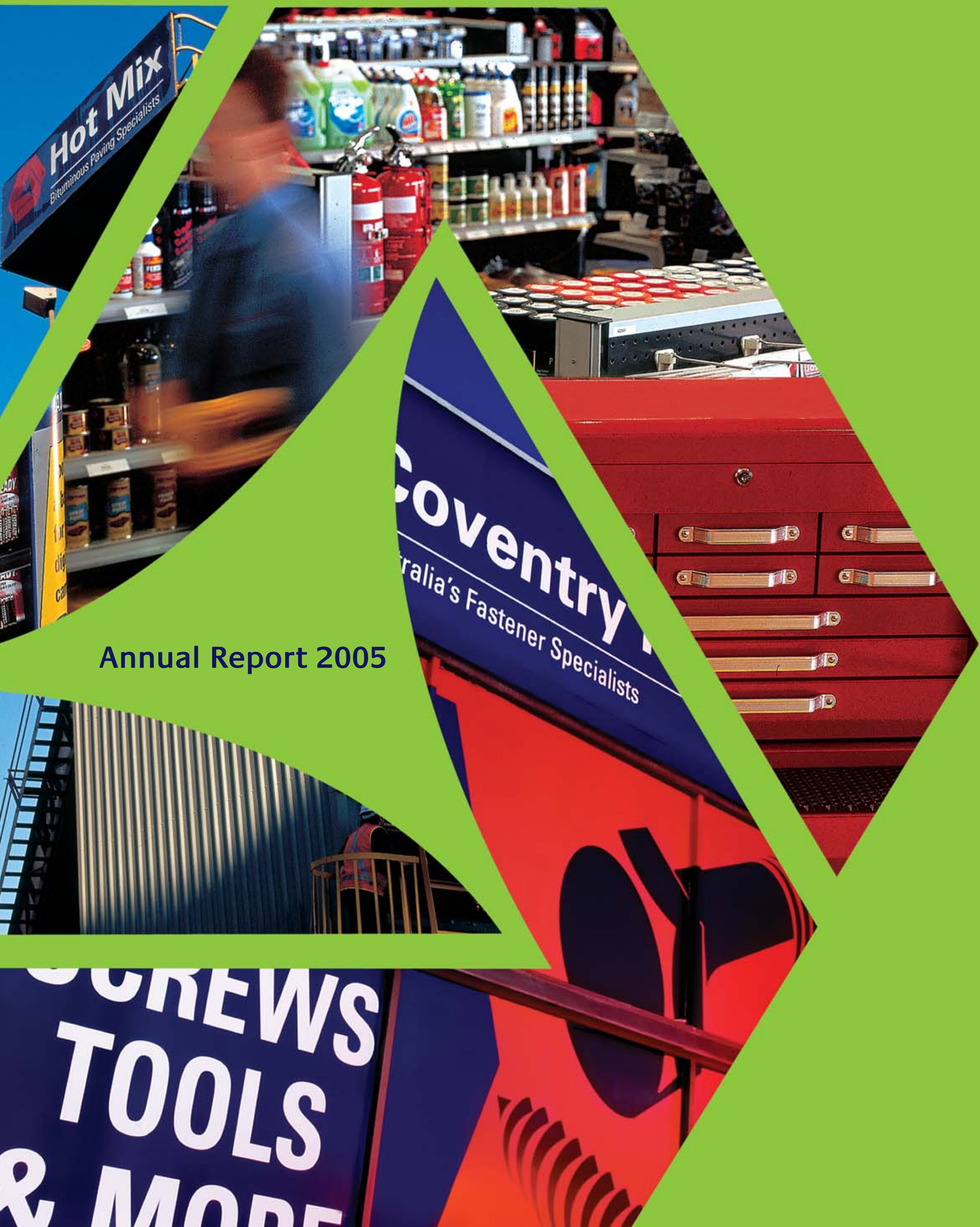
Coventry Group Ltd

ABN 37 008 670 102



Annual Report 2005

About Us

Coventry Group Ltd was incorporated in 1936 and has been listed on the Australian Stock Exchange since 1966. The Group's principal activities are the distribution of automotive parts and industrial products and the manufacture of bitumen products and gaskets.

Employing 2,089 people it operates throughout Australia and New Zealand with a branch network of 140 locations.

Five Year Financial Overview

		2005	2004	% Change	2003	2002	2001
Operating revenue	$M	473.2	436.3	8.5 ▲	418.4	395.7	360.0
Net profit before tax [1]	$M	22.9	21.9	4.6 ▲	16.9	10.8	13.2
Net profit after tax [2]	$M	16.6	14.8	12.2 ▲	10.8	4.5	7.4
Net assets	$M	165.6	169.9	2.5 ▼	162.8	155.9	158.4
Shareholders' equity [3]	$M	162.6	167.0	2.6 ▼	159.7	151.0	152.5
Earnings per share	cents	46.8	42.5	10.1 ▲	31.5	13.4	21.9
Dividends per share [4]	cents	36	34	5.9 ▲	30	20	30
Net tangible assets per share	$	3.74	4.15	9.9 ▼	3.98	3.71	3.72
Operating cash flow	$M	13.0	20.2	35.6 ▼	22.4	15.7	2.0
Return on equity [5]	%	8.3	8.9	6.7 ▼	6.6	4.7	1.5
Net interest bearing debt	$M	13.9	12.5	11.2 ▲	23.3	35.7	25.7
Gearing (net debt to equity)	%	8.4	7.3	15.1 ▲	14.3	22.9	16.2
Interest cover	times	14.5	21.0	31.0 ▼	11.1	9.7	11.9
Share price (30 June)	$	5.80	5.72	1.4 ▲	4.95	3.47	3.75
Market capitalisation (30 June)	$M	205.7	200.7	2.5 ▲	170.9	117.2	126.7

[1] before outside equity interest
[2] after outside equity interest
[3] excludes outside equity interest
[4] excludes special dividends
[5] before significant items

Contents


Year In Brief

Financial

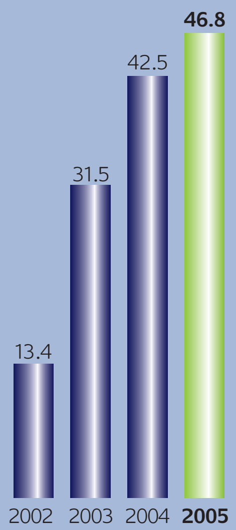
- operating revenue up 8% to $473.2 million
- net profit after tax and before significant items of $13.7 million – down 10% on last year
- net profit after tax and before outside equity interest of $16.6 million – up 12% on last year
- earnings per share up 10% to 46.8 cents
- interim and final fully franked dividends totalling 36 cents per share – up 6% on last year
- special fully franked dividend of 30 cents per share

Operations

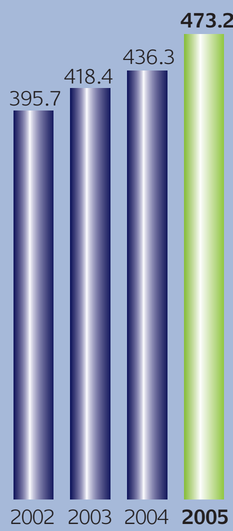
- continued strategy of 'bolt on' acquisitions during the reporting period:
  - automotive parts distribution businesses: 2 in Northern Territory, 2 in Queensland
  - fastener distribution business: 1 in New Zealand

