



Coventry Group Ltd

ABN 37 008 670 102

Results for announcement to the market

Full Year Ended 30 June 2015

			<u>\$000</u>
Revenues from ordinary activities	Down	7.5% to	190,706
(Loss) from ordinary activities after tax attributable to members (previously a profit)	Down	N/A	(25,667)
Net (loss) for the period attributable to members (previously a profit)	Down	N/A	(25,667)

<u>Dividends (distributions)</u>			
		<u>Amount per security</u>	<u>Franked amount per security</u>
Final dividend		2.50 cents	2.50 cents
Date the dividends are payable		27 October 2015	
Record date for determining entitlements to the dividends		13 October 2015	
<u>Amount of dividend per security</u>			
		<u>Amount per security</u>	<u>Franked amount per security at 30% tax</u>
Final dividend	current year	2.50 cents	2.50 cents
	previous year	11.00 cents	11.00 cents
Interim dividend	current year	4.25 cents	4.25 cents
	previous year	11.00 cents	11.00 cents
Special dividend <i>(paid in each financial year)</i>	current year	28.50 cents	28.50 cents
	previous year	N/A	N/A
Total dividend	current year	35.25 cents	35.25 cents
	previous year	22.00 cents	22.00 cents
<u>Dividend reinvestment plan (DRP)</u>			
The Company's DRP remains suspended in relation to the final dividend declared on 27 August 2015 and payable on 27 October 2015.			

<u>Net Tangible Assets Per Security</u>	
As at 30 June 2015	\$2.16
As at 30 June 2014	\$3.47

For an explanation of the figures reported above see the attached commentary.

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

Coventry Group Ltd
and its controlled entities

ABN 37 008 670 102

Financial Report
for the year ended
30 June 2015

Coventry Group Ltd and its controlled entities

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Coventry Group Ltd and its controlled entities
Consolidated statement of profit or loss and other comprehensive income
For the year ended 30 June 2015

<i>In thousands of AUD</i>	Note	2015	*Represented 2014
Continuing operations			
Revenue from sale of goods		190,706	206,160
Cost of sales		(118,276)	(122,403)
Gross profit		72,430	83,757
Other revenue		5,357	4,224
Employment costs	4	(48,275)	(52,031)
Depreciation and amortisation expense		(4,087)	(4,604)
Occupancy costs		(10,184)	(10,042)
Communication costs		(2,298)	(2,401)
Freight		(6,440)	(6,240)
Vehicle operating costs		(1,892)	(1,930)
Restructuring and other related costs	26	(21,357)	-
Other expenses		(10,964)	(10,743)
Loss before financial income and tax		(27,710)	(10)
Financial income	5	776	1,951
Financial expense, including net foreign exchange loss	5	(313)	(1)
Net financial income		463	1,950
(Loss)/Profit before income tax		(27,247)	1,940
Income tax benefit/(expense)	6	4,106	(730)
(Loss)/Profit from continuing operations		(23,141)	1,210
Discontinued operation			
Loss from discontinued operation, net of income tax	22	(1,475)	(172)
(Loss)/Profit for the year		(24,616)	1,038
Other comprehensive income/(loss):			
Items that may be reclassified to profit or loss:			
Foreign currency translation differences		(651)	667
Effective portion of changes in fair value of cash flow hedges		13	-
Other comprehensive (loss)/income for the year, net of income tax		(638)	667
Total comprehensive (loss)/income for the year		(25,254)	1,705
(Loss)/Profit attributable to:			
Owners of the Company		(25,008)	609
Non-controlling interests		392	429
(Loss)/Profit for the year		(24,616)	1,038
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(25,667)	1,322
Non-controlling interests		413	383
Total comprehensive (loss)/income for the year		(25,254)	1,705
(Loss)/Earnings per share:			
Basic (loss)/earnings per share:	7	(65.8 cents)	1.6 cents
Diluted (loss)/earnings per share:	7	(65.8 cents)	1.6 cents
(Loss)/Earnings per share - continuing operations:			
Basic (loss)/earnings per share:		(61.9 cents)	2.1 cents
Diluted (loss)/earnings per share:		(61.9 cents)	2.1 cents

* The representation relates to the reclassification of certain expenses in 'Other expenses' in the comparative period to align with the presentation adopted for 30 June 2015 (refer Note 1(c)) and discontinued operations (refer Note 22).

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes to the consolidated financial statements.

Coventry Group Ltd and its controlled entities

Consolidated statement of financial position

As at 30 June 2015

In thousands of AUD

	Note	2015	2014
Assets			
Cash and cash equivalents	8	8,709	8,786
Term deposits	8	-	39,200
Trade and other receivables	9	31,659	33,408
Inventories	10	59,322	55,307
Income tax receivable	6	108	109
Total current assets		99,798	136,810
Deferred tax assets	6	13,442	8,228
Property, plant and equipment	12	16,811	19,210
Intangible assets	13	3,963	9,608
Other	9	91	-
Total non current assets		34,307	37,046
Total assets		134,105	173,856
Liabilities			
Trade and other payables	14	22,835	21,784
Employee benefits	16	4,953	6,129
Finance leases		-	18
Income tax payable	6	74	98
Provisions	18	1,528	169
Total current liabilities		29,390	28,198
Employee benefits	16	339	805
Other	14	2,679	-
Finance leases		-	8
Total non current liabilities		3,018	813
Total liabilities		32,408	29,011
Net assets		101,697	144,845
Equity			
Issued capital		108,110	108,943
Reserves		(1,133)	(514)
Retained earnings		(7,898)	33,743
Total equity attributable to equity holders of the Company		99,079	142,172
Non-controlling interests		2,618	2,673
Total equity		101,697	144,845

The consolidated statement of financial position is to be read in conjunction with the accompanying notes to the consolidated financial statements.

Coventry Group Ltd and its controlled entities
Consolidated statement of changes in equity

For the year ended 30 June 2015

	Share-based payments reserve	Hedge reserve	Translation reserve	Total reserve	Share capital	Retained earnings	Total for members of the Company	Non controlling interests	Total equity
<i>In thousands of AUD</i>									
Balance at 1 July 2014	22	-	(536)	(514)	108,943	33,743	142,172	2,673	144,845
Total comprehensive (loss)/income for the year									
(Loss)/Profit for the year	-	-	-	-	-	(25,008)	(25,008)	392	(24,616)
Other comprehensive (loss)/ income:									
Foreign exchange translation differences	-	-	(672)	(672)	-	-	(672)	21	(651)
Effective portion of changes in fair value of cash flow hedges	-	13	-	13	-	-	13	-	13
Total other comprehensive (loss)/income	-	13	(672)	(659)	-	-	(659)	21	(638)
Total comprehensive (loss)/income for the year	-	13	(672)	(659)	-	(25,008)	(25,667)	413	(25,254)
Transactions with owners, recorded directly in equity									
Own shares acquired	-	-	-	-	(833)	-	(833)	-	(833)
Share based payment transactions	40	-	-	40	-	-	40	-	40
Transfer between reserves	-	-	-	-	-	-	-	-	-
Dividends to equity holders/ re-invested	-	-	-	-	-	(16,633)	(16,633)	(468)	(17,101)
Balance at 30 June 2015	62	13	(1,208)	(1,133)	108,110	(7,898)	99,079	2,618	101,697

Amounts are stated net of tax

	Share-based payments reserve	Translation reserve	Total reserve	Share capital	Retained earnings	Total for members of the Company	Non controlling interests	Total equity
<i>In thousands of AUD</i>								
Balance at 1 July 2013	305	(1,249)	(944)	108,460	41,261	148,777	2,840	151,617
Total comprehensive income for the year								
Profit for the year	-	-	-	-	609	609	429	1,038
Other comprehensive income:								
Foreign exchange translation differences	-	713	713	-	-	713	(46)	667
Total other comprehensive income	-	713	713	-	-	713	(46)	667
Total comprehensive income for the year	-	713	713	-	609	1,322	383	1,705
Transactions with owners, recorded directly in equity								
Issue of ordinary shares	-	-	-	908	-	908	-	908
Own shares acquired	-	-	-	(425)	-	(425)	-	(425)
Share based payment transactions	(36)	-	(36)	-	-	(36)	-	(36)
Transfer between reserves	(247)	-	(247)	-	247	-	-	-
Dividends to equity holders/ re-invested	-	-	-	-	(8,374)	(8,374)	(550)	(8,924)
Balance at 30 June 2014	22	(536)	(514)	108,943	33,743	142,172	2,673	144,845

Amounts are stated net of tax

Coventry Group Ltd and its controlled entities

Consolidated statement of cash flows

For the year ended 30 June 2015

In thousands of AUD

	Note	2015	2014
Cash flows from operating activities			
Cash receipts from customers		221,163	240,642
Cash paid to suppliers and employees		(238,346)	(236,080)
Cash (used in)/generated from operations		(17,183)	4,562
Interest paid		(4)	(1)
Income taxes (paid)/received		(550)	457
Net cash (used in)/from operating activities	24	(17,737)	5,018
Cash flows from investing activities			
Proceeds from sale of plant and equipment		298	33
Interest received		776	1,531
Proceeds from term deposits		39,200	4,734
Dividends received		1	1
Acquisition of business, net of cash acquired		-	(2,012)
Acquisition of property, plant and equipment	12	(3,791)	(3,311)
Acquisition of intangible assets	13	(213)	(387)
Net cash from investing activities		36,271	589
Cash flows from financing activities			
Repayment of borrowings on finance leases		(20)	(46)
Issue of shares		-	908
Payments for shares acquired		(833)	(425)
Dividends paid		(16,633)	(8,374)
Dividends paid to non-controlling interests		(468)	(550)
Net cash used in financing activities		(17,954)	(8,487)
Net increase/(decrease) in cash and cash equivalents		580	(2,880)
Cash and cash equivalents at 1 July		8,786	10,546
Effect of exchange rate fluctuations		(657)	1,120
Cash and cash equivalents at 30 June		8,709	8,786
Monies invested in term deposits maturing in greater than 90 days at inception		-	39,200
Cash, cash equivalents and term deposits at 30 June	8	8,709	47,986

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the consolidated financial statements.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies

Coventry Group Ltd (the "Company") is a for profit company domiciled in Australia. The address of the Company's registered office is 525 Great Eastern Highway Redcliffe WA 6104 Australia. The consolidated financial statements ("financial report" or "consolidated financial report") of the Company for the financial year ended 30 June 2015 comprises the Company and its controlled entities (together referred to as the "Group").

