuneration report (continued)

10.6 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.

10. Remuneration report (continued)

10.6 Employment contracts (continued)

GN Wilton, Group General Manager – Automotive (resigned 11 September 2008)

- 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 (appointed 15 October 2008)

- 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.

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.

DIRECTORS' REPORT (continued)

10. Remuneration report (continued)

10.7 Rights over shares granted as compensation

The movement during the reporting period in the number of rights over ordinary shares in the Company offered as compensation under the ELTIP to directors and other key management personnel of the Company and Group is as follows:

	Held at 1 July 2008	Granted as compensation	Vested during the year	Lapsed during the year (i)	Forfeited during the year	Held at 30 June 2009
Executive Directors						
RB Flynn	-	-	-	-	-	-
V Scidone	22,267	-	-	22,267	-	-
Other key management personnel						
AP Hockley	-	-	-	-	-	-
MW Ridley	-	-	-	-	-	-
GN Wilton	-	-	-	-	-	-
MJ Hurley	-	-	-	-	-	-
J Colli	11,625	-	-	11,625	-	-

(i) 2006 Offer lapsed as none of the performance hurdles were achieved

The grant date, the fair value at grant date and expiry date of the rights over ordinary shares are shown at item 10.4 of the Remuneration Report.

10. Remuneration report (continued)

10.8 Analysis of rights over shares granted as compensation

Details of the vesting profile of the rights over ordinary shares granted as compensation to each director and the key management personnel of the Company and Group during the reporting period are as follows:

	Rights granted as compensation value at grant date	Value of rights vested	Value of rights lapsed (i)	Value of rights forfeited	Value included as compensation (ii)	Total compensation that consists of rights
	$	$	$	$	$	%
Executive Directors						
RB Flynn	-	-	-	-	-	-
V Scidone	-	-	75,930	-	-	-
Other key management personnel						
AP Hockley	-	-	-	-	-	-
MW Ridley	-	-	-	-	-	-
GN Wilton	-	-	-	-	-	-
MJ Hurley	-	-	-	-	-	-
J Colli	-	-	39,641	-	-	-

(i) 2006 Offer lapsed as none of the performance hurdles were achieved. Value of $3.41 per right calculated in accordance with item 10.4 of the Remuneration Report. The amount recognised in relation to the rights that lapsed during the period is $10,125 for V Scidone and $5,285 for J Colli. The amounts accounted in the current period represent the reversal of the cumulative expense recognised in previous financial periods.

(ii) rights subject to internal performance hurdles the value included as compensation takes into account the probability of achieving those hurdles as at balance date.

The number of rights over shares to which the above values relate is shown at item 10.7 of the Remuneration Report.

10.9 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 2009 was $6,704.

DIRECTORS' REPORT (continued)

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.

During the 2009 financial year the Company 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 2009 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 44 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 of 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 of the full financial report.

DIRECTORS' REPORT (continued)

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 54 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 in November 2008. Mr Hockley has previously served as company secretary for a number of publicly listed companies.

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
28 August 2009

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

INTRODUCTION

This statement is dated 28 August 2009 and sets out the corporate governance practices of Coventry Group Ltd (CGL) for the 2008/09 financial year and as at the date of this statement. If the practices have not been in place for the entire year, that is stated.

In March 2003 the ASX Corporate Governance Council (ASXCGC) issued a paper which set out 10 core principles together with best practice recommendations underlying the basis of good corporate governance.

In August 2007 the ASXCGC released a revised set of principles and recommendations for good corporate governance following a review of those initial principles and recommendations. This has resulted in 8 principles being established which came into effect from the first financial year starting on or after 1 January 2008.

ASXCGC's paper on the revised principles and recommendations refers to corporate governance as:

"the framework of rules, relationships, systems and processes within and by which authority is exercised and controlled by corporations. It encompasses the mechanisms by which companies and those in control, are held to account. Corporate governance influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimised."

The board of CGL is committed to a high standard of corporate governance.

The board recognises that there is no single model of good corporate governance. What constitutes good corporate governance will evolve with changing circumstances facing the company and must be tailored to meet those circumstances.

CGL's corporate governance practices are monitored as changes in its regulatory and operating environment occur and are updated from time to time as required.