  Since the end of 2004/05 financial year an additional New Zealand based fastener distribution business has been acquired.
- significant management restructure of the automotive division
- divestment of the Group's bearings division - Associated World Bearings
- sale of the Group's major site located at Morley, Western Australia

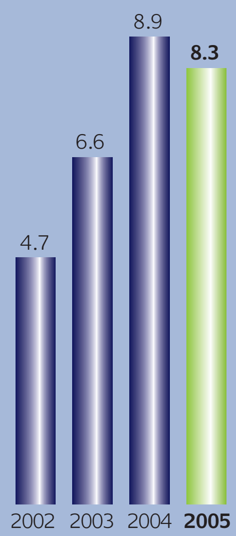
Basic earnings per share (cents)



Operating revenue ($ million)



Return on equity (%)



Business Segment Overview

AUTOMOTIVE PARTS

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

Year In Brief

- automotive parts business acquisitions – 2 in NT and 2 in Qld
- poor performance by the South Australian operations, Motor Traders, and Coventry Auto Parts
- significant management restructure resulting in the establishment of 3 regions – Western, Central and Eastern
- major overhaul of Coventry Auto Parts

Financial

	2005	2004	% Change
Revenue ($M)	273.0	242.4	+ 12.6
EBIT ($M) [1]	4.9	7.1	- 31.0
EBIT/Sales Margin (%) [1]	1.8	2.9	- 37.9
Return on Capital Employed (%) [2]	6.7	11.4	- 41.2

[1] excludes significant items - nil in 2004
[2] EBITA/assets less creditors and provisions

BITUMEN PRODUCTS

- manufacture and application of asphalt
- road profiling and maintenance
- manufacture and spraying of bituminous products for road construction and environmental protection
- treatment of recreational and coloured surfaces

Year In Brief

- flat operating result by Hot Mix in an extremely competitive market
- emulsion activities continue to record strong profit performance
- increased demand for Hot Mix's recycled asphalt, EcoGrade™; product was a finalist in the Western Australian Environmental Awards 2004

Financial

	2005	2004	% Change
Revenue ($M)	15.0	13.4	+ 11.9
EBIT ($M)	1.2	1.3	- 7.7
EBIT/Sales Margin (%)	8.5	10.1	- 15.8
Return on Capital Employed (%) [2]	25.1	26.0	- 3.5

INDUSTRIAL PRODUCTS

- distribution and marketing
  - industrial and construction fasteners including bolts, nuts and screws
  - general industrial products
  - industrial bearings and power transmission products [3]
- distribution, design and installation of lubrication and hydraulic fluid systems, hose and fittings products

Year In Brief

- strong trading performance by Hylton Parker Fasteners (NZ) and Coventry Fasteners (WA)
- improved performances by Cooper Fluid Systems (Qld) and Coventry Fasteners (VIC)
- divestment of bearings division – Associated World Bearings
- acquisition of 2 NZ based fastener distribution businesses (1 was completed after 30 June 2005)

Financial

	2005	2004	% Change
Revenue ($M)	182.3	173.0	+ 5.4
EBIT ($M)	17.0	15.9	+ 6.9
EBIT/Sales Margin (%)	9.6	9.2	+ 4.3
Return on Capital Employed (%) [2]	23.6	24.9	- 5.2

[3] activities ceased on 31 March 2005

GASKET MANUFACTURING

- manufacture and distribution of automotive and industrial gaskets

Year In Brief

- steady performance in a flat operating environment
- equipment purchases to improve productivity
- development of product range for new model vehicles

Financial

	2005	2004	% Change
Revenue ($M)	12.4	12.5	- 0.8
EBIT ($M)	1.9	1.8	+ 6.9
EBIT/Sales Margin (%)	15.9	14.6	+ 8.9
Return on Capital Employed (%) [2]	23.1	22.8	+ 1.3

Chairman's Report

Dear Shareholder,

On behalf of your directors, I present Coventry Group's 2005 Annual Report.

Financial Performance

Group profit after tax was $16.6 million, an improvement of 12% on last year. However, the result was boosted by profits of $3.6 million on property sales including the sale of the Group's Morley distribution centre and offices. Earnings per share (basic) were 46.8 cents as against 42.5 cents last year.

The Industrial Division produced a solid result, as did AA Gaskets Pty. Ltd. However, further losses at Coventry Auto Parts Pty. Ltd. and underperformance at Motor Traders in South Australia led to a disappointing result from the Automotive Division. Bitumen's contribution was 5% less than in the previous year.

Full details of the performance of the business units are covered in the Chief Executive Officer's review of operations which follows.

Dividend

The directors have declared a fully franked final dividend of 18 cents per share (unchanged from last year), to be paid on 23 September, 2005. The Dividend Reinvestment Plan will be in operation for this dividend, with a discount of 2.5%.

Together with the fully franked interim dividend of 18 cents per share the total for the year is 36 cents, representing a pay-out ratio of 77% of the Group's after tax profit, consistent with the board's current policy of distributing to shareholders a high proportion of the Group's net earnings. In addition to these dividends, a special dividend of 30 cents per share (fully franked) was paid to shareholders on 5 July, 2005 following a review of the Group's capital needs.

Strategy

The underlying return on equity (Net Profit after Tax before significant items/equity) was 8.3% after tax compared with 8.9% after tax in 2004. Our target remains at 12% per annum.

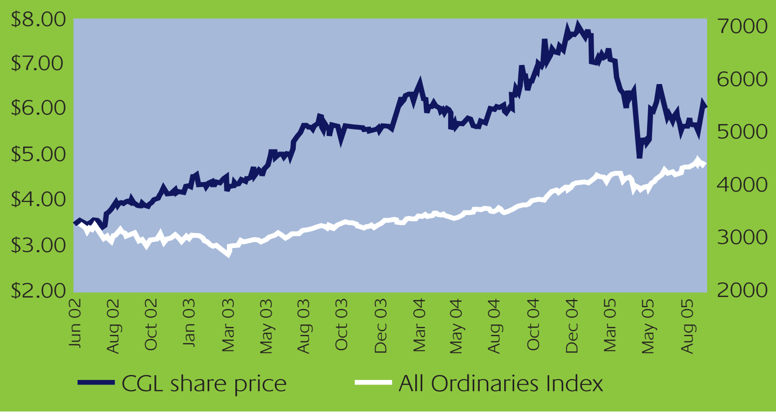
We were unsuccessful in our search for a major acquisition, maintaining our position that any target must meet our internal hurdle rate of return and add to shareholder value. However, a number of smaller acquisitions were made during the year, including Independent Motor Mart and Southcott in the Northern Territory, Thompson's Spare Parts/Rod Smith Parts and Bearings, and Automotive and Agricultural Supplies (Toowoomba) in Queensland, and Engineering & Fastening Supplies in New Zealand. Also in New Zealand, Am-Tech Fastenings and Components was acquired with effect from 1 July, 2005.

The major project to replace the Group's computer system is well under way. This will produce a significant improvement in business processes and controls and will greatly enhance our management information. Following the sale of the Morley distribution centre, work is about to commence on a new distribution centre and offices which will allow a more efficient and productive operation in the warehousing and distribution of automotive and mining supplies products in Western Australia. The Morley centre will be leased-back until completion of the new facility.