The financial report was authorised for issue by the directors on 27 August 2015.

(a) Statement of compliance

This financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Group complies with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of preparation

The financial report is presented in Australian dollars, which is the Company's functional currency. The financial report is prepared on the historical cost basis except share based payments which are stated at their fair value.

The Company is of a kind referred to in ASIC Class Order ('CO') 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2007) and in accordance with that, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The preparation of a financial report in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by each entity in the Group.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Judgements made by management in the application of IFRSs that have a significant effect on the financial report, and estimates with a significant risk of material adjustment in the next year, are discussed in Note 1(u).

(c) Change in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies as set out in Note 1(d) - (x) to all periods presented in this consolidated financial report.

Restatement of comparative period disclosures

To achieve consistency with current period disclosures, the following reclassifications of comparative period balances (for the financial year ended 30 June 2014) have occurred:

- Employee benefits expense has been renamed to 'Employment costs' and now includes both the direct and indirect costs relating to employees and accordingly increased from \$49,476,000 to \$52,031,000 (after excluding discontinued operations) with the offset being in 'Other expenses'.
- Vehicle operating costs is disclosed as a separate line and increased from \$nil to \$1,930,000 (after excluding discontinued operations) with the offset being in 'Other expenses'.

(d) Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(d) Basis of consolidation (continued)

Business combinations (continued)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Controlled entities

Controlled entities are entities controlled by the Company. Control exists when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in controlled entities are carried at their cost of acquisition in the Company's financial statements, net of impairment write downs. Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(e) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on translation are recognised in the statement of comprehensive income. Non monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at exchange rates at the reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (FCTR) in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented within equity in the FCTR.

(f) Cash, cash equivalents and term deposits

Cash and cash equivalents comprise cash balances and short term deposits with a maturity of three months or less at acquisition date. Term deposits with a maturity of three months or greater at acquisition date are disclosed separately in the consolidated statement of financial position.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on weighted average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

An impairment allowance is made for obsolete, damaged and slow moving inventories. Impairment allowances are estimated by analysing the aging and stock holding by reference to the age of the individual inventory item or the estimated time taken to sell that inventory item. Varying percentages are applied to the determined profile to estimate the allowance for impairment.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(h) Trade and other receivables

Trade and other receivables are stated at amortised cost less impairment losses.

(i) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour,
- any other costs directly attributable to bringing the assets to a working condition for their intended use,
- when the Group has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located, and
- capitalised borrowing costs.

Cost includes transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is calculated to write off the cost of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
- Plant and Equipment	5% - 40%
- Buildings	2%

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) Intangible assets and goodwill

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see Note 1(d).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss is allocated to the carrying amount of the equity accounted investee as a whole.

Computer software

Computer software comprises licence costs and direct costs incurred in preparing for the operation of that software, including associated process re-engineering costs. Computer software is stated at cost less accumulated amortisation and impairment losses.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(j) Intangible assets and goodwill (continued)

Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date that they are available for use.

In current and comparative periods, goodwill was estimated to have an indefinite useful life and computer software was estimated to have a useful life of 3 to 12 years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Impairment of assets (financial and non financial)

Assets with an indefinite useful life are not amortised but are tested annually for impairment in accordance with AASB 136. Assets subject to annual depreciation or amortisation are reviewed for impairment whenever events or circumstances arise that indicate that the carrying amount of the asset may be impaired.

An impairment loss is recognised where the carrying amount of the asset exceeds its recoverable amount. The recoverable amount of an asset is defined as the higher of its fair value less costs to sell and value in use.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

(l) Employee benefits

A provision is made for the Group's liability for employee benefits arising from services rendered by employees to balance date. These benefits include wages and salaries, annual leave and long service leave. Sick leave is non vesting and has not been provided for.

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Group's net obligation in respect to long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

The Group makes contributions to accumulation style superannuation funds for its employees. These contributions are charged through the statement of comprehensive income.

A liability is recognised for short term incentive plans. The calculation is based on the achievement of annually agreed key performance indicators by eligible employees.

A long term incentive plan was approved by shareholders in 2003 and allows specified employees to acquire shares of the Company subject to the achievement of internal and external performance hurdles.

In 2014 a separate long term incentive was approved for a senior executive in which shares were issued to the employee funded by a non recourse loan from the Company.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(m) Provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Warranties

Provisions for warranty claims are made for claims received and claims expected to be received in relation to sales made prior to reporting date, based on historical claim rates, adjusted for specific information arising from internal quality assurance processes.

Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Future operating costs are not provided for.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

Make good

Provision for make good in respect of leased properties is recognised where appropriate based on the estimated cost to be incurred to restore premises to the required condition under the relevant lease agreements.

(n) Trade and other payables

Trade and other payables are stated at amortised cost.

Trade payables are non interest bearing and are normally settled within 60 day terms.

(o) Revenue

Sale of goods

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, net of returns, rebates and goods and services tax payable to the taxation authority.

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Rental income

Rental income is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. Rental income from subleased property is recognised as other revenue.

(p) Leases

Leased assets

Assets held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to the asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

Lease payments

Payments made and material incentives received under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(q) Finance income and finance costs

Finance income comprises interest income on funds invested and dividend income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

Finance costs comprise interest expense on borrowings and finance leases.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(r) Operating segments

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments operating results are regularly reviewed by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Operating segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses and income tax assets and liabilities.

Operating segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(s) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future and the taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The Company and its wholly owned Australian resident entities have formed a tax consolidated group with effect from 1 November 2002 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is Coventry Group Ltd.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

1. Significant accounting policies (continued)

(s) Income tax (continued)

Tax consolidation (continued)

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the controlled entities is assumed by the head entity in the tax consolidated group and recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax consolidated group to the extent that it is probable that future taxable profits of the tax consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

(t) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the taxation authority are classified as operating cash flows.

(u) Accounting estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expense. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

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:

- Note 1(g) – significant accounting policies – inventories
- Note 1(s) – significant accounting policies – income tax and recovery of deferred tax assets (Note 6)
- Note 13 – measurement of the recoverable amount of cash generating units containing goodwill
- Note 20 – allowance for trade receivable impairment losses

(v) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(w) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale.

When an operation is classified as a discontinued operation, the comparative statement of profit or loss and other comprehensive income is represented as if the operation had been discontinued from the start of the comparative year.

(x) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2015, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010) and (2009) are effective for annual periods beginning on or after 1 January 2015, with early adoption permitted. The adoption of these standards is not expected to have a material impact on the Group's financial assets.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 18 Revenue, AASB 11 Construction Contracts. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

2. Operating segments

The Group has 5 reportable segments as described below. For each of the strategic operating segments, the CEO reviews internal management accounts on a monthly basis. The following summary describes the operations of each of the Group's reportable operating segments:

- **Fasteners:** Includes distribution and marketing of industrial fasteners and associated industrial tools and consumables
- **Fluids:** Includes the design, manufacture, distribution, installation and maintenance of lubrication and hydraulic fluid systems and hoses
- **Hardware:** Includes the importation, distribution and marketing of hardware components and finished products to the cabinet making, joinery and shop fitting industries
- **Gaskets:** Includes manufacturing and distribution of automotive and industrial gaskets
- **Managed System Services, MSS (discontinued):** Includes information services solutions and support

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

Information about reportable segments	Note	Fasteners	Fluids	Hardware	Gaskets	MSS (discontinued)	Total reportable segment	Other business units and consolidation adjustments	Total
<i>In thousands of AUD</i>									
		2015	2015	2015	2015	2015	2015	2015	2015
External sales		101,033	60,419	15,885	13,369	2,640	193,346	(2,640)	190,706
Other revenue		2,290	258	125	221	2	2,896	2,461	5,357
External revenue		103,323	60,677	16,010	13,590	2,642	196,242	(179)	196,063
Inter segment revenue		4	-	-	-	-	4	(4)	-
Total revenue		103,327	60,677	16,010	13,590	2,642	196,246	(183)	196,063
Reportable segment profit/(loss) before finance costs, income tax and material items		(7,509)	2,118	51	2,061	(2,106)	(5,385)	(968)	(6,353)
Net financial income/(loss)		(185)	-	7	15	(1)	(164)	627	463
Other material items:									
Restructuring and other related costs	26	(9,986)	(901)	(436)	-	-	(11,323)	(10,034)	(21,357)
Reportable segment profit/(loss) before income tax		(17,680)	1,217	(378)	2,076	(2,107)	(16,872)	(10,375)	(27,247)
Reportable segment assets		55,997	28,856	12,557	11,094	-	108,504	25,601	134,105
Reportable segment liabilities		18,731	6,099	864	781	-	26,475	5,933	32,408
Capital employed		37,266	22,757	11,693	10,313	-	82,029	19,668	101,697
Capital expenditure		2,232	809	249	143	14	3,447	557	4,004
Depreciation and amortisation		1,374	936	124	190	157	2,781	1,463	4,244