This statement encompasses the ASXCGC's revised principles and recommendations on corporate governance and should be read in conjunction with CGL's concise annual report.

CGL's website is www.cgl.com.au - most policies and documents underlying CGL's corporate governance practices can be found at this site.

ASXCGC Principle 1

Lay solid foundations for management and oversight.

Companies should establish and disclose the respective roles and responsibilities of board and management.

ASXCGC Recommendation 1.1

Companies should establish the functions reserved for the board and those delegated to senior executives and disclose these functions.

CGL Practice

The board has ultimate responsibility for oversight of the management and actions of CGL. It is responsible to shareholders for the Group's overall corporate governance.

The board has a charter which formalises certain matters relating to the board. The charter addresses the purpose and role of the board, its powers, board membership, independence criteria, meeting formalities, board sub-committee requirements, self assessment and appointment procedures as well as a policy on directors' terms of office.

The board charter can be viewed on the Group's website under the tab – "Investor Relations, Corporate Governance Summary".

The Company has in place formal letters of engagement for non-executive directors, setting out the key terms and conditions of their appointment.

The executive chairman, Mr R B Flynn, as the chief executive officer of the Company, is engaged in accordance with a service contract and has a formal position description.

All senior executives of the Company are employed pursuant to formal service contracts and have formal position descriptions. The chief financial officer has had his position description endorsed by the board.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

The Company has a formal delegated authority policy which sets out parameters and limits for entering into contractual relationship with customers and suppliers, capital expenditure, foreign currency transactions and other operational matters. The policy is amended and updated as circumstances arise.

ASXCGC Recommendation 1.2

Companies should disclose the process for evaluating the performance of senior executives.

CGL Practice

Arrangements are in place to monitor the performance of senior executives of the Company. The direct reports to the chief executive officer have formal reviews at least once a year. Performance is measured against previously agreed objectives/key performance indicators (KPI's). Apart from reviewing KPI's, the performance appraisal also considers leadership competencies, areas of improvement, training and development as well as career aspirations.

The board monitors the performance of the chief executive officer and his direct reports (in consultation with the chief executive officer) to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company.

ASXCGC Recommendation 1.3

Companies should provide the information indicated in the Guide to reporting on Principle 1.

CGL Practice

The information required for reporting on Principle 1 has been disclosed by the Company.

ASXCGC Principle 2

Structure the board to add value.

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

ASXCGC Recommendation 2.1

A majority of the board should be independent directors.

CGL Practice

The board presently consists of 5 directors. 3 directors are non-executive directors and considered to be independent. The names of the directors of the Company as at the date of this statement are set out on page 25 of the concise annual report.

The board has adopted the ASXCGC definition of "independent director" and the independence criteria are set out in the board charter. However, in relation to the term served on the board by a director, the board considers that a period in excess of 12 years, of itself, is not perceived to interfere with a director's ability to act in the best interests of the Company and therefore, of itself, does not impair independence.

In relation to the term of office for the directors, the board has adopted the following policy:

"Subject to circumstances prevailing at the time and the Company's ability to find a suitable replacement, a director shall retire from the board no later than the earlier of:

- the conclusion of the annual general meeting occurring after the twelfth anniversary of the director's first appointment or election to the board; or
- the conclusion of the annual general meeting occurring immediately after the director's seventieth birthday.

The board may consider variations to this policy in exceptional circumstances."

During the 2008/09 financial year there were no changes to the composition of the board.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

To ensure independent judgement is achieved and maintained in the decision making process, a number of measures have been implemented which include:

- directors have the right to obtain independent, professional advice on Company related matters, at the Company's expense, providing the expense is reasonable and the chairman is notified; and
- non-executive directors meet from time to time without management in attendance.

The board has a balanced composition with each current director bringing to the Company a range of complementary skills and experience as outlined on page 8 of the concise annual report.

To assist the board in discharging its responsibilities, the board has established the following board committees:

- audit & risk committee
- remuneration committee
- nomination committee

ASXCGC Recommendation 2.2

The chair should be an independent director.

CGL Practice

On 11 April 2007, Mr R B Flynn was appointed as the Company's executive chairman. Mr R B Flynn is not independent in terms of the ASXCGC's criteria for independent directors. Accordingly the Company does not comply with this recommendation.