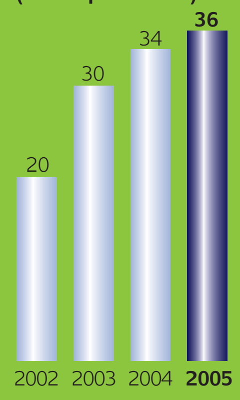
Corporate Governance

This year, for the first time and in accordance with changes in the Corporations Law, shareholders will have the opportunity for a non-binding vote on adoption of the Company's Remuneration Report. The Report, on pages 22 to 26 of this annual report and repeated as Note 5 to

Coventry Group share price vs ASX All Ordinaries Index
June 2002 - August 2005



Dividends
(cents per share)



Excludes special dividends

the Financial Statements, explains in considerable detail our approach to remuneration of directors and executives.

Shareholders' attention also is drawn to Note 34 to the Financial Statements which details the impact of adoption of the Australian Equivalents to International Financial Reporting Standards which are required to be implemented with effect from 1 July, 2005.

During the year, the directors conducted a board evaluation review with the assistance of an external consultant. This review addressed both the functioning of the board and individual director performance. The directors reviewed the overall board evaluation and have introduced changes in board operations as a result. Reports relating to individual directors were discussed with them by the chairman as appropriate, and the report on the chairman was made available to another director for review with the chairman.

The Board

In accordance with Board's retirement policy, Mr. Peter Kyle, who has been a non-executive director of the company since 1980, will retire at the Annual General Meeting in November. The Board records its sincere appreciation of Mr. Kyle's contribution to the Coventry Group over such a long period.

One of the outcomes of the Board evaluation review was the conclusion that a reduction in the number of directors would be appropriate. The Constitution of the Company allows the Board to set the number of directors at a minimum of 3 and a maximum of 8; currently the maximum, and actual, number is 8. Accordingly, it has been decided that from the conclusion of the Annual General Meeting in November, the number of directors will be fixed at a maximum of 7. The Board may consider increasing the number to 8 as a short term measure in the future to assist with transition arrangements if it is considered appropriate to appoint an additional director pending the retirement of one of the existing directors.

The Constitution requires that each year one third of the non-executive directors must retire by rotation. Accordingly, Mr. Ross McLean and Mr. Barry Nazer will retire but are eligible to stand for re-election at the forthcoming Annual General Meeting. Both have put themselves forward and are recommended by the remaining Board members for re-election.

Acknowledgements

On behalf of the directors I express our appreciation of the efforts of the Chief Executive Officer, Mr. Chris Glenn, his management team and all of the Group's employees over the past year. Great efforts are being expended in order to improve efficiency, productivity and the returns to shareholders and it is disappointing that setbacks in some parts of the business this year have led to an overall unsatisfactory profit outcome for the year. However, the issues are being addressed and it is hoped that improved results in 2006 will properly reflect these efforts.

Warwick Kent AO
Chairman

Chief Executive Officer's Operations Review

Financial Performance

Operating revenue of $473 million was up 8% which was a result of a strengthening of the business in its key market sectors.

EBITA before significant items was $23.6 million - or down 4%.

2004/05 has been a challenging year with a slower economy and increased competition in the Industrial sector and major restructuring of the Automotive business unit.

The key factors in the Group's after tax performance were:

- the Group's Industrial business held its market position and showed a 6.9% or $1.1 million improvement in profit. This business will continue to build its number one position in the market over the next few years.
- The Automotive business performance was well below expectations during a period of restructuring and change. EBIT (excluding significant items) decreased by 31% to $4.9 million. The fall in performance was across New South Wales, Queensland and South Australia, with Western Australia improving its profit level. The Coventry Auto Parts business in New South Wales and Queensland has undergone major restructuring during the year including changes in management, reduced employee numbers, closure of the Blacktown distribution centre in New South Wales and moves to lower cost, better positioned branches. The restructure of the New South Wales and Queensland businesses aims to provide a platform from which the business can grow over the next few years.
- The South Australian Automotive business had a significant decline in profit. We have restructured the South Australian and Northern Territory businesses under a single management structure and this will provide the level of leadership and direction required to take this business forward and realise the potential of the region.
- The sale of the Group's Morley warehouse and head office site for $16 million, together with two smaller properties, resulted in a profit before tax of $3.6 million. The sale of the Morley site is part of a major plan to relocate the Western Australian Automotive and Mining Supplies operations to a modern facility where the economies of scale in the business can be leveraged and the return on capital improved.

The table below shows the Group's two key performance ratios:

	Year Ended 30.06.05	Year Ended 30.06.04
EBITA/Operating Revenue (%)	4.6	5.7
Return on Equity (%)	8.3	8.9

Cash Flow & Gearing

During the 2004/05 year the Group increased its gearing due to acquisitions and a special dividend. These were partially offset by asset sales.

	Year Ended 30.06.05	Year Ended 30.06.04
Operating Cash Flow ($M)	13.0	20.2
Closing Net Interest Bearing Debt ($M)	13.9	12.5
Net Debt/Equity (%)	8.4 [1]	7.3
Interest Cover (times)	14.5	21.0

[1] increased to 21.5% at 31 July 2005 after payment of a special dividend and acquisition of AmTech Fastenings and Components.

Strategic Direction

The aim is to build and develop the Coventry Group with a three pronged strategy of lifting the performance of the existing businesses above the minimum target levels, grow the Automotive and Industrial business units both organically and through acquisition and identify new business opportunities where the Group's core competencies can be leveraged.

The strategic direction will be supported by implementing a core information technology platform which can be leveraged across the business units, increasing the percentage of house brands, increasing the direct supply from offshore manufacturers and improving the efficiency of the supply chain by improving the sourcing, warehousing and delivery process.

The Company's Western Australian Automotive and Mining Supplies and corporate head office will move to a new site to be leased in the suburb of Redcliffe in the first half of 2007. The Morley site has been sold and is being leased back for 2 years.

Acquisitions and Divestments

In March 2005 the CGL bearings business, Associated World Bearings, was sold for $3.8 million. The business had annual sales of $9.2 million and was a breakeven operation.

In July 2005, Am-Tech, a New Zealand based fastener distribution business was purchased. This business moves the New Zealand fastener operation to the number 2 position in the market and increases the Industrial and manufacturing market position. Am-Tech is expected to contribute $8 million in sales.

In February 2005 Automotive and Agricultural Supplies (Toowoomba) in Queensland was purchased. This business has revenue of $3 million and will bolt onto the Queensland Automotive business.

The Group will continue to actively pursue acquisition opportunities in both existing and new markets in order to grow revenue and achieve improved returns for shareholders.

Information Systems

The implementation of the 5 year information and communication technology strategy is progressing well with the major disaster recovery projects completed, a move to new telecommunications providers and the updating of the Group's desktop information technology environment.

The major project for the Group over the next 2 years is the implementation of the new company wide operating system. Following an extensive review of the company's information technology needs and a competitive tendering process, the Oracle E Business Suite has been selected as the core operating system for the Company.

The new system replaces an ageing in-house built system which no longer provides the level of support required by the business.

The implementation of the Oracle system is a major step forward for the Company and will ensure operating businesses have the tools available to leverage their respective market positions.

The system will support the major processes of the business, including financial reporting, procurement, order entry, warehouse and inventory management, customer relationship management and business intelligence.

The implementation project commenced in May 2005 with the first pilot implementation scheduled for November 2005 and with the major business units on the Oracle system by December 2006.

The capital cost of the project is budgeted at $14 million and the system will improve the efficiency of our business processes, reduce inventory holding and improve customer service.

People

With the continued development of the Group staff numbers now total 2,089 across Australia and New Zealand.

The key focus area for our people has been Occupational, Health and Safety, development of our front line management team and the implementation of incentive based remuneration.