Information about reportable segments	Note	Fasteners	Fluids	Hardware	Gaskets	MSS (discontinued)	Total reportable segment	Other business units and consolidation adjustments	Total
<i>In thousands of AUD</i>									
		2014	2014	2014	2014	2014	2014	2014	2014
External sales		112,688	62,891	17,726	12,855	4,465	210,625	(4,465)	206,160
Other revenue		838	267	499	202	2	1,808	2,416	4,224
External revenue		113,526	63,158	18,225	13,057	4,467	212,433	(2,049)	210,384
Inter segment revenue		2	-	11	-	-	13	(13)	-
Total revenue		113,528	63,158	18,236	13,057	4,467	212,446	(2,062)	210,384
Reportable segment profit/(loss) before finance costs, income tax and material items		(81)	3,088	(2,007)	2,235	(243)	2,992	(3,000)	(8)
Net financial income/(loss)		137	-	26	41	(2)	202	1,746	1,948
Reportable segment profit/(loss) before income tax		56	3,088	(1,981)	2,276	(245)	3,194	(1,254)	1,940
Reportable segment assets		53,153	32,600	11,103	12,296	1,732	110,884	62,972	173,856
Reportable segment liabilities		14,934	8,383	1,393	621	2,228	27,559	1,452	29,011
Capital employed		38,219	24,217	9,710	11,675	(496)	83,325	61,520	144,845
Capital expenditure		1,188	2,441	280	107	548	4,564	915	5,479
Depreciation and amortisation		1,195	911	138	209	118	2,571	2,151	4,722

Managed System Services (MSS)

MSS was determined as a non-core business unit and as a part of the restructure was accordingly divested from the Group. In order to demonstrate the impact MSS had on the Group result it was determined that it should be disclosed as a reportable segment to give users a greater understanding of the underlying earnings of the continuing business units.

The 2014 comparatives have been restated so as to include Managed System Services as a reportable (discontinued) segment.

Geographic information

Revenue based on the geographic location of customers was Australia \$171,672,000 (2014: \$187,527,000) and New Zealand \$24,391,000 (2014: \$22,857,000).

Non current assets, excluding deferred tax assets, based on the geographic location of the assets were Australia \$19,913,000 (2014: \$28,076,000) and New Zealand \$952,000 (2014: \$742,000).

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

3. Auditor's remuneration

<i>In AUD</i>	Consolidated	
	2015	2014
Audit services		
Auditors of the Group		
<i>KPMG Australia:</i>		
Audit and review of financial reports	230,200	230,200
Prior year under accrued audit costs	12,000	-
	<u>242,200</u>	<u>230,200</u>
Other services		
Auditors of the Group		
<i>KPMG New Zealand:</i>		
Tax services	11,196	12,099
	<u>11,196</u>	<u>12,099</u>

4. Employment costs

<i>In thousands of AUD</i>	Consolidated	
	2015	2014
Wages and salaries	36,379	39,461
Liability for annual leave and long service leave	4,224	4,571
Contributions to superannuation funds	3,531	3,665
Payroll taxes	2,194	2,399
Other associated personnel expenses	1,907	1,866
Share based payments	40	69
	<u>48,275</u>	<u>52,031</u>

5. Finance income and finance expenses

<i>In thousands of AUD</i>	Consolidated	
	2015	2014
Interest income from other entities	775	1,835
Net foreign exchange gain	-	115
Dividends received	1	1
Financial income	<u>776</u>	<u>1,951</u>
Interest expense	3	1
Net foreign exchange loss	310	-
Financial expenses	<u>313</u>	<u>1</u>
Net financing income	<u>463</u>	<u>1,950</u>

6. Taxes

Current tax expense

Tax recognised in the profit or loss

<i>In thousands of AUD</i>	Consolidated	
	2015	2014
Current tax expense		
Current year	518	689
	<u>518</u>	<u>689</u>
Deferred tax expense		
Origination and reversal of temporary differences	(8,616)	(54)
Over provision in prior periods	11	120
Revenue tax losses derecognised	3,990	-
Effect of lower tax rate applicable to foreign controlled entity	(9)	(25)
	<u>(4,624)</u>	<u>41</u>
Tax (benefit)/expense on continuing operations	<u>(4,106)</u>	<u>730</u>
Income tax (benefit)/expense from continuing operations	(4,106)	730
Income tax benefit from discontinued operations	(632)	(73)
Total income tax (benefit)/expense	<u>(4,738)</u>	<u>657</u>

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

6. Taxes (continued)

Current tax expense (continued)

Reconciliation of effective tax rate

<i>In thousands of AUD</i>	Consolidated	
	2015	2014
(Loss)/profit for the period	(23,141)	1,210
Total income tax (benefit)/expense	(4,106)	730
(Loss)/profit excluding income tax	(27,247)	1,940
Income tax using the Company's domestic tax rate of 30%	(8,174)	582
Revenue tax losses derecognised	3,990	-
Non-deductible expenditure	42	29
Over provision in prior periods	11	120
Effect of lower tax rate applicable to foreign controlled entity	(9)	(25)
Withholding tax - non-rebatable	36	58
Non-assessable, non-exempt foreign income	(2)	(34)
	(4,106)	730

During the period ended 30 June 2015, the Group derecognised brought forward pre-consolidation tax losses of \$13,301,000 represented by a deferred tax asset of \$3,990,000. In view of the increase in post consolidation tax losses brought to account as a consequence of the Group's restructure which are required to be utilised in preference to the pre-tax consolidation losses, the Group has determined that the recognition criteria of these losses has no longer been met.

Income tax receivable and income tax payable

The current tax asset for the Group of \$108,000 (2014: \$109,000) represents the amount of income taxes recoverable in respect of the current and prior financial periods and that arise from the payment of tax in excess of the amounts due to the Australian tax authority. The current tax liability for the Group of \$74,000 (2014:\$98,000) represents the amount of income taxes payable in respect of current and prior financial periods.

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In thousands of AUD</i>	Assets		Liabilities		Net	
	2015	2014	2015	2014	2015	2014
Trade and other receivables	125	111	-	-	125	111
Inventories	1,372	1,273	-	-	1,372	1,273
Property, plant and equipment	791	592	-	-	791	592
Intangible assets	29	29	-	(1,532)	29	(1,503)
Hedge reserve	-	-	(6)	-	(6)	-
Employee benefits	1,576	2,066	-	-	1,576	2,066
Trade and other payables	185	192	-	(5)	185	187
Provisions	459	52	-	-	459	52
Tax loss carry forward	8,911	5,450	-	-	8,911	5,450
Tax assets/(liabilities)	13,448	9,765	(6)	(1,537)	13,442	8,228
Set off of deferred tax liability	(6)	(1,537)	6	1,537	-	-
Net deferred tax asset	13,442	8,228	-	-	13,442	8,228

Tax losses in Coventry Group's Australian operation consist of post-consolidation carried forward tax losses of \$27,320,000 (2014: \$2,463,000), represented by the deferred tax asset of \$8,196,000 (2014: \$739,000), that the Group expects to fully utilise against the forecasted taxable profits in the Australian tax group. The tax losses in the New Zealand operations of \$2,383,000 (2014: \$2,403,000), represented by the deferred tax asset of \$715,000 (2014: \$721,000), can be fully utilised against the future forecasted taxable profits in the New Zealand tax group.

The movement in deferred tax balances during the year is recognised in income \$5,220,000 (2014: \$227,000) and in equity -\$6,000 (2014: -\$479,000).

7. Earnings per share

	Consolidated	
	2015	2014
(Loss)/earnings used in basic and diluted earnings per share calculation	(25,007,766)	609,122
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share	37,996,635	38,077,358
Basic and diluted (loss)/earnings per share	(65.8 cents)	1.6 cents

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

8. Cash, cash equivalents and term deposits

<i>In thousands of AUD</i>	Consolidated	
	2015	2014
Cash on hand	26	34
Bank balances	8,683	8,127
Short term deposits (less than 90 days to maturity at inception)	-	625
Cash and cash equivalents	8,709	8,786
Term deposits (greater than 90 days to maturity at inception)	-	39,200
Cash, cash equivalents and term deposits	8,709	47,986

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 20.

9. Trade and other receivables

<i>In thousands of AUD</i>	Consolidated	
	2015	2014
Trade receivables	28,384	31,764
	28,384	31,764
Other	2,176	875
Prepayments	1,190	769
	3,366	1,644
Total trade and other receivables	31,750	33,408
Current	31,659	33,408
Non current	91	-
Total trade and other receivables	31,750	33,408

The Group's exposure to credit risks and impairment losses relates to trade and other receivables and are disclosed in Note 20. Included in "other expenses" in the statement of profit or loss and other comprehensive income are impairment losses on trade receivables for the Group of \$530,000 (2014: \$297,000).

10. Inventories

<i>In thousands of AUD</i>	Consolidated	
	2015	2014
Finished goods	59,322	55,307
	59,322	55,307

11. Parent entity disclosures

As at, and throughout, the financial year ending 30 June 2015 the parent company of the Group was Coventry Group Ltd.