The board was strongly of the view that the most suitable person to become chief executive officer upon Mr Glenn's departure was Mr R B Flynn, given his relevant past experience and achievements combined with his knowledge of the Company, its people and its operations. The board is still supportive of this position. The 3 independent non-executive directors have deep insight to the business, are frequently updated and approve all major commitments in line with a clearly established authority schedule.

ASXCGC Recommendation 2.3

The roles of the chair and the chief executive officer should not be exercised by the same individual.

CGL Practice

With the appointment of Mr R B Flynn as executive chairman in April 2007 the roles of chairperson and the chief executive officer are exercised by the same person. Accordingly the Company does not comply with this recommendation.

Refer to comments for CGL Practice under ASXCGC Recommendation 2.2.

ASXCGC Recommendation 2.4

The board should establish a nomination committee.

CGL Practice

The board has established a nomination committee.

The members of the nomination committee are:

- R B Flynn (Chairman), executive chairman
- B F Nazer, independent non-executive director
- J Boros, independent non-executive director (appointed a member on 22.08.08)

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

The committee has a formal charter and its role is to ensure that the board has an effective composition, size and commitment to adequately discharge its responsibilities and duties. Its duties include:

- reviewing and making recommendations to the board on the operation and performance of the board;
- reviewing board composition and recommending appointments to the board (including the monitoring of director independence);
- reviewing board succession plans;
- ensuring effective induction programmes are in place; and
- reviewing the composition of board sub-committees.

The committee is required to meet at least once a year and at other times as the chairman of the committee directs.

The number of committee meetings held and attended by its members is set out on page 26 of the concise annual report.

The committee's charter can be viewed on the Group's website under the tab – "Investors Relations, Corporate Governance Summary".

ASXCGC Recommendation 2.5

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

CGL Practice

The board's charter stipulates that an annual performance evaluation of the board be undertaken. The audit & risk committee also has a requirement for regular self assessment.

The annual review of the board is carried out through the review and analysis of responses to a confidential questionnaire completed by each director and selected senior executives, which poses specific questions on issues surrounding meeting logistics, work programme, interaction with management and any perceived strengths and weaknesses of the board and its committees.

Following a review of the content of the questionnaires by the chairman, a summary of the overall result is distributed to and discussed by directors. Significant issues identified or changes recommended are actioned in the board's ongoing development programme. This review had been undertaken as at the date of this statement.

The Company has a formal induction programme for all newly appointed directors.

ASXCGC Recommendation 2.6

Companies should provide the information indicated in the Guide to reporting on Principle 2.

CGL Practice

The information required for reporting in Principle 2 has been disclosed by the Company.

ASXCGC Principle 3

Promote ethical and responsible decision-making.

Companies should actively promote ethical and responsible decision-making.

ASXCGC Recommendation 3.1

Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practice.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

CGL Practice

The Company has a formal code of conduct. The code sets out the principles and standards with which all the Group's directors and employees are expected to comply in the performance of their respective duties. The code requires all directors and employees to act with honesty and integrity, comply with the law and conduct themselves in the best interests of the Company.

The code of conduct can be viewed on the Group's website, under the tab – "Investor Relations, Corporate Governance Summary".

ASXCGC Recommendation 3.2

Companies should establish a policy concerning trading in company securities by directors, senior executives and employees and disclose the policy or summary of that policy.

CGL Practice

The directors and employees of the Company (which includes senior management) are permitted to trade in the Company's securities at any time, subject to insider trading legislation and the possession of price sensitive information.

A standing agenda item at each monthly board meeting is consideration of whether the directors and senior management are in possession of price sensitive information which would preclude the buying or selling of the Company's securities. The same agenda item is also considered at the monthly senior management team meetings, which includes all direct reports to the chief executive officer.

It is the responsibility of each director and senior manager to ensure that the insider trading provisions of the law are observed.

The Company's code of conduct requires that all directors and employees observe the insider trading laws which prohibit the buying or selling of the Company's securities at any time if they are in possession of price sensitive information that has not been released to the market.

Each director has entered into an undertaking with the Company regarding the obligation for the timely disclosure to the ASX of any changes to their interest in securities of the Company.

ASXCGC Recommendation 3.3

Companies should provide the information indicated in the Guide to reporting on Principle 3.