The implementation of the Group's 'Safety First' programme has resulted in a 34% decrease in workers compensation claims and a 60% decrease in the number of days lost per incident. This improved performance is a result of an enhanced induction programme coupled with staff commitment to safety.

The investment in training has increased significantly during the year with a major Front Line Management programme rolled out across the Company. This programme focused on the managers and supervisors of our front line people, who are responsible for key customer relationships.

The use of incentive based remuneration has been expanded with staff who have responsibility for branch sales included in the Company's incentive based remuneration scheme.

One of the major challenges the Company has faced over the last year in a tightening labour market was how to improve staff retention and the recruitment of experienced staff. A number of initiatives have been implemented to address this issue including better communication, incentive based remuneration, training and development.

There have been some significant management changes in the Automotive business with the appointment of Regional Managers in Western Australia, South Australia/Northern Territory and New South Wales/ Queensland.

Outlook

The Group is expecting an improvement in operating performance over the next 12 months especially in the automotive division where the benefits of the recent restructuring should be realised.

The industrial segment is experiencing strong competitive pressure. However, it should achieve growth particularly with the contribution from the recent Am-Tech acquisition in New Zealand and sales into a buoyant resources sector.

The bitumen products segment should achieve improved results with higher production volumes expected while the gasket manufacturing activities are expected to be a steady contributor.

Coventrys branch - Rockingham WA

Automotive Parts Distribution

The Automotive business unit revenue grew 13% to $273 million with profit declining 31% to $4.9 million. The Automotive business performed poorly during the year and as a result a significant amount of restructuring has been undertaken to address the underlying issues in the business. The senior line management of the Automotive business has changed during the year and has culminated in the search for a new Group General Manager Automotive.

The Western Australian based Coventrys business result was soft in the first half with the second half improving 28% over the prior period. The South Australian operations of Motor Traders recorded a disappointing result. The Independent Motor Mart business in the Northern Territory has performed well since its acquisition on 1 August 2004.

The Coventry Auto Parts (CAP) business in New South Wales and Queensland losses increased by $1.7 million as a result of major restructuring and initiatives and a $0.8 million stock write down during the period. The management of the CAP business has been radically overhauled with a new and smaller leadership team. The major restructuring consisted of a 30% drop in staff (including bringing in house delivery arrangements), the closure of the Blacktown distribution centre, the relocation of 3 branches to lower cost sites, the move of Thompsons/Rod Smith business to the Company's information technology system and the refocusing of the business from a trade/reseller focus to a trade/retail strategy. The restructure incurred one off costs of $1.4 million and impacted the revenue in both New South Wales and Queensland for a 6 month period. The major changes have been completed and the business is now in a position to go forward.

The Automotive and Agricultural Suppliers business in Toowoomba was purchased in February 2005 and adds $3 million in revenue.

The Automotive business unit has centralised its purchasing and inventory management to facilitate the leveraging of the Group's purchasing power and to improve the management performance of the business unit's inventory. This change is a significant step forward in improving gross margins and controlling the inventory across the division.

The strategy for the Automotive business units is to focus on improving the underperforming New South Wales, Queensland and South Australian businesses, leverage the centralised purchasing and inventory management, to expand the home brand and direct imported product range, move away from reseller business, to concentrate on the trade sales and increase over the counter sales. The focus for the genuine Holden and Ford products will be to grow the penetration of these products into the trade workshop markets.

The new management team's activities will focus on the underperforming businesses sales, gross margins and operating expenses.

The expansion of home branding aims to preserve gross margins, leverage the Group's purchasing power and to build brand equity.

With the sale of the Morley site. a new distribution centre has been secured in Redcliffe. This new site is located in the main transport corridor in Perth and will allow for the automation of a significant portion of the warehouse activities.

The outlook for the Automotive business is positive with the recent restructuring initiatives positioning the unit to improve its performance.

Operations Review from the CHIEF EXECUTIVE OFFICER

Coventry Fasteners branch - Campbellfield Vic

Industrial Products Distribution

This business segment achieved a net profit before interest and tax of $17 million – a 7% increase on the prior year. Revenue of $182 million represented a 5% improvement on the prior year.

Ongoing infrastructure project activity in Western Australia and strong demand from the mining sector and the Australian and New Zealand housing and construction sectors were the key contributing factors to the segment's result. Coventry Fasteners in Western Australia and Hylton Parker Fasteners in New Zealand recorded strong trading performances.

The performance was also assisted by the retention of major customer supply agreements as well as securing a number of new contracts. Margin pressure continues due to strong competitor activity.

During the year in review, the business of Associated World Bearings was sold. This business generated revenue of $7.7 million for the period of ownership during the year in review.

In July 2005, the industrial segment acquired the business of Am-Tech Fastenings & Components Ltd (Am-Tech), a New Zealand based fastener distribution business. The acquisition places the segment's fastener operations as one of the market leaders in New Zealand and broadens the industrial focus of the fastener branches.

AA Gaskets Pty Ltd recorded a consolidated net profit before interest and tax of $1.9 million – a 7% increase on the prior year. Revenue marginally declined to $12.4 million. Improvements in production efficiencies and increased production capacity following the purchase of new manufacturing presses contributed to the solid profit result. It is expected that the gasket manufacturing segment will continue to operate in a relatively flat environment.

Gasket Manufacturing

AA Gaskets travelling head press

The Group's bitumen segment recorded a net profit before interest and tax of $1.2 million – 5% down on last year. Increases in crude oil prices and strong competitor activity in most market segments for Hot Mix's asphalt operation impacted the profit result. Bitumen Emulsions' spray and cover activities achieved above budget results. A significant upgrade of the emulsion plant has commenced.

The steady demand for Hot Mix's recycled asphalt, EcoGrade™, and the launch of a new stonemastic asphalt product, together with a number of initiatives to grow the business into new markets, should result in improved production volumes and positively impact the segment's performance for the 2005/06 year.

Bitumen Products

Hot Mix asphalt plant - Gosnells WA

Board of Directors

Warwick Gordon Kent AO
Cit.WA, B.ECON, FCPA, FCIS, FAICD
Independent non-executive Chairman
Member of audit & risk committee
Chairman of nomination committee
age 69

Mr. Kent was appointed a director in July 2001 and became Chairman of the Company in November 2001. He is a former senior executive of Westpac Banking Corporation and was Managing Director and Deputy Chairman of Bank of Western Australia Limited for 8 years until his retirement in 1997. He is Chairman of West Australian Newspapers Holdings Limited and is a director of Commonwealth Bank of Australia. He is a former director of Perpetual Trustees Australia Limited (until 31 July 2005), SGIO Insurance Ltd and Colonial Limited. Mr. Kent is a past President of the WA Division of the Australian Institute of Company Directors.

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

	From	To
Commonwealth Bank of Australia	13.06.2000	current
West Australian Newspapers Holdings Limited	06.02.1998	current
Perpetual Trustees Australia Limited	01.05.1998	31.07.2005
Investment Company of the West Ltd	29.11.1999	09.08.2002

Joseph Boros
FCPA, FAICD
Independent non-executive director
Member of the audit & risk committee
age 60

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

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

Mr. Boros is a director of the Chamber of Commerce and Industry of Western Australia and a representative of the Retail Shops Advisory Committee.

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

Christopher James Glenn
DIP. APP. SC, GRAD. DIP. MKTING, MBA, GAICD
Chief Executive Officer and Managing Director
age 47

Mr. Glenn was appointed as chief executive officer and managing director of the Company in February 2003. He had held a number of senior executive positions with large international organisations and brings a wealth of experience to the Group in marketing and distribution as well as strong operational skills. His previous position was that of General Manager Fire and Safety at Tyco International in Sydney. Other positions have included General Manager Security Services at Tyco International.