Results of the parent entity

<i>In thousands of AUD</i>	Company	
	2015	2014
(Loss)/profit for the period	(25,112)	507
Other comprehensive income	13	-
Total comprehensive (loss)/income for the period	(25,099)	507

Financial position of parent entity at year end

	Company	
	2015	2014
Current assets	79,084	114,913
Total assets	138,855	178,542
Current liabilities	25,210	24,589
Total liabilities	28,229	25,390
Total equity of the parent entity comprising of:		
Issued capital	108,110	108,943
Reserves	75	23
Retained earnings	2,441	44,186
Total equity	110,626	153,152

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

12. Property, plant and equipment

<i>In thousands of AUD</i>	Note	Land and buildings	Consolidated Plant and equipment	Total
Cost at 1 July 2014		2,299	39,766	42,065
Accumulated Depreciation at 1 July 2014		450	22,405	22,855
Carrying amounts at 1 July 2014		1,849	17,361	19,210
Additions		-	3,791	3,791
Depreciation charge for the year		(30)	(3,323)	(3,353)
Disposals		-	(499)	(499)
Write offs	26	-	(2,318)	(2,318)
Effect of movements in foreign exchange		-	(20)	(20)
Carrying amounts at 30 June 2015		1,819	14,992	16,811
Cost at 1 July 2013		2,299	36,497	38,796
Accumulated Depreciation at 1 July 2013		420	19,475	19,895
Carrying amounts at 1 July 2013		1,879	17,022	18,901
Acquisitions through business combinations		-	596	596
Other additions		-	3,311	3,311
Depreciation charge for the year		(30)	(3,466)	(3,496)
Impairment		-	25	25
Disposals		-	(178)	(178)
Effect of movements in foreign exchange		-	51	51
Carrying amounts at 30 June 2014		1,849	17,361	19,210

13. Intangible assets

<i>In thousands of AUD</i>	Note	Goodwill	Consolidated Distribution rights	Computer software	Total
Cost at 1 July 2014		41,701	641	16,308	58,650
Accumulated Depreciation at 1 July 2014		38,290	641	10,111	49,042
Carrying amounts at 1 July 2014		3,411	-	6,197	9,608
Additions		-	-	213	213
Amortisation for the year		-	-	(949)	(949)
Disposals		(84)	-	(132)	(216)
Write offs	26	-	-	(4,691)	(4,691)
Effect of movements in foreign exchange		-	-	(2)	(2)
Carrying amounts at 30 June 2015		3,327	-	636	3,963
Cost at 1 July 2013		40,542	641	15,918	57,101
Accumulated Depreciation at 1 July 2013		38,290	641	8,883	47,814
Carrying amounts at 1 July 2013		2,252	-	7,035	9,287
Acquisitions through business combinations		1,159	-	-	1,159
Other additions		-	-	387	387
Amortisation for the year		-	-	(1,226)	(1,226)
Disposals		-	-	-	-
Effect of movements in foreign exchange		-	-	1	1
Carrying amounts at 30 June 2014		3,411	-	6,197	9,608

Impairment testing for cash generating units (CGUs) containing goodwill.

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions. The aggregate carrying amounts of goodwill allocated to each CGU are as follows.

<i>In thousands of AUD</i>	Consolidated	2015	2014
Cooper Fluid Systems		3,327	3,327
Managed System Services		-	84
		3,327	3,411

The key assumptions, and the basis for determining the values assigned to each key assumption, used in the value in use calculations include projected sales growth, projected gross margins, projected expenses/sales ratio and improvement in working capital. These assumptions are based on historical experience and projected performance incorporated in the company's restructure programme.

The impairment tests for the cash generating units were based on value in use calculations, in which projected pre-tax cash flows for the following five years, together with a terminal value, were discounted at a pre-tax discount of approximately 14.0% (2014: 15.3%).

The discount rates were estimated based on an industry weighted average cost of capital. The projected cash flows were based on detailed operating budgets for the year ending 30 June 2016 approved by the Board and forecasts for the following four years approved by management. Beyond the 2020 forecasted cash flows, a terminal value growth rate of 2.5% was applied.

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

14. Trade and other payables

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated	
		2015	2014
Trade payables		15,629	16,137
Non trade payables and accrued expenses		9,885	5,647
		25,514	21,784
Current		22,835	21,784
Non current	26	2,679	-
		25,514	21,784

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 20.

15. Interest-bearing loans and borrowings

<i>In thousands of AUD</i>	Consolidated	
	2015	2014
Financing facilities		
Total facilities available at balance sheet date		
Interchangeable multi currency revolving facility	4,000	8,000
Guarantee facility	200	200
Corporate credit card facility	750	750
	4,950	8,950
Facilities utilised at balance sheet date		
Interchangeable multi currency revolving facility	-	-
Guarantee facility	-	-
Corporate credit card facility	204	180
	204	180
Facilities not utilised at balance sheet date		
Interchangeable multi currency revolving facility	4,000	8,000
Guarantee facility	200	200
Corporate credit card facility	546	570
	4,746	8,770

The facility arrangements are subject to bank charges irrespective of whether they are drawn down or not. As a result the facility limits have been reduced in the year ended 30 June 2015 so as to minimise ongoing costs, but retain a level of funding flexibility.

Interchangeable multi currency revolving facility

The interchangeable facility is available for working capital and acquisition finance.

The facility can be utilised as an AUD loan facility, AUD commercial bill or NZD term loan.

The balance of the AUD\$4.0 million (2014: AUD\$8.0 million) facility, including any undrawn loan facility may be available for draw-down as an AUD commercial bill or NZD term loan. Interest is charged at prevailing market rates.

During the period, the Group amended and restated this facility to remove Managed System Services from the agreement. The agreement was extended to October 2016, when it will be subject to further review.

Guarantee facility

Bank guarantees may be arranged from time to time under this facility, whereby the bank guarantees the performance of the Group in relation to certain contractual commitments, up to the limit specified in each individual guarantee. The Guarantee facility available at 30 June 2015 was \$0.2 million (2014: \$0.2 million).

Corporate credit card facility

Credit cards for business use may be issued under this facility from time to time.

Securities

All of the above facilities are secured by fixed and floating charges over the assets and undertakings of the Company, a general security agreement from Coventry Group (NZ) Limited, and by a deed of cross guarantee between those companies.

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

16. Employee benefits

Current

In thousands of AUD

Liability for long service leave
Liability for annual leave

Consolidated	
2015	2014
2,452	3,169
2,501	2,960
4,953	6,129

Non-current

In thousands of AUD

Liability for long service leave

Consolidated	
2015	2014
339	805
339	805

17. Share-based payments

Description of the share-based payment arrangements

During the year ended 30 June 2015 the Group had the following share-based payment arrangements.

Share option programmes (equity-settled)

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 annual general meeting on 5 November 2003. No options were granted, vested, exercised or lapsed during and since the end of the reporting period.

There are no options outstanding at the end of the period.

Reconciliation of outstanding share options

The number and weighted average exercise prices of share options under share option programme replacement awards is as follows.

	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	2015	2015	2014	2014
Outstanding at 1 July	-	-	550,000	\$2.27
Exercised during the year	-	-	(550,000)	\$2.27
Outstanding at 30 June	-	-	-	-

The total employee benefits expense recognised for the reporting period under each ELTIP offer is as follows:

	Consolidated	
<i>In thousands of AUD</i>	2015	2014
2010 Options – equity settled	-	26
2010 Options - cash settled	-	21
	-	47

Loan funded share issue

In financial year 2014 200,000 shares were issued to Peter Caughey. These were funded by a non recourse loan from the Company. The loan repayment is the lower of the original nominal loan value and the value of 200,000 shares at the time the loan is settled. The structure of the loan now has no 'down side' exposure, the non cash accounting benefit in the year is \$40,000 (2014: \$22,000).

18. Provisions

Current	Note	Warranty	Restructuring/ onerous contracts ⁽ⁱ⁾	Make Good	Total
<i>In thousands of AUD</i>					
Balance at 1 July 2014		128	29	12	169
Provisions increased		308	1,004	260	1,572
Provisions used		(155)	(46)	(12)	(213)
Balance at 30 June 2015		281	987	260	1,528

⁽ⁱ⁾ Refer Note 26 Restructuring and other related costs

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

19. Capital and reserves

Share capital

	The Company	
	Ordinary shares	
<i>In thousands of shares</i>	2015	2014
On issue at 1 July (start of financial year)	38,197	37,760
Share buy back ⁽ⁱ⁾	(361)	(163)
Issue of ordinary shares ⁽ⁱⁱ⁾	-	600
On issue at 30 June – fully paid	<u>37,836</u>	<u>38,197</u>

⁽ⁱ⁾ In 2009 the Group announced an on-market share buy back of up to 10% of its issued ordinary shares. The 12 month buy back period commenced on 23 November 2009 and has been renewed on a yearly basis. The latest renewal of the share buy back was for a 12 month period which commenced on 23 November 2014.

⁽ⁱⁱ⁾ For the financial year ended 30 June 2015, the company did not issue any ordinary shares (2014: 600,000 ordinary shares were issued, being 400,000 related to the 2010 option scheme and 200,000 issued to Peter Caughey at market rates).

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Nature and purpose of reserves

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.

Share based payments reserve

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

Hedge reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

Dividends

The following dividends were declared and paid by the Group:

Declared and paid during the financial year 2015	Cents per share	Total amount	Franked / Unfranked	Date of payment
\$000				
Special Dividend 2014	11.0	4,202	Fully Franked	25 July 2014
Final 2014 Ordinary Dividend	11.0	4,202	Fully Franked	19 September 2014
Special Dividend 2015	17.5	6,621	Fully Franked	13 March 2015
Interim 2015 Ordinary Dividend	4.25	1,608	Fully Franked	13 March 2015
Total Amount		<u>16,633</u>		
Payable after the end of year	Cents per share	Total amount	Franked / Unfranked	Date of payment
\$000				
Final 2015 Ordinary Dividend ⁽ⁱ⁾	2.5	946	Fully Franked	27 October 2015

⁽ⁱ⁾ The financial effect of these dividends have not been brought to account in the financial statements for the financial year ended 30 June 2015, as they were declared after the year end, and will be recognised in subsequent financial reports. During the financial year ended 30 June 2014 a total of \$8,374,000 dividends were declared and paid.

Dividend franking account

<i>In thousands of AUD</i>	The Company	
	2015	2014
30 per cent franking credits available to shareholders of the Company for subsequent financial years	2,771	9,473

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for dividends declared before balance date.

The impact on the dividend franking account of dividends declared and payable after the balance sheet date but not recognised as a liability is to reduce the balance by \$429,000.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

20. Financial risk management

Overview

The Group has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and cash equivalent and term deposits and receivables from customers.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The Group has no significant concentration of customer base.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Group may have a secured claim. The Group's terms and conditions of trade have been amended to incorporate the recent Personal Property Security legislation. The Group does not normally require collateral in respect of trade and other receivables.