CGL Practice

The information required for reporting on Principle 3 has been disclosed by the Company.

ASXCGC Principle 4

Safeguard integrity in financial reporting.

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

ASXCGC Recommendation 4.1

The board should establish an audit committee.

CGL Practice

The board has established an audit & risk committee.

ASXCGC Recommendation 4.2

The audit committee should be structured so that it:

- consists of only non-executive directors;
- consists of a majority of independent directors;

- is chaired by an independent chair, who is not chair of the board; and
- has at least three members.

CGL Practice

The members of the audit & risk committee are:

- B F Nazer (Chairman), independent non-executive director
- J Boros, independent non-executive director
- J H Nickson, independent non-executive director

The number of committee meetings held and attended by its members is set out on page 26 of the concise annual report.

The chief executive officer, internal and external auditors and the chief financial officer attend meetings by invitation.

Details of the experience of the members of the committee are set out on page 8 of the concise annual report and indicate that each is suitably qualified to be a member of the audit & risk committee.

ASXCGC Recommendation 4.3

The audit committee should have a formal charter.

CGL Practice

The Company's audit & risk committee has a formal charter which sets out its role, composition and duties and responsibilities.

The primary objective of the committee is to assist the board in discharging its responsibilities in relation to financial reporting, legal compliance requirements, maintenance of effective and efficient audits (both external and internal) and risk management of the Group.

The committee's charter can be viewed on the Group's website, under the tab – "Investor Relations, Corporate Governance Summary".

ASXCGC Recommendation 4.4

Companies should provide the information indicated in the Guide to reporting on Principle 4.

CGL Practice

The information required for reporting on Principle 4 has been disclosed by the Company.

The selection and appointment of the external auditor involves a formal tender process. The successful candidate is then put at the next annual general meeting of the Company for approval by shareholders. This process was last undertaken in 2003. External audit engagement partners are rotated every 5 years. Such a rotation occurred during the year ended 30 June 2009.

ASXCGC Principle 5

Make timely and balanced disclosure.

Companies should promote timely and balanced disclosure of all internal matters concerning the company.

ASXCGC Recommendation 5.1

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

CGL Practice

The board observes the continuous disclosure obligations as imposed by the ASX Listing Rules. The matter is continuously monitored by the Group's executive management and regularly reviewed by the board on a monthly basis as a standing agenda item.

All notifications and announcements to the ASX are posted on the Company's website, under the tab – "Investor Relations, ASX Announcements".

The Company has a formal policy for communicating with the investment community and the media. The executive chairman and chief financial officer are the only persons authorised to communicate on behalf of the Company for these specific groups. The company secretary is the responsible person for all communications with the ASX.

ASXCGC Recommendation 5.2

Companies should provide the information indicated in the Guide to reporting on Principle 5.

CGL Practice

The information required for reporting on Principle 5 has been disclosed by the Company.

ASXCGC Principle 6

Respect the rights of shareholders.

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

ASXCGC Recommendation 6.1

Companies should design a communications policy for promoting effective communication with shareholders and encourage their effective participation at general meetings and disclose their policy or a summary of that policy.

CGL Practice

The Company encourages regular and timely communication with its shareholders and other stakeholders. Communication channels used by the Company include:

- regular shareholder communication such as the Half Year Report, Annual Report and, as appropriate, other periodic advices such as director changes;
- shareholder access to communications through the use of information technology such as the Company's website (www.cgl.com.au) where all key notices, policies and documents are posted; and
- a direct link from the Company's website to Computershare Investor Services, the Company's share registry service provider.

The board encourages full participation by shareholders at the annual general meeting to ensure a high level of accountability and understanding of the Group's strategy and goals. Important issues are presented to shareholders as single resolutions. Shareholders are encouraged to submit written questions to the board prior to the annual general meeting. The executive chairman's address at the annual general meeting is simultaneously released to the ASX and posted on the website.

The Company does not webcast or make a video of proceedings at an annual general meeting as the relative size of the Company's shareholder base does not warrant the cost.

ASXCGC Recommendation 6.2

Companies should provide the information indicated in the Guide to reporting on Principle 6.