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

Roger Baden Flynn
B.ENG(HONS), MBA, FIE (Aust)
Independent non-executive director
Member of remuneration committee
Member of nomination committee
age 55

Mr. Flynn was appointed a director of the Company in October 2001. Mr. Flynn has had broad senior management experience in primarily metal based industries in the US, Australia and Asia and has worked for BHP and Alcoa. He was General Manager of Pacific Dunlop's Olex Australia cable division and Managing Director of Siddons Ramset Limited for 7 years until 1999. He is also a director of Hills Industries Limited. He is a former director of Wattyl Limited, Longreach

Left to right: Warwick Kent AO, Chris Glenn, Roger Flynn, Joe Boros, Clifford Kyle, Peter Kyle AM, Barry Nazer, Ross McLean AM

Group Ltd (formerly Hartec Ltd), Ion Limited (Administrator Appointed) and has over 30 years of board experience on 6 listed companies. Mr. Flynn resides in Melbourne.

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

	From	To
Wattyl Limited	06.02.1997	31.12.2004
Hills Industries Limited	23.11.1999	current
Ion Limited (Administrator Appointed)	16.08.2004	03.08.2005
Longreach Group Ltd (formerly Hartec Ltd)	28.06.2000	02.09.2004

Clifford Maxwell Kyle

B.COM, DIPCM, FCIS, FAICD
Non-executive director
Member of audit & risk committee
Member of remuneration committee
age 49

Mr. Kyle joined the Company in 1979 and was appointed a director in 1990. Whilst an employee of the Company he was a senior executive with responsibilities in accounting, corporate services and administration until his resignation in December 1998.

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

Peter Arthur Kyle AM

MA (OXON), LLB (WA)
Independent non-executive director
Member of audit & risk committee
age 60

Mr. Kyle was appointed a director in 1980. He is a solicitor in private practice for over 30 years with particular expertise and experience in commercial litigation and local government affairs. He is past President of the Australian Local Government Association and a former director of Fremantle Gas & Coke Co Ltd and Consolidated Gold NL.

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

Ross Malcolm McLean AM

B.ECONS (HONS)
Independent non-executive director
Chairman of remuneration committee
Member of nomination committee
age 61

Mr. McLean was appointed a director in 1995. He is currently Deputy Chief Executive of the Chamber of Commerce and Industry of Western Australia. He is also a director of Westscheme Pty Ltd, CCI Training Services Pty Ltd and a board member of the Western Australian Cricket Association. Mr. McLean's past experience includes as a director of the Australian Broadcasting Corporation, Chairman of the WA Government's Trade Advisory Council, a Member of the State Government Economic Strategies Council and the Senate of Murdoch University.

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

Barry Frederick Nazer

BBUS, FCPA, FAIBF, ANZIIF (Fellow), FAICD
Independent non-executive director
Chairman of audit & risk committee
age 57

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

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

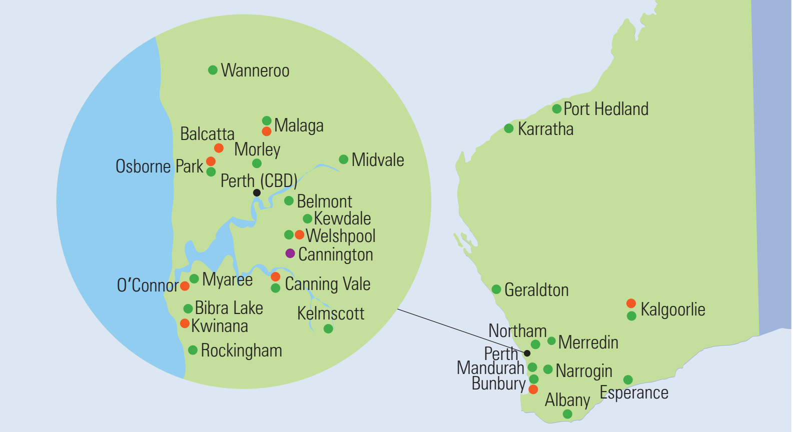
Mr. Nazer's past experience includes as a director of a public company involved in the development of treasury and risk management software for financial institutions and corporate treasuries and as a member of Curtin University's Business School Advisory Council.

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

Group Locations

Legend
- Automotive Parts
- Industrial Products
- Bitumen Products
- Gasket Manufacturing

Western Australia

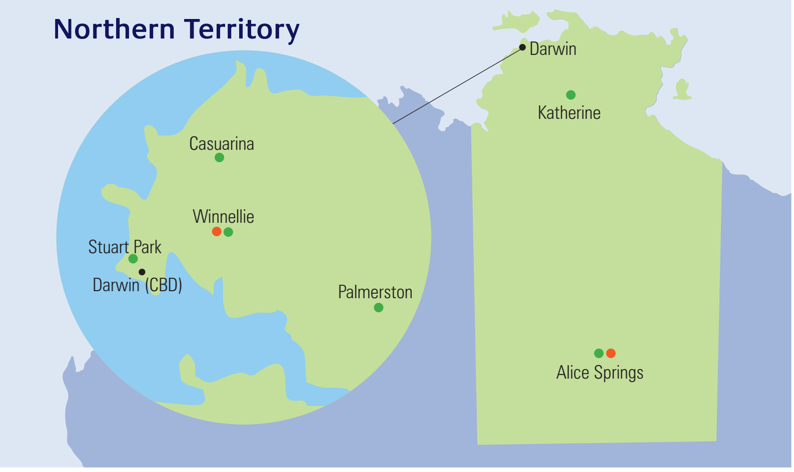


Queensland

South Australia

Victoria

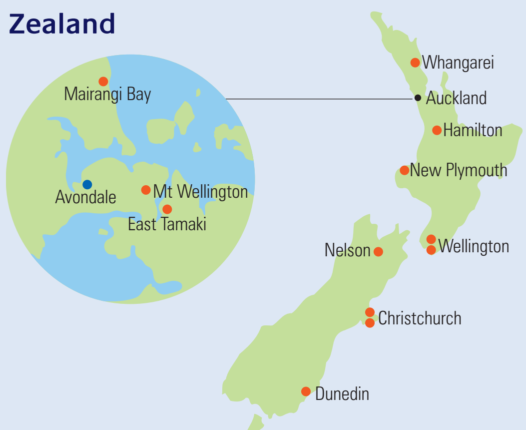
Northern Territory



New South Wales

Tasmania

New Zealand



Financial Report for the year ended 30 June 2005

Contents

Directors' Report

The directors present their report on the financial statements of the consolidated entity consisting of Coventry Group Ltd (the Company) and its controlled entities for the year ended 30 June 2005.

1. DIRECTORS

Information on Directors

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

Independent, non-executive directors
Warwick Gordon Kent, AO – Chairman
Joseph Boros
Roger Baden Flynn
Peter Arthur Kyle, AM
Ross Malcolm McLean, AM
Barry Frederick Nazer

Non-executive directors
Clifford Maxwell Kyle

Executive directors
Christopher James Glenn – Managing Director & Chief Executive Officer

Particulars of their qualifications, experience and special responsibilities are set out on pages 14 and 15 of the Annual Report.