The Group has established an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Based on historic default rates, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due by up to 60 days.

The aging of the Group's trade receivables at the reporting date showed 87% of debtors were within terms (2014: 87%). The amount of trade debtors that is past due but not impaired is \$3,468,000 (2014: \$3,791,000). The movement in the allowance for impairment in respect of trade receivables during the year was \$64,000 (2014: -\$185,000).

Cash at bank and short or long term deposits are held with Australian and New Zealand banks with acceptable credit ratings.

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

<i>In thousands of AUD</i>	<i>Note</i>	Consolidated	
		Carrying amount	
		2015	2014
Cash and cash equivalents	8	8,708	8,786
Term deposits	8	-	39,200
Trade and other receivables ⁽ⁱ⁾		30,450	32,639
		39,158	80,625

⁽ⁱ⁾ The above "other receivables" accounts only include those accounts that are contractually recoverable in the form of a financial instrument and do not include statutory assets e.g. income tax receivable.

The Group's maximum exposure to credit risk for trade receivables at the reporting date by geographic region was Australia \$25,201,000 (2014: \$28,749,000) and New Zealand \$3,183,000 (2014: \$3,015,000).

The Group's maximum exposure to credit risk for trade receivables at the reporting date by type of customers was trade customers \$24,045,000 (2014: \$27,404,000) and wholesale customers \$4,339,000 (2014: \$4,360,000).

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

20. Financial risk management (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. In addition, the Group maintains a \$4.0 million multi-currency interchangeable facility on which interest is payable at prevailing market rates.

Note 15 sets out the terms and conditions attaching to the Group's facility.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

Consolidated <i>In thousands of AUD</i>	Carrying amount	Contractual cash flow	2015			
			6 mths or less	6-12 mths	1-2 years	More than 2 years
Non derivative financial liabilities						
Trade and other payables ⁽ⁱ⁾	22,272	(22,272)	(22,272)	-	-	-
	<u>22,272</u>	<u>(22,272)</u>	<u>(22,272)</u>	<u>-</u>	<u>-</u>	<u>-</u>

The outflows associated with forward contracts used for hedging are US\$2.7 million (A\$3.5 million, 2014: \$Nil) and will have been made within 6 months or less.

Consolidated <i>In thousands of AUD</i>	Carrying amount	Contractual cash flow	2014			
			6 mths or less	6-12 mths	1-2 years	More than 2 years
Non derivative financial liabilities						
Trade and other payables ⁽ⁱ⁾	20,843	(20,843)	(20,843)	-	-	-
Finance lease liabilities	26	(26)	(9)	9	8	-
	<u>20,869</u>	<u>(20,869)</u>	<u>(20,852)</u>	<u>9</u>	<u>8</u>	<u>-</u>

⁽ⁱ⁾ The above "other payables" carrying amount does not include statutory obligations e.g. amounts owing to the ATO.

Interest rate risk

At the reporting date the interest rate profile of the Group's interest-bearing financial instruments was:

<i>In thousands of AUD</i>	Consolidated Carrying amount	
	2015	2014
Fixed rate financial assets	-	39,825
Variable rate financial assets ⁽ⁱ⁾	8,683	8,127
	<u>8,683</u>	<u>47,952</u>

⁽ⁱ⁾ Variable financial assets do not include "cash on hand" as changes in interest rates do not affect this account.

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

The impact of a change of 100 basis points in interest rates at the reporting date is immaterial.

Fair values

The fair values of financial assets and financial liabilities of the Group approximate their carrying amounts in the statement of financial position. For receivables, payables and term deposits with a remaining life of less than one year, the notional amount less any impairment loss is deemed to reflect the fair value.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

20. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in a currency other than the Australian dollar. The currencies giving rise to this risk are primarily US dollars, Euros and Japanese yen. The Group adopts a policy of obtaining forward cover for 75% of its rolling 6 month USD forecasted exposure and for specific purchase orders of low margin products. As a consequence the Group's exposure to currency risk is not material.

Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Group defines capital as cash, banking facilities and equity.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

21. Operating leases

Leases as lessee

Non cancellable operating lease rentals are payable as follows:

<i>In thousands of AUD</i>	Consolidated	
	2015	2014
Less than one year	8,506	7,939
Between one and five years	19,072	13,038
More than five years	20,408	18,183
	<u>47,986</u>	<u>39,160</u>

The Group leases various premises, plant and equipment and motor vehicles under operating leases. The leases typically run for periods ranging from 1 month to 15 years and in some cases provide for an option to renew the lease after expiry. None of the leases include contingent rentals.

During the financial year ended 30 June 2015, the Group recognised \$8,901,000 (2014: \$9,580,000) as an expense in the statement of profit or loss and other comprehensive income in respect of operating leases.

Leases as lessor

At the end of the reporting period, the future minimum lease payments under non-cancellable leases are receivable as follows.

<i>In thousands of AUD</i>	Consolidated	
	2015	2014
Less than one year	2,466	2,102
Between one and five years	2,225	4,047
	<u>4,691</u>	<u>6,149</u>

The Group subleases various premises under operating leases. The leases typically run for periods ranging from 1 year to 5 years and in some cases provide for an option to renew the lease after expiry.

During the financial year ended 30 June 2015, the Group recognised \$2,301,000 (2014: \$2,276,000) as income in the statement of profit or loss and other comprehensive income.

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

22. Discontinued operations

As previously announced, given continuing losses, likely prospects and the commitment needed in management time to deliver positive earnings, a decision was taken to exit the Managed System Services (MSS) business in January 2015.

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

<i>In thousands of AUD</i>	2015	2014
Results of discontinued operations		
Revenue	2,642	4,467
Expenses	(4,749)	(4,712)
Results from operating activities	(2,107)	(245)
Income tax benefit	632	73
Results from operating activities, net of tax	(1,475)	(172)
Gain/(loss) on sale of discontinued operation	-	-
Income tax on gain/(loss) on sale of discontinued operation	-	-
Profit/(loss) for the year	(1,475)	(172)
Basic earnings/(loss) per share	(4.0) cents	(1.0) cents
Diluted earnings/(loss) per share	(4.0) cents	(1.0) cents

23. Controlled entities

	Country of Incorporation	Ownership interest	
		2015	2014
		%	%
AA Gaskets Pty Ltd	Australia	72.5	72.5
Fluidrive Pty Ltd	Australia	100	100
Managed System Services Pty Ltd ⁽ⁱ⁾	Australia	-	100
Coventry Group (NZ) Limited	New Zealand	100	100
NZ Gaskets Limited ⁽ⁱⁱ⁾	New Zealand	72.5	72.5

The ultimate parent entity is Coventry Group Ltd.

⁽ⁱ⁾ The company was sold effective 27 March 2015

⁽ⁱⁱ⁾ The company is a 100% controlled entity of AA Gaskets Pty Ltd and operates in New Zealand

24. Reconciliation of cash flows from operating activities

<i>In thousands of AUD</i>	Note	Consolidated	
		2015	2014
Cash flows from operating activities			
(Loss)/profit for the period		(24,616)	1,038
<i>Adjustments for:</i>			
Depreciation and amortisation		4,302	4,722
Impairment (reversal)/losses on property, plant and equipment		-	(25)
Interest income from other entities		(776)	(1,531)
Interest expense	5	5	5
Dividends received		(1)	(1)
Net write offs and loss on disposal of property, plant and equipment		7,428	143
Income tax (benefit)/expense		(4,738)	657
Operating (loss)/profit before changes in working capital and provisions		(18,396)	5,008
Change in trade and other receivables		1,151	3,329
Change in inventories		(4,571)	(2,963)
Change in trade and other payables		3,723	(345)
Change in provisions and employee benefits		910	(467)
		(17,183)	4,562
Interest paid		(4)	(1)
Income taxes (paid)/received		(550)	457
Net cash (used in)/from operating activities		(17,737)	5,018

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

25. Related parties

Transactions with key management personnel

Key management personnel compensation

Key management personnel compensation comprised the following:

<i>In AUD</i>	Consolidated	
	2015	2014
Short-term employee benefits	1,699,434	1,319,592
Post-employment benefits	183,083	126,478
Termination benefits	450,658	-
Other long-term benefits	43,737	4,826
Benefits derived from non recourse loan	39,742	-
Equity compensation benefits	-	23,283
	2,416,654	1,474,179

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

Key management personnel transactions

From time to time, key management personnel may purchase goods from companies within the Group on the same terms as apply to other employees of the Group. The value of these transactions is insignificant.

Other related party transactions

The Group has a related party relationship with its controlled entities (see Note 23). All transactions with controlled entities are at arms length.

The aggregate amounts included in the profit before tax for the year that resulted from transactions with controlled entities are:

The parent entity only:	2015	2014
Dividend revenue	1,232,500	1,450,000
Revenue from sale of goods	306,925	342,077
Purchase of inventories	8,386	19,278
Aggregate amounts receivable from controlled entities:		
Advance account subject to interest charges (Australian controlled entities)	662,540	-
Advance account not subject to interest charges (Australian controlled entities)	-	1,539,386
Other receivables	385,148	133,953
Aggregate amounts payable to controlled entities	133,817	294,809

During the year ended 30 June 2015, the Company entered into a intercompany loan with Coventry Group (NZ) Limited (CGL NZ). The intercompany loan is subject to an interest charge of 5.63% p.a and at 30 June 2015 had balance owing of \$662,540 (2014: \$nil) made up of principal amount of \$654,662 and interest accrued of \$7,878. The intercompany loan to subsidiaries MSS (\$2,320,000) and Fluidrive (\$1,048,000) were waived.

During the year ended 30 June 2015, the Company charged CGL NZ management fees of \$631,418 (2014: \$486,428).