CGL Practice

The information required for reporting on Principle 6 has been disclosed by the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

ASXCGC Principle 7

Recognise and manage risk.

Companies should establish a sound system of risk oversight and management and internal control.

ASXCGC Recommendation 7.1

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

CGL Practice

In November 2008, the Company established a policy for the oversight and management of material business risks. The policy titled Risk Management Policy and Methodology can be viewed on the Group's website under the tab – "Investor Relations, Corporate Governance Summary".

The board via the audit & risk committee has reviewed and approved this policy, and is satisfied that management has implemented a sound system of risk management and internal control.

ASXCGC Recommendation 7.2

The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

CGL Practice

The Company has an independent internal audit function which (on behalf of management) appraises the adequacy and effectiveness of the Company's risk management and internal control system on an ongoing basis.

The board receives and reviews the results of these appraisals via the audit & risk committee.

The Company has established a Group risk register which includes material business risks.

A Group risk update is provided at each audit & risk committee meeting. In addition risk is a standing agenda item at each board meeting and monthly senior management team meetings.

ASXCGC Recommendation 7.3

The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

CGL Practice

The board has received assurance from the executive chairman and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is mostly operating efficiently and effectively in all material respects in relation to financial reporting risks and where not so operating, is being brought into compliance.

ASXCGC Recommendation 7.4

Companies should provide the information indicated in the Guide to reporting on Principle 7.

CGL Practice

The information required for reporting on Principle 7 has been disclosed by the Company.

STATEMENT OF CORPORATE GOVERNANCE PRACTICES (continued)

ASXCGC Principle 8

Remunerate fairly and responsibly.

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

ASXCGC Recommendation 8.1

The board should establish a remuneration committee.

CGL Practice

The board has established a remuneration committee.

The members of the remuneration committee are:

- J Boros, independent non-executive director (Chairman)
- J H Nickson, independent non-executive director

Whilst the Company complies with the recommendation that the committee consists of a majority of independent directors and is chaired by an independent director, it does not comply with the requirement of at least 3 members. The Company is of the view that given its relative size and operations and composition of the board, a remuneration committee of 2 members is adequate to discharge its responsibilities.

The committee has a formal charter. The role of the committee is to assist the board in ensuring that appropriate and effective remuneration packages and policies are implemented for the chief executive officer, executive directors (if any) and those executives who report directly to the chief executive officer. The committee also reviews non-executive directors' remuneration.

The committee is required to meet twice a year and at other times as the chairman of the committee directs.

The chief executive officer who attends by invitation, absents himself from meetings before any discussion by the committee in relation to his own remuneration.

The number of committee meetings held and attended by its members is set out on page 26 of the concise annual report.

The committee's charter can be viewed on the Group's website, under the tab – "Investor Relations, Corporate Governance Summary".

ASX Recommendation 8.2

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

CGL Practice

The remuneration of non-executive directors is reviewed on a periodic basis by the remuneration committee having regard to the work load of the directors and the level of fees paid to non-executive directors of other companies of similar size and nature.

The aggregate amount payable to non-executive directors must not exceed the maximum annual amount approved by the Company's shareholders at the annual general meeting. Further details of non-executive directors' remuneration are contained in the remuneration report on pages 28 to 41 of the concise annual report.

All senior Company executives have service contracts which clearly set out the basis for their remuneration. Further details of executive remuneration are set out in the remuneration report on pages 28 to 41 of the concise annual report.

ASXCGC Recommendation 8.3

Companies should provide the information indicated in the Guide to reporting on Principle 8.

CGL Practice

The information required for reporting Principle 8 has been disclosed by the Company.

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 2009 as set out on pages 10 to 24:

   (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
28 August 2009

KPMG

LEAD AUDITOR'S INDEPENDENCE DECLARATION

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 review for the financial year ended 30 June 2009 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

D McComish

D P McComish
Partner

Perth
28 August 2009

INDEPENDENT AUDITOR'S REPORT

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

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 balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for then year ended and related notes· 1 to 7 derived from the audited financial report of Coventry Group Ltd for the year ended 30 June 2009 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 2009. Our audit report on the financial report for the year was signed on 28 August 2009 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, including the discussion and analysis, of Coventry Group Ltd and its controlled entities for the year ended 30 June 2009 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 2009. 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 2009, complies with Section 300A of the *Corporations Act 2001*.