Directors' Interests in Shares

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

	Number of Ordinary Shares
W G Kent	35,124
J Boros	7,500
C J Glenn	8,606
R B Flynn	4,738
C M Kyle	1,563,020
P A Kyle	6,122
R M McLean	16,189
B F Nazer	2,000

During the 2004/05 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 C J Glenn has a service contract with the Company dated 26 November 2002 and amended on 22 December 2003 which entitles him to benefits and the right to shares in the Company as disclosed in Note 5 to the financial statements and set out on pages 43 to 48 of the Annual 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 2005, and the number of meetings attended by each director.

	Board of Directors		Audit & Risk Committee		Remuneration Committee		Nomination Committee	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
W G Kent	13	13	5	5	-	-	1	1
J Boros	13	13	5	5	-	-	-	-
C J Glenn	13	13	-	-	-	-	-	-
R B Flynn	13	11	-	-	5	5	1	1
C M Kyle	13	13	5	5	5	4	-	-
P A Kyle	13	12	5	5	-	-	-	-
R M McLean	13	12	-	-	5	5	1	1
B F Nazer	13	12	5	5	-	-	-	-

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 deemed meetings.

Directors' Report (continued)

2. PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity during the financial year were:

- the distribution of automotive parts and accessories, mining and general consumables, industrial and construction fasteners, bearings, power transmission products, lubrication products and systems, hoses and fittings and hydraulic fluid systems;
- asphalt manufacture and application, road profiling, and manufacture and spraying of bituminous products; and
- the manufacture and distribution of automotive and industrial gaskets.

3. CONSOLIDATED RESULTS

Results of the consolidated entity for the year ended 30 June 2005 were as follows:

	2005	2004
	$000	$000
Revenue from ordinary activities	**496,101**	440,302
Profit from ordinary activities before income tax	**22,946**	21,929
Income tax expense	**6,001**	6,758
Profit from ordinary activities after income tax expense	**16,945**	15,171
Net profit attributable to outside equity interests	**(389)**	(371)
Net profit attributable to members of Coventry Group Ltd	**16,556**	14,800

4. DIVIDENDS

The directors have declared a final dividend of 18 cents, fully franked, for each ordinary share for the year ended 30 June 2005. The record date for the dividend is 12 September 2005 and it will be paid on 23 September 2005.

An interim dividend of 18 cents, fully franked, for each ordinary share was declared by the directors on 21 February 2005 and paid on 18 March 2005.

A special dividend of 30 cents, fully franked, for each ordinary share was declared by the directors on 7 June 2005 and paid on 5 July 2005. The payment of the final dividend will bring the total dividend on ordinary shares to 66 cents for each share for the year ended 30 June 2005.

For the year ended 30 June 2004, the final dividend of 18 cents for each ordinary share referred to in the Directors' Report dated 26 August 2004 was paid on 24 September 2004.

5. REVIEW OF OPERATIONS AND RESULTS

A review of the consolidated entity's operations for the financial year and the results of those operations are contained in pages 1 to 13 of the Annual Report and in particular in the Chief Executive's review section.

6. EARNINGS PER SHARE

Earnings per share (basic) for the year ended 30 June 2005 was 46.8 cents. This compares to 42.5 cents for the previous year.

7. SIGNIFICANT CHANGE IN THE COMPANY'S AFFAIRS

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

8. EVENTS SUBSEQUENT TO REPORTING DATE

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

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

in future financial years, except in relation to dividends and acquisitions as disclosed in Note 33 to the financial statements and set out on page 66 of the Annual Report and the impact of adopting the Australian equivalents to International Financial Reporting Standards as disclosed in Note 34 to the financial statements and set out on pages 66 to 74 of the Annual Report.

Directors' Report (continued)

9. LIKELY DEVELOPMENTS

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

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

10. REMUNERATION REPORT

The remuneration report is set out on pages 23 to 26 of the Annual Report and forms part of this report. In summary the report:

- explains the principles used to determine the nature and amount of remuneration of directors and specified executives (being executives, other than the directors, with the greatest authority for strategic direction and management of the Company);
- details any performance conditions applicable to the remuneration of directors and specified executives;
- sets out the remuneration details for each director and the five most highly remunerated senior executives of the Company; and
- sets out particulars of short term and long term incentives and key employment terms of the specified executives.

11. ENVIRONMENTAL REGULATION

The consolidated entity is subject to environmental regulation in respect of its bitumen and asphalt manufacturing activities.

The Group's Hot Mix division procures asphalt in accordance with an agreement entered into with Emoleum (a partnership between Readymix Road Group Pty Ltd and Vacuum Road Services Pty Ltd). Under the agreement, an asphalt production sharing facility has been established at CSR Ltd's Gosnells quarry. The relevant EPA licence for the Gosnells site is held by Emoleum.

The Hot Mix and Bitumen Emulsions divisions also comply with the dangerous goods code. Accordingly, the divisions have an ongoing programme for the licensing and inspection of their transport vehicles for the carriage of dangerous goods. Both divisions hold and comply with a licence issued by the Department of Minerals and Energy in Western Australia in relation to the storage of bituminous products. The two divisions have procedures and systems to ensure compliance with environmental regulations which are regularly reviewed.

The consolidated entity is not subject to any other specific environmental regulation.

The consolidated entity 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.

For the financial year ended 30 June 2005 and as at the date of this report, the consolidated entity has not been prosecuted nor incurred any infringement penalty for environmental incidents.

12. INSURANCE OF OFFICERS

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

13. CORPORATE GOVERNANCE

The Statement of Corporate Governance Practices as disclosed on pages 27 to 33 of the Annual Report sets out the Company's main corporate governance practices throughout the financial year and as at the date of this report.

14. OPTIONS

The Company has not issued any options over unissued shares.

15. PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Company nor has any application been made in respect of the Company under Section 237 of the Corporations Act 2001.

16. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, provided non-audit services to the consolidated entity for fees totalling $7,000. The non-audit services consisted of providing assurance advice on the adoption of International Financial Reporting Standards.

In accordance with advice from the Company's audit & risk committee, the directors are satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. Also in accordance with advice from the Company's audit & risk committee, the directors are

Directors' Report (continued)

satisfied that the provision of non-audit services during the year did not compromise the auditor independence requirement of the Corporations Act 2001 because:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor;
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out by regulatory bodies; and
- the nature of the non-audit services provided is consistent with the policy adopted by the Company for the provision of non-audit services by the external auditor.

17. AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration made in accordance with Section 307C of the Corporations Act 2001 is set out on page *77* of the Annual Report and forms part of this report.

18. COMPANY SECRETARY

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

19. 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.

W G Kent, AO	C J Glenn
Chairman	Managing Director and Chief Executive Officer

Perth
22 August 2005

Remuneration Report

for the year ended 30 June 2005

1. DIRECTORS

The following persons were directors of Coventry Group Ltd during the financial year:

Chairman – non-executive
WG Kent, AO

Chief Executive Officer and Managing Director
CJ Glenn

Non-executive directors
J Boros
RB Flynn
CM Kyle
PA Kyle, AM
RM McLean, AM
BF Nazer

2. EXECUTIVES (OTHER THAN DIRECTORS) WITH THE GREATEST AUTHORITY FOR STRATEGIC DIRECTION AND MANAGEMENT

The following persons were the five executives with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") during the financial year:

V Scidone, Group General Manager – Industrial
DJ Fraser, Group General Manager – Automotive (ceased employment on 27 May 2005)
SA Cooper, Chief Financial Officer
JS Furness, Chief Information Officer
J Colli, Company Secretary

All of the above were also specified executives during the year ended 30 June 2004.