Coventry Group Ltd and its controlled entities

Notes to the consolidated financial statements

26. Restructuring and other related costs

In February 2015 Coventry Group made two market announcements communicating a fundamental re-organisation and restructure of the Group. These changes were undertaken to remove cost from the organisation, to improve efficiency and enable the ongoing business to better service its customer base.

The re-organisation has meant simplifying the group structure and removing duplicated functions and resources which has re-organised teams into 'One CGL'. The expenses are both directly and indirectly a consequence of the restructure.

<i>In thousands of AUD</i>	Consolidated
	2015
Restructure and other associated costs	
Redundancy costs	2,241
Fixed assets disposal and write offs	2,318
Write offs of the Oracle deployment costs	4,691
Stock relocation & reset	1,928
Stock assessment and write off's	2,910
Third party consultants, temporary staff and relocations	1,703
Branch relocations	197
Onerous leases and exit costs	1,353
Other costs and legal fees	1,122
Change in estimate of sublease period for rental with fixed increases	215
Cumulative 'non-cash' effect of straight lining leases with fixed increases	2,679
	21,357
Discontinued operations (MSS)	2,106
	23,463

Redundancy costs

The costs associated with the reduction of over 100 positions from the Group.

Fixed assets disposal and write offs

As a consequence of the restructure, staffing reductions and changes to operations, assessments were made on the carrying value of assets and whether those assets would be used in the revised structure. This initiative supports the change over to the 'One CGL' structure which removes duplication and increases efficiency.

Write offs of the Oracle deployment costs

The Oracle asset is made up of two components, its deployment and setup cost that was initiated eight years ago, and the cost of the licences. The original set up of the system was for a very different and 'siloed' entity. Today CGL is a very different organisation and this 'siloed' structure no longer exists in the restructured Group. The Group, however, is utilising the licenses and is in the process of adding modules to support planned operational efficiencies and cost savings. That element of the Oracle asset remains valuable to the Group as a whole and has not been impaired.

Stock relocation & reset

The business over time has experienced changing buying patterns from its customer base and with an extensive range of products, which are in excess of 150,000 lines, stock in certain geographies had become unsaleable or slow moving. The business has moved relevant inventory to DC's where sales are more likely or scrapped the inventory where that made greater economic sense.

Stock assessment and write off's

Through the restructuring exercise detailed review of all aged inventory was undertaken. The cost represents the aged stock that was written off and associated costs of its disposal.

Third party consultants, temporary staff and relocations

The restructure was a major change to the business and required short term resource and skills to enact the changes swiftly and deliver the desired outcome. Specialists in supply chain were engaged to help optimise the DC and distribution network. In addition to the support given by vendors the Group employed short term personnel to help manage change and process re-engineering within the Group.

Onerous leases and exit costs

Following the DC and distribution review a number of business locations were deemed superfluous to ongoing requirements and have been exited. The costs associated with exit, non-occupation or onerous lease costs have been captured under this heading.

Cumulative 'non-cash' effect of straight lining leases with fixed increases

Through the restructuring exercise a detailed review of all leasing obligations was undertaken. This led to the recording of a non-cash, non-current lease accrual so as to account on a straight line basis for material leases with fixed increases embedded in them.

Discontinued operations (MSS)

As foreshadowed in the market announcement of 26 February 2015 the IT service business, MSS was sold at the end of March. As part of that sale and the period leading up to it the customer accounts and contracts were wound down in an orderly manner and that business has been exited. Due to the size of the loss incurred in the financial year and for users to better understand the impact MSS has had on the Group it has been included separately in the segmental reporting note (see Note 2).

Coventry Group Ltd

Directors' report

For the year ended 30 June 2015

The directors present their report together with the financial report of Coventry Group Ltd (the "Company") and of the Group, being the Company and its subsidiaries for the year ended 30 June 2014.

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Coventry Group Ltd
Directors' report
For the year ended 30 June 2015

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:

Name, qualifications, independence status and special responsibilities

Neil George Cathie, FCPA, GAICD, FCIS
Chairman
Chairman of remuneration committee; member audit and risk committee

Peter John Batman Caughey, B.Eng, MBA, MAICD
Managing Director
Chief Executive Officer

Vicky Papachristos, BE (Chem), MBA, GAICD
Independent non-executive director
Member of audit and risk committee

Kenneth Royce Perry, B.Sc (Hons), MBA, MAICD, FAusIMM
Independent non-executive director
Chairman of audit and risk committee; member of remuneration committee

Nicholas John Willis, B.Sc, FAIM
Independent non-executive director
Member of remuneration committee

Experience and other directorships

Mr Cathie was appointed as a director of the Company in September 2014 and as Chairman in January 2015. He has extensive experience in very relevant areas including having a 27 year career at Australia's largest and most successful plumbing and bathroom distributor, Reece Australia Ltd, during which time he served as its Chief Financial Officer, Company Secretary and General Manager, Finance and IT. In these roles, Mr Cathie has worked closely with a strong Board and line management team in a growing company as well as having a primary external facing role of the ASX listed Reece Australia Ltd. Mr Cathie spent 7 years with a chartered accountancy firm early in his career and has held other CFO roles. He is currently a director of and advisor to a number of private companies.

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

Mr Caughey was appointed Managing Director and Chief Executive Officer in January 2015. He was previously the Business Leader of Konnect since September 2012 and Artia since April 2013. Prior to joining Coventry Group Ltd Mr Caughey had a number of roles in building products over 20 years working at CSR Limited and Brickworks Limited. Most recently before joining Coventry Group Ltd he was General Manager - Austral Bricks, Victoria and prior to that Group General Manager - Corporate Development, both at Brickworks Limited.

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

Ms Papachristos was appointed as a director of the Company in April 2015. She is an experienced non-executive director with a strong sales and marketing background having spent over 25 years as an executive with major corporations in Australia and the USA. Her work has spanned petrochemicals, banking & payments, sport, IT & retailing holding senior roles in Shell, Westpac, Myer, Visa, the Olympics and as well as an IT start-up. Ms Papachristos has launched several major banking & retail programs including Myer One, Rebel Sport and the Ansett Frequent Flyer Visa. In 2006 she formed Currant Marketing – an independent consultancy in the fields of marketing, loyalty, sales, customer and digital strategy. Ms Papachristos holds a Chemical Engineering degree from Monash University, an MBA from the AGSM and is a Member of the GAICD. She is passionate about women in the corporate arena and making a change from bottom-up as well as top-down.

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

Mr Perry was appointed a director of the Company in September 2009. He was Chief Executive Officer of VDM Group Limited, a publicly listed Australian engineering, construction and contracting business until March 2011. Prior to this appointment in February 2010, Mr Perry was the Managing Director of Brandrill Limited from 2002 to 2009 when the company merged with Ausdrill Limited. Mr Perry has over 25 years' experience in senior management roles, including serving as President of Rio Tinto Group's Taiwanese steel mill and as the Director General of the Department of Minerals and Energy (WA) between 1994 and 1997. Subsequently he worked for Resource Finance Corporation, a private merchant and investment bank specialising in the natural resources sector. Mr Perry is also a member of various private boards.

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

Mr Willis was appointed a director of the Company in September 2014. He has extensive and highly relevant experience in industry spaces of Coventry including leading the national marketing and operation functions in ACI Insulation and Laminex Industries and as Group General Manager at Ramset Building Products. In these roles he has had many years at a senior level in ASX listed companies. Mr Willis has led businesses of the same type as Coventry, involving sourcing products from multiple domestic and overseas suppliers and distributing products across Australia, New Zealand, Asia and the United Kingdom, with a distributed branch network supplying the building, construction, resource and other industries. He also has been instrumental in acting as a consultant and mentor in turning around a number of private companies in recent years.

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

Coventry Group Ltd
 Directors' report
 For the year ended 30 June 2015

1. Directors (continued)

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:

	<u>Number of Ordinary Shares</u>
PJB Caughey	229,501
NG Cathie	50,000
V Papachristos	-
KR Perry	30,000
NJ Willis	5,400

During the 2014/15 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 PJB Caughey 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.

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 2015, and the number of meetings attended by each director.

	Board of Directors			Audit & Risk Committee			Remuneration Committee		
	Held	Eligible to attend	Attended	Held	Eligible to attend	Attended	Held	Eligible to attend	Attended
PJB Caughey	16	6	6	-	-	-	-	-	-
RB Flynn	16	10	10	-	-	-	3	1	1
JH Nickson	16	5	5	4	1	1	-	-	-
BF Nazer	16	13	12	4	3	3	3	1	1
NG Cathie	16	11	11	4	3	3	3	3	3
V Papachristos	16	3	3	4	1	1	-	-	-
KR Perry	16	16	16	4	4	4	3	3	3
NJ Willis	16	11	11	-	-	-	3	3	3

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:

Fasteners

- distribution and marketing of industrial fasteners, stainless steel fasteners and hardware, construction fasteners, specialised fastener products and systems, and associated industrial tools and consumables.

Fluids

- design, manufacture, distribution, installation and maintenance of lubrication and hydraulic fluid systems and hoses.

Hardware

- importation, distribution and marketing of hardware components and finished products to the cabinet making, joinery and shop fitting industries.

Gasket Manufacturing

- manufacture and distribution of automotive and industrial gaskets.