KPMG

D P McComish
Partner

Perth
28 August 2009

KPMG, an Australian partnership and a member firm of the KPMG network
of independent member firms affiliated with KPMG International, a Swiss cooperative.

SHAREHOLDER INFORMATION as at 31 August 2009

TWENTY LARGEST SHAREHOLDERS

		Ordinary Shares	
	Name	Number	% of Total
1.	RBC Dexia Investor Services Australia Nominees Pty Limited (BK Cust A/C)	6,718,833	17.05
2.	National Nominees Limited	3,770,958	9.57
3.	Australian Foundation Investment Company Limited	1,650,000	4.19
4.	Dorsett Investments Pty Ltd	1,484,761	3.77
5.	Swanwall Holdings Pty Ltd	1,408,535	3.57
6.	Citicorp Nominees Pty Limited	1,251,613	3.18
7.	Anne Kyle	1,000,000	2.54
8.	Devadius Pty Ltd	836,619	2.12
9.	HSBC Custody Nominees (Australia) Ltd	763,888	1.94
10.	Argo Investments Limited	740,703	1.88
11.	Malcolm James McCusker	734,511	1.86
12.	Cogent Nominees Pty Limited	710,435	1.80
13.	Sandhurst Trustees Ltd (SISF A/C)	652,073	1.65
14.	Gwynvill Trading Pty Ltd	400,000	1.02
15.	Citicorp Nominees Pty Ltd (CFSIL Cwlth Aust SHS 14 A/C)	398,222	1.01
16.	Forum Investments Pty Ltd	350,000	0.89
17.	Clifford Maxwell Kyle	331,208	0.84
18.	Geoffrey Michael Kyle	317,500	0.81
19.	Buduva Pty Ltd	252,100	0.64
20.	Joan Merle Smith	234,427	0.59
		24,006,406	60.91

DISTRIBUTION OF SHAREHOLDINGS

	Shareholders		Shares	
Size of Holding	Number	%	Number	%
1 to 1,000	1,218	38.25	474,013	1.20
1,001 to 5,000	1,329	41.74	3,411,247	8.66
5,001 to 10,000	325	10.21	2,393,661	6.07
10,001 to 100,000	278	8.73	7,135,790	18.11
100,001 and over	34	1.07	25,991,574	65.96
	3,184	100.00	39,406,285	100.00

There were 660 holders of less than a marketable parcel of shares.

SHAREHOLDER INFORMATION as at 31 August 2009 (continued)

SUBSTANTIAL SHAREHOLDERS

The Company's register of substantial shareholders showed the following particulars as at 31 August 2009.

Name of Substantial Shareholder	Extent of Interest (No. of shares)	Date of Last Notification
Investors Mutual Limited	7,727,328	21.08.2007
Paradice Investment Management Pty Ltd	2,406,910	22.04.2009

UNQUOTED EQUITY SECURITIES

	Number of Options	Number of Holders
Options issued under the Executive Long-term Incentive Plan		
Executive Chairman Options		
- options expiring on 4 November 2012	500,000	1
Executive Options		
- options expiring on 22 November 2012	300,000	4

VOTING RIGHTS

Each member present at a general meeting of the Company in person or by proxy, attorney or official representative is entitled:

- on a show of hands - to one vote.
- on a poll - to one vote for each share held.

CORPORATE DIRECTORY

Coventry Group Ltd

ABN 37 008 670 102

Registered and Principal Administrative Office

525 Great Eastern Highway
Redcliffe, Western Australia 6104
Telephone: (08) 9276 0111
Facsimile: (08) 9436 5406

Postal Address

PO Box 740
Cloverdale Western Australia 6985

Web Site

www.cgl.com.au

Secretaries

J Colli
AP Hockley

Bankers

Westpac Banking Corporation

Auditors

KPMG
Level 8
235 St George's Terrace
Perth Western Australia 6000

Share Registry

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

Securities Exchange Listing

The Company's shares are listed on the Australian Securities Exchange Limited and trade under the ASX code CYG. The home exchange is Perth.

Shareholder Enquiries/Change of Address

Shareholders wishing to enquire about their shareholdings, dividend payments, or change their address should contact the Company's share registry.