3. REMUNERATION OF DIRECTORS AND EXECUTIVES

Principles used to determine the nature and amount of remuneration

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

Non-executive directors

Fees paid to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees are reviewed annually by the Remuneration Committee. The Remuneration Committee also seeks the advice of independent remuneration consultants to ensure non-executive directors' fees are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparable roles in the external market. Non-executive directors do not receive any equity-based remuneration.

Directors' fees

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

For the year ended 30 June 2005 the Board determined that non-executive directors fees be allocated as follows:

Chairman	$105,000
Non-executive Directors	$52,000
Interstate Non-executive Director	$62,500
Chairman of Audit & Risk Committee (in addition to base fee)	$10,000
Chairman of Remuneration Committee (in addition to base fee)	$7,500

Executive pay

The executive reward framework has three components:

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

The combination of these comprises the executive's total remuneration.

Remuneration Report (continued)

for the year ended 30 June 2005

Fixed annual remuneration

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

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

Short-term incentives

Short-term cash incentives of up to 25% of fixed annual remuneration (for the Managing Director, 35% of base salary) are payable to the senior executives upon the achievement of various annual performance targets, which currently include return on equity, budget earnings before interest and tax, and personal goals. Such targets ensure that incentives are only paid when value has been created for shareholders and when profit is consistent with the budget.

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

Long-term incentives

Long-term incentives are provided through the Company's executive long-term incentive plan ("ELTIP"), which was approved at the annual general meeting on 5 November 2003. It provides for eligible executives (currently 7, including the Managing Director) to receive fully paid ordinary shares in the Company, upon achieving performance criteria set by the Board. Under the plan, eligible executives are offered ordinary shares worth up to 25% of fixed annual remuneration as at the start of the performance period, which will only vest upon the achievement of certain performance criteria. Offers have been made in respect of the 3 year performance period commencing on 1 July 2003 ("the 2003 Offer") and on 1 July 2004 ("the 2004 Offer").

The performance criteria for both the 2003 and 2004 Offers under the ELTIP are as follows:

- one half of the offered shares will vest to the participant upon the achievement of a threshold earnings per share ("EPS") growth hurdle over the relevant 3 year performance period. The offered shares will be vested in differing amounts depending on the percentage growth in EPS in excess of the threshold level over the 3 year period being cumulative $1.269 EPS for the 2003 Offer, and cumulative $1.548 EPS for the 2004 Offer, with all of the offered shares under these hurdles vested once an additional 10% growth in EPS over and above the threshold levels has been achieved; and
- one half of the offered shares will vest to the participant upon the achievement of a relative total shareholder return ("TSR") hurdle over the relevant 3 year performance period. The offered shares will be vested in differing amounts depending on the Company's TSR performance over the relevant 3 year performance period compared to the TSR performance of the companies comprising the S&P/ASX Small Industrials Index at the start of the relevant performance period ("Comparator Group"). No offered shares will be vested under the 2003 and 2004 Offers unless the Company's TSR performance is at least equal to the TSR performance of the company which is at the 50th percentile of the Comparator Group ranked by TSR. All offered shares under this hurdle in the 2003 offer will be vested if the Company's TSR over the 3 years is equal to or greater than the TSR performance of the company which is at the 60th percentile of the Comparator Group ranked by TSR. All offered shares under this hurdle in the 2004 offer will be vested if the Company's TSR over the 3 years is equal to or greater than the TSR performance of the company which is at the 75th percentile of the Comparator Group ranked by TSR.

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

As the shares offered under the ELTIP relate to 3 year performance periods, one third of fair value as at grant date has been disclosed as remuneration for the year ended 30 June 2005 (see the section headed "Value of Shares" later in this Remuneration Report for an explanation of "fair value").

Remuneration Report (continued)

for the year ended 30 June 2005

Details of remuneration

The following table provides the details of the nature and amount of elements of remuneration for specified directors and specified executives for the year ended 30 June 2005.

Directors of Coventry Group Ltd

	Primary			Post Employment	Equity	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation (i) $	Value of shares $	Total $
WG Kent	105,000	-	-	9,450	-	114,450
CJ Glenn	434,763	90,590 (ii)	24,252	44,695	94,936	689,236
J Boros	52,000	-	-	4,680	-	56,680
RB Flynn	66,719	-	-	1,125	-	67,844
CM Kyle	52,000	-	-	4,680	-	56,680
PA Kyle	56,167	-	-	5,055	-	61,222
RM McLean	59,500	-	-	5,355	-	64,855
BF Nazer	57,833	-	-	5,205	-	63,038
Total	883,982	90,590	24,252	80,245	94,936	1,174,005

Specified executives of the consolidated entity

V Scidone	285,212	16,733	21,963	30,422	57,819	412,149
DJ Fraser (iii)	487,544	2,285	33,127	14,282	46,212	583,450
SA Cooper	196,913	36,215	17,667	11,598	40,225	302,618
JS Furness	173,266	25,910	32,762	17,469	37,160	286,567
J Colli	149,863	28,844	20,383	11,585	31,659	242,334
Total	1,292,798	109,987	125,902	85,356	213,075	1,827,118

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

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

(ii) Includes $42,690 in relation to the year ended 30 June 2004.

(iii) Mr Fraser ceased employment with the Company on 27 May 2005 and received a payment in lieu of notice, pursuant to the terms of his employment contract, of $278,585. This amount is included above under cash salary and fees.

The following table provides the details of the nature and amount of elements of remuneration for specified directors and specified executives for the year ended 30 June 2004.

Directors of Coventry Group Ltd

	Primary			Post Employment	Equity	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation (i) $	Value of shares $	Total $
WG Kent	84,000	-	-	7,560	-	91,560
CJ Glenn	434,821	9,833	147,142	36,714	25,363	653,873
J Boros (appointed on 1 March 2004)	14,000	-	-	1,260	-	15,260
RB Flynn	50,000	-	-	4,500	-	54,500
BA Goddard (retired on 29 February 2004)	48,000	-	-	4,320	-	52,320
CM Kyle	42,000	-	-	3,780	-	45,780
PA Kyle	42,000	-	-	3,780	-	45,780
RM McLean	42,000	-	-	3,780	-	45,780
BF Nazer (appointed on 1 September 2003)	35,000	-	-	3,150	-	38,150
Total	791,821	9,833	147,142	68,844	25,363	1,043,003

Specified executives of the consolidated entity

V Scidone	297,039	61,000	20,108	11,002	35,723	424,872
DJ Fraser	258,736	10,000	21,181	11,002	31,869	332,788
SA Cooper	191,806	8,000	14,851	13,538	25,274	253,469
JS Furness (commenced on 11 August 2003)	155,024	8,000	10,921	13,080	23,389	210,414
J Colli	147,190	6,000	12,221	11,002	19,904	196,317
Total	1,049,795	93,000	79,282	59,624	136,159	1,417,860

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

Remuneration Report (continued)

for the year ended 30 June 2005

Value of shares

The fair value of the ELTIP shares is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the shares allocated to this reporting period. In valuing the shares market conditions have been taken into account in both current and prior periods. Comparative information was not restated as market conditions were already included in the valuation.