Coventry Group Ltd
Directors' report
For the year ended 30 June 2015

3. Consolidated results

Results of the Group for the year ended 30 June 2014 were as follows:

<i>In thousands of AUD</i>	2015	2014
Continuing operations		
Revenue from sale of goods	190,706	206,160
(Loss)/profit before tax	(27,247)	1,940
Income tax benefit/(expense)	4,106	(730)
(Loss)/profit from continuing operations for the year	(23,141)	1,210
Discontinued operations		
Revenue from sale of goods	2,640	4,465
Loss before tax	(2,107)	(245)
Income tax benefit	632	73
Loss from discontinued operations for the year	(1,475)	(172)
(Loss)/profit for the year	(24,616)	1,038
(Loss)/profit after tax for the year attributable to:		
- equity holders of the Company	(25,008)	609
- minority interest	392	429
(Loss)/profit after tax for the year	(24,616)	1,038

4. Dividends

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

Paid during the year 2014	Cents per share	Total amount	Franked / Unfranked	Date of payment
		\$000		
Special Dividend 2014	11.0	4,202	Fully Franked	25 July 2014
Final 2014 Ordinary Dividend	11.0	4,202	Fully Franked	19 September 2014
Special Dividend 2015	17.5	6,621	Fully Franked	13 March 2015
Interim 2015 Ordinary Dividend	4.25	1,608	Fully Franked	13 March 2015
Total Amount		16,633		
Paid during the year 2014	Cents per share	Total amount	Franked / Unfranked	Date of payment
		\$000		
Final 2015 Ordinary Dividend ⁽ⁱ⁾	2.5	946	Fully Franked	27 October 2015
		946		

⁽ⁱ⁾ The financial effect of these dividends have not been brought to account in the financial statements for the financial year ended 30 June 2015, as they were declared after the year end, and will be recognised in subsequent financial reports.

5. Review of operations and results

People

Safety remains a focus for the Group. During the year Lost Time Injuries (LTI's) increased from 9 to 12 prompting a significant review of our safety effort. As a result of the review the emphasis in safety management has moved from a system focus to an emphasis on practical actions within the branch and distribution networks such as hazard identification and rectification.

It is never easy to see so many staff leave the business through a redundancy program that reduced full time positions from 709 to 572. The remaining team worked through these difficult circumstances with application and effort to deliver the changes required in the restructure.

Financial Performance	Full Year to 30.6.15	Full Year to 30.6.14	% Change
Revenue (\$M) (from continuing operations)	190.7	206.2	-7.5
(Loss)/Profit before income tax (\$M)	-27.2	1.9	N/A
(Loss)/Profit after tax (\$M)	-24.6	1.0	N/A
NTA per share (\$)	2.51	3.47	-27.7
Earnings per share – basic (cents)	-65.8	1.6	N/A

Restructure progress

As announced in February 2015, the Board approved a substantial restructuring program that involved closing the MSS business, stripping significant cost out of each division and corporate, cleansing the stock of Connect/Artia and preparing for a significant change in distribution to facilitate further cost reductions and service improvements.

Whilst the program was very ambitious it was largely completed on time and on budget. The cost of the restructure program, which included the closure of three distribution centres, the downsizing of the full time work force by more than 100 positions and the movement of more than \$4 million of stock to a useful position within the network was \$7.8 million, with provisions of \$7.5 million and write downs of \$8.2 million. The total impact of the program was \$23.5 million, compared to the \$24-25 million foreshadowed in the February announcement.

Coventry Group Ltd
Directors' report
For the year ended 30 June 2015

5. Review of operations and results (continued)

Review of businesses

Fasteners (Konnect)

The Konnect business continued to weaken throughout the period as the slump in mining and energy took hold. Whilst Konnect was profitable in a number of states, significant exposure to Western Australia and Queensland drove those businesses into substantial losses. Sales continued to fall from June 2014 to February 2015, but pleasingly daily sales rates have stabilised over the past few months.

Margins continued to be under pressure as competition from existing players intensified. As major LNG projects finish over the balance of this year further softening cannot be ruled out. Positively impacting the Konnect result was significant cost cutting which commenced in October 2014 and intensified from February 2015 under the announced restructure program. As a result, the second half Konnect performance was in line with the first half.

Further cost reductions throughout 2015/16 are planned as the remaining Distribution Centres are restructured and new transport initiatives are implemented. The introduction of a company-wide Continuous Improvement Programme is heavily concentrated on Konnect.

Fluids (Cooper Fluid Systems)

The Coopers team, having removed 15 full time positions through the restructure, continued to transform from a capital cycle exposure to a maintenance focus. Throughout the period sales continued to strengthen with Coopers' significant technical expertise being much sought after.

Hardware (Artia)

The Artia business continues to improve on the back of significant cost reductions, a re-shaped business model, a buoyant residential construction market and as a result of efficiencies gained by sharing its cost structure with Fasteners. Artia made a profit in the year for the first time since 2008/09.

Investments/Other

Interest bearing deposits

Deposits fell from \$39.2 million to \$nil due mostly to dividend payments, restructure costs and losses. Combined with declining deposit rates, there has been a reduction in interest income from \$2.0 million to \$0.8 million.

AAG

The Group's 72.5% share in AA Gaskets P/L continued to perform well, though not quite at the same level as previous years due to increasing costs. AAG will focus on cost and inventory in 2015/16.

Property

The Group leases substantial warehouse and office space in Redcliffe, Perth WA. A 20 year lease for this space was entered into some years ago and expires in 2027. Over time, with the Group's reduced occupancy of the Redcliffe site, approximately 80% of the available space is sub-let to a variety of sub-tenants. In the current year this arrangements generated a small profit for the Group but there are occupancy risks looking ahead which have been identified and are being carefully managed.

Discontinued Operations

MSS was discontinued and a total loss of \$1.4 million was recorded.

Balance Sheet

The Group net cash position \$8.7 million (\$48.0 million – 30 June 2014). This is in line with the estimated position expected when the strategic review was carried out. Principally the business has funded the trading loss, the cost of the strategic review and returned the remaining cash back to shareholders, which is seen on the cashflow statement in these accounts.

Group working capital (defined as current assets less cash and current liabilities) at 30 June 2015 was \$61.7 million, this being \$1.1 million higher than the balance a year earlier. The main driver being an increase in inventory. This increase supports business initiatives and is seen as short term in nature.

Fixed assets have reduced in carrying value reflecting their value to the newly reconfigured Group. These changes are detailed in Note 26 in these accounts.

Outlook

Despite the potential for softer markets in Konnect we expect a return to profitability for the Group during 2015 - 2016. Working capital initiatives and a modest capital program for distribution centres and branch expansion should see the company maintain a comfortable cash position.

6. Earnings per share

Basic loss per share for the year ended 30 June 2015 was 65.8 cents. This compares to a basic profit per share of 1.6 cents for the previous year.

7. Significant change in the company's affairs

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

8. Events subsequent to reporting date

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

9. Likely developments

Proceed with announced restructure plan whilst continuing to operate in the market it currently participates.

Coventry Group Ltd
Directors' report
For the year ended 30 June 2015

10. Remuneration report - audited

Remuneration is referred to as compensation throughout this remuneration report.

10.1 Key Management Personnel (KMPs)

KMPs are the persons who have authority and responsibility for planning, directing and controlling the activities of the Company and the Group. 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

KR Perry
NG Cathie (appointed 19 September 2014)
NJ Willis (appointed 19 September 2014)
V Papachristos (appointed 27 April 2015)
BF Nazer (retired 31 March 2015)
JH Nickson (retired 19 September 2014)

Executive directors

PJB Caughey, CEO & Managing Director (appointed 1 January 2015)
RB Flynn, Executive Chairman (ceased 1 January 2015)

Executives

KS Smith, Chief Financial Officer (CFO) & Company Secretary (resigned as CFO 28 July 2015)

10.2 Principles used to determine the nature and amount of compensation

Non-executive directors

Non-executive directors receive cash fees for their board and committee work and do not receive performance based payments. Non-executive directors do not receive termination benefits. The aggregate remuneration paid to non-executive directors is capped at the level approved by shareholders.

Directors' fees

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

As at 30 June 2015 the non-executive directors fees were allocated as follows (includes statutory superannuation contributions):

	2015	2014
	\$	\$
Chairman (base fee)	127,500	-
Non-executive Directors (base fee)	85,000	93,955
Interstate Non-executive Director (base fee)	85,000	97,233
Chairman of Audit & Risk Committee (in addition to base fee)	15,000	16,388
Member of Audit & Risk Committee (in addition to base fee)	5,000	-
Chairman and Member of Remuneration Committee (in addition to base fee)	5,000	5,463

Executive pay

Remuneration policies

Remuneration of directors and senior executives is the responsibility of the Remuneration Committee. The Committee has resolved to set remuneration packages which are appropriate in the context of the company's size, complexity and performance but which will attract the calibre of executive required to drive necessary change in order to enhance performance. The Committee seeks external advice in relation to these matters where necessary.

Remuneration for senior executives is currently largely cash based, comprising fixed remuneration (which includes superannuation and benefits) and short term incentives. There was no share based remuneration during the year. The CEO and senior executives have employment contracts with notice periods executable by either party. There are no arrangements in place to provide the CEO or any senior executive with a retirement benefit other than those which accrue by law. Superannuation contributions are paid at the superannuation guarantee rate.

Short-term cash incentives of up to 35% of fixed annual compensation are payable to the senior executives upon the achievement of various annual performance targets. The short term incentives paid for the year were based solely on the effective and timely implementation of key elements of the company-wide restructure plan announced to the market in February 2015. The Committee determined a discretionary short term incentive was appropriate in circumstances which required the focus and commitment to make many difficult decisions about the operations and staffing of the business and to swiftly implement a broad range of initiatives. The Committee was satisfied the key restructure milestones had been met and therefore recommended the short term incentives paid.

An Executive Long Term Incentive Plan ("ELTIP") was approved by shareholders at the 2003 annual general meeting. No options were issued under the plan in the year.

In January 2014 the Group issued 200,000 fully paid ordinary shares under an interest free (conditional on employment) non recourse loan to Peter Caughey.

No vote on remuneration report – 2014 Annual General Meeting

At the 2014 Annual General Meeting the Company received over 25% of votes cast on a poll against the 2014 remuneration report. This constituted a second consecutive annual vote against the remuneration report. Consequently a vote was taken whether to proceed with a 'spill' meeting and this motion failed. The Directors have visited a sample of the shareholders of the Company to obtain their views and commentary on the vote against the remuneration report and are addressing those concerns.

Consequences of performance on shareholder wealth

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

<i>In AUD</i>	2015	2014	2013	2012	2011
Profit/(loss) attributable to equity holders of the Company	(25,008,000)	609,000	5,458,000	18,524,000	(17,341,000)
Dividends paid	16,633,000	8,374,000	8,324,000	10,593,000	5,594,000
Change in share price	(1.30)	0.10	0.05	0.35	0.45

The main imperative for the Group has been to rapidly restructure in order to reduce cost and set up for future performance. This has been detailed in note 26 of these accounts. The accomplishment of these changes has been the primary target with regard to setting KMP targets.

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2015
10. Remuneration report - audited (continued)

10.3 Details of compensation

The following table provides the details, 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 2015.

		Short-term				Post employment	Other long-term	Termination benefits	Share-linked benefits	Total	Proportion of remuneration performance related	Value of options as proportion of remuneration
		Cash salary, leave paid and fees	STI cash bonus ⁽ⁱ⁾	Non-monetary benefits	Total	Super-annuation ⁽ⁱⁱ⁾	Long service & annual leave provision accrual					
<i>In AUD</i>												
Directors												
Non-executive directors												
NG Cathie - Chairman (appointed September 2014)	2015	85,971	-	-	85,971	8,167	-	-	-	94,138	-	-
NJ Willis (appointed September 2014)	2015	43,432	-	-	43,432	29,755	-	-	-	73,187	-	-
V Papachristos (appointed April 2015)	2015	14,677	-	-	14,677	1,394	-	-	-	16,071	-	-
KR Perry	2015	91,162	-	-	91,162	8,660	-	-	-	99,822	-	-
	2014	91,000	-	-	91,000	8,418	-	-	-	99,418	-	-
JH Nickson (retired September 2014)	2015	-	-	-	-	22,512	-	-	-	22,512	-	-
	2014	67,695	-	-	67,695	35,000	-	-	-	102,695	-	-
BF Nazer (retired March 2015)	2015	54,642	-	-	54,642	28,812	-	-	-	83,454	-	-
	2014	93,000	-	-	93,000	22,805	-	-	-	115,805	-	-
Sub-total non-executive directors' remuneration	2015	289,884	-	-	289,884	99,300	-	-	-	389,184		
	2014	251,695	-	-	251,695	66,223	-	-	-	317,918		
Executive directors												
PJB Caughey ⁽ⁱⁱⁱ⁾	2015	429,618	100,000	-	529,618	18,783	36,756	-	39,742	624,899	22.4%	6.4%
	2014	349,504	30,000	-	379,504	25,000	5,122	-	22,557	432,183	12.2%	5.2%
RB Flynn (ceased 1 January 2015)	2015	619,839	-	-	619,839	35,000	-	450,658	-	1,105,497	-	-
	2014	820,495	-	-	820,495	35,000	3,835	-	23,283	882,613	2.6%	2.6%
Sub-total executive directors' remuneration	2015	1,049,457	100,000	-	1,149,457	53,783	36,756	450,658	39,742	1,730,396		
	2014	1,169,999	30,000	-	1,199,999	60,000	8,957	-	45,840	1,314,796		
Total directors' remuneration	2015	1,339,341	100,000	-	1,439,341	153,083	36,756	450,658	39,742	2,119,580		
	2014	1,421,694	30,000	-	1,451,694	126,223	8,957	-	45,840	1,632,714		
Key management personnel												
KS Smith	2015	260,093	-	-	260,093	30,000	6,981	-	-	297,074	-	-
	2014	227,402	20,000	-	247,402	25,255	991	-	-	273,648	7.3%	-
Total directors' and key management personnel remuneration	2015	1,599,434	100,000	-	1,699,434	183,083	43,737	450,658	39,742	2,416,654		
	2014	1,649,096	50,000	-	1,699,096	151,478	9,948	-	45,840	1,906,362		

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⁾ The short term incentive bonus in the year ended 30 June 2015 is in relation to performance during the year ended 30 June 2015 as detailed in Note 10.4 of the directors' report. The short term incentive bonus paid and approved in the year ended 30 June 2014 was in relation to performance during the year ended 30 June 2013.

⁽ⁱⁱ⁾ Includes statutory superannuation contributions and additional voluntary contributions in some cases.

⁽ⁱⁱⁱ⁾ Became a key management personnel on appointment as CEO on 1 January 2015. The Group has included Mr Caughey's remuneration for the full financial year. The share-linked benefit is a non cash accounting benefit derived from the estimated value of the structure associated with the share issue.

Coventry Group Ltd
 Directors' report (continued)
 For the year ended 30 June 2015
 10. Remuneration report - audited (continued)

10.4 Service contracts

Compensation and other terms of employment for the CEO and Managing Director and other key management personnel are formalised in employment contracts. Major provisions of the contracts relating to compensation are set out below:

PJB Caughey, CEO & Managing Director (appointed CEO & Managing Director 1 January 2015)

- 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.
- 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 6 months notice by the Company.

KS Smith, Chief Financial Officer & Company Secretary (appointed Company Secretary 3 September 2014)

Mr Smith resigned as Chief Financial Officer as at 28 July 2015 and an interim CFO has been appointed in his place.

- While employed by the Group Mr Smith's fixed annual compensation was reviewed annually by the Remuneration Committee.
- Long service leave was payable by the Company in accordance with relevant state legislation.
- The contract provided for participation in the short-term incentive plan.
- Other than for serious misconduct, termination of employment required 8 weeks notice by the Company.

RB Flynn, Executive Chairman (ceased 1 January 2015)

In accordance with the employment contract, Mr Flynn was given 12 months notice of termination in September 2014. In addition to his fixed annual compensation up to 31 December 2014, Mr Flynn was paid \$450,658 in lieu of notice and resigned as executive chairman. Also all statutory entitlements were paid.

10.5 Equity instruments

During the financial year no options were granted, exercised or lapsed and there are no options outstanding.

Non recourse share loan

In January 2014 the Group issued 200,000 fully paid ordinary shares under an interest free (conditional on employment) non recourse loan to Peter Caughey.

The shares were issued at a price of \$2.87 per share which was the volume weighted average price for the 20 trading days preceding the decision to issue the shares. Until the loan is repaid the shares are escrowed with a trading lock. The loan is repayable 3 years after the shares are issued or immediately upon ceasing to be an employee of the Company or at any time prior to that date. Interest will be charged in the event of resignation of employment prior to the full 3 year period being completed.

The structure of the loan now has no 'down side' exposure, the non cash accounting benefit in the year is \$39,742 (2014: \$22,557).

Movements in shares

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2014	Held on appointment	Purchases	Sales	Held at Resignation/ Retirement	Held at 30 June 2015
Directors						
BF Nazer ⁽ⁱ⁾	104,420	-	-	-	104,420	-
JH Nickson ⁽ⁱⁱ⁾	132,653	-	-	-	132,653	-
KR Perry	-	-	30,000	-	-	30,000
NG Cathie	-	-	50,000	-	-	50,000
NJ Willis	-	-	5,400	-	-	5,400
PJB Caughey	229,501	-	-	-	-	229,501
RB Flynn ⁽ⁱⁱⁱ⁾	600,496	-	-	22,878	577,618	-
V Papachristos	-	-	-	-	-	-
Executives						
KS Smith	21,322	-	-	21,322	-	-

⁽ⁱ⁾ Retired 31 March 2015

⁽ⁱⁱ⁾ Retired 19 September 2014

⁽ⁱⁱⁱ⁾ Ceased 1 January 2015

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2015

11. Environmental regulation

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

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

For the financial year ended 30 June 2015 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 is set out in a separate section of the Company's 2015 annual report and discloses the Company's main corporate governance practices throughout the financial year.

14. Share options

Options granted to directors, key management personnel and senior executives

There were no options issued or granted pursuant to the Executive Long Term Incentive Plan outstanding as at the date of this report.

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 3 to the full financial report.

16. Lead auditor's independence declaration

The lead auditor's independence declaration made in accordance with Section 307C of the Corporations Act 2001 is set out on page 39 and forms part of this directors' report.

17. Company secretary

Mr John Colli was appointed to the position of Company Secretary in November 1998 and resigned in May 2015.

Mr Keith Smith was appointed to the position of Company Secretary in September 2014. Mr Smith also held the role of Chief Financial Officer during the period and resigned the position on 28 July 2015.

Coventry Group Ltd
Directors' report (continued)
For the year ended 30 June 2015

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.



N.G. CATHIE
Chairman

Melbourne
27 August 2015



P.J. CAUGHEY
CEO and Managing Director

Melbourne
27 August 2015

Directors' declaration

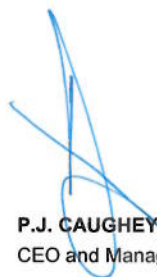
1. In the opinion of the directors of Coventry Group Ltd ("the Group"):
 - (a) the financial statements and notes, and the remuneration report in the directors' report, set out on pages 33 to 35, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 30 June 2015 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a) of the full financial report;
 - (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2015 pursuant to Section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.



N.G. CATHIE
Chairman

Melbourne
27 August 2015



P.J. CAUGHEY
CEO and Managing Director

Melbourne
27 August 2015



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

To: the directors of Coventry Group Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2015 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

A handwritten signature in blue ink, appearing to read 'Matthew Beevers', with a horizontal line extending to the right.

Matthew Beevers
Partner

Perth

27 August 2015



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

Report on the financial report

We have audited the accompanying financial report of Coventry Group Ltd (the company), which comprises the consolidated statement of financial position as at 30 June 2015, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 26 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These 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 is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as 30 June 2015 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

Report on the remuneration report

We have audited the Remuneration Report included in Note 10 of the Directors' report for the year ended 30 June 2015. 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 2015 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Matthew Beevers
Partner

Perth

27 August 2015