The following factors and assumptions were used in determining the fair value of shares at grant date:

Grant date	Expiry date	Fair value per share	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
1 July 2003	1 July 2006	$3.96	$0.01	$4.95	24%	5.7%	7.4%
1 July 2004	1 July 2007	$4.71	$0.01	$5.72	24%	5.4%	6.4%

Employment contracts

Remuneration and other terms of employment for the Managing Director and the specified executives are formalised in employment contracts. Each contract deals with the provision of fixed annual remuneration, short-term incentives, and long-term incentives. Other major provisions of the contracts relating to remuneration are set out below:

CJ Glenn, Managing Director
- The contract has no fixed term.
- Fixed annual remuneration to be reviewed annually by the Board. The Company also pays for home telephone expenses.
- Subject to the achievement of agreed key performance indicators, an annual short-term incentive of up to 35% of base salary will be paid by the Company.
- For each financial year up to and including the year ending 30 June 2006, subject to the achievement of certain performance criteria over a 3 year period, a long-term incentive of a minimum of 25% of fixed annual remuneration will be paid by the Company in the form of shares.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Other than for an act that may have a serious detrimental effect on the Company, such as wilful disobedience, fraud or misconduct, termination of employment requires 12 months notice by the Company.

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

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

JS Furness, Chief Information Officer
- The contract has no fixed term.
- Fixed annual remuneration to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 6 months notice by the Company. In the event of redundancy, the Company must pay an additional 4 weeks pay after 1 year of continuous service, with the redundancy payment obligation increasing progressively for each year of service up to a maximum of 52 weeks pay.

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

Remuneration Report (continued)

for the year ended 30 June 2005

DJ Fraser, Group General Manager – Automotive (ceased employment on 27 May 2005)
- The contract had no fixed term.
- Fixed annual remuneration was to be reviewed annually by the Remuneration Committee.
- Long service leave was payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans was at the discretion of the Company.
- Other than for serious misconduct, termination of employment required 6 months notice by the Company. Upon termination, for each year of service in excess of 5 years continuous service, the Company was to pay an additional 2 weeks pay, up to a maximum of 26 weeks pay.

4. EQUITY INSTRUMENT DISCLOSURES RELATING TO DIRECTORS AND EXECUTIVES

Details of ordinary shares offered as remuneration under the ELTIP

The balance at the commencement of the reporting period, together with the movement during the reporting period, of ordinary shares offered under the ELTIP, to each specified director and specified executive, is as follows:

Name	Number of shares offered at 1 July 2004	Number of shares offered during the year	Number of shares vested during the year	Number of shares offered at 30 June 2005
CJ Glenn	32,719	69,394(i)	-	102,113
V Scidone	46,084	14,815	-	60,899
DJ Fraser	41,114	12,433	-	53,547
SA Cooper	32,605	10,024	-	42,629
JS Furness	30,173	9,233	-	39,406
J Colli	25,678	7,881	-	33,559

(i) Includes an offer of 47,362 shares in relation to the 2003 Offer.

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares of Coventry Group Ltd held directly, indirectly or beneficially by each specified director and specified executive, including their personally-related entities is as follows:

	Held at 1 July 2004	Purchases	Received as Remuneration	Sales	Held at 30 June 2005
Specified directors					
WG Kent (Chairman)	32,501	2,623	-	-	35,124
J Boros	7,500	-	-	-	7,500
RB Flynn	4,402	336	-	-	4,738
CJ Glenn	29,827	4,377	-	20,598(i)	13,606(ii)
CM Kyle	2,934,124	2,582	-	-	2,936,706(iii)
PA Kyle	5,664	458	-	-	6,122
RM McLean	16,189	-	-	-	16,189
BF Nazer	-	2,000	-	-	2,000
Specified executives					
V Scidone	5,401	1,418	-	-	6,819
DJ Fraser	2,357	192	-	-	2,549
SA Cooper	3,498	284	-	-	3,782
J Colli	-	-	-	-	-
JS Furness	847	1,150	-	-	1,997

(i) These shares were sold by personally-related entities in which Mr Glenn has no relevant interest.
(ii) Includes 5,000 shares held by personally-related entities in which Mr Glenn has no relevant interest.
(iii) Includes 1,371,104 shares held by personally-related entities in which Mr C Kyle has no relevant interest.

5. OTHER TRANSACTIONS

From time to time specified directors and specified executives of the Company may purchase goods from companies within the consolidated entity on the same terms and conditions as apply to any other employees of the consolidated entity.

Statement of Corporate Governance Practices

INTRODUCTION

This statement is dated 22 August 2005 and sets out the corporate governance practices of Coventry Group Ltd (CGL) for the 2004/05 financial year and as at the date of this statement. If the practices have not been in place for the entire year, that is stated.

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

"The system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimised".

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

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

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

This statement should be read in conjunction with CGL's Annual Report.

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

1. ROLE OF THE BOARD AND MANAGEMENT

ASXCGC Principle 1
Lay solid foundations for management and oversight.

ASXCGC Recommendation 1.1:
Formalise and disclose the functions reserved to the Board and those delegated to management.

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

In August 2003, the Board adopted a charter which formalised certain matters relating to the Board. The charter addresses the purpose and role of the Board, its powers, board membership, independence criteria, meeting formalities, board subcommittee requirements, self assessment and appointment procedures as well as a policy on directors' terms of office.

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

Formal letters of engagement for non-executive directors, setting out the key terms and conditions of their appointment, were established in September 2003.

The Chief Executive Officer, Mr C J Glenn, is engaged in accordance with a service contract and has a formal position description which was approved by the Board in February 2004.

All senior executives of the Company are employed pursuant to formal service contracts and have formal position descriptions. The Chief Financial Officer, Mr S A Cooper, has had his position description endorsed by the Board.

The Company has a formal Delegated Authority Policy which sets out parameters and limits for entering into contractual relationships with suppliers, capital expenditure and other operational matters. The policy is amended and updated as circumstances arise.

2. COMPOSITION OF THE BOARD

ASXCGC Principle 2
Structure the Board to add value.

ASXCGC Recommendation 2.1:
A majority of the Board should be independent directors.

CGL Practice
The Board presently consists of 8 directors. Seven directors are non-executive directors and, of these, 6 are considered to be independent. Mr C M Kyle is not independent in terms of the ASXCGC definition as he moved from being an executive director to a non-executive director without at least a 3 year break from the Board. Furthermore, his independence is considered by the definition to be impaired by a significant relevant interest in securities of the Company through related parties.

The names of the directors of the Company as at the date of this statement are set out on page 18 of the Annual Report.

Statement of Corporate Governance Practices (continued)

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

In relation to the term of office for the directors, the Board adopted the following policy in September 2002:

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

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

For the purpose of calculating the term of a director who is in office at the time of adoption of this policy by the Board, a director who has been in office for a period longer than seven years will be deemed to have been in office for a period of seven years only and will agree not to seek re-election to the Board after having served a further 5 years.

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

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

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

The Board has a balanced composition with each current director bringing to the Company a range of complementary skills and experience as outlined on pages 14 and 15 of the Annual Report.

To assist the Board in discharging its responsibilities, the Board has established the following Board Committees:

- Audit & Risk Committee
- Remuneration Committee
- Nomination Committee

ASXCGC Recommendation 2.2:
The Chairperson should be an independent director.

CGL Practice
The Company's Chairman, Mr W G Kent, is considered to be independent in terms of the ASXCGC's criteria for independent directors.

ASXCGC Recommendation 2.3:
The roles of the Chairperson and the Chief Executive Officer should not be exercised by the same individual.

CGL Practice
The Company's Chairman, Mr W G Kent and Chief Executive Officer, Mr C J Glenn, have separate roles.

ASXCGC Recommendation 2.4:
The Board should establish a Nomination Committee.

CGL Practice
In June 2003, the Board established a Nomination Committee.

The members of the Nomination Committee are:

- W G Kent (Chairman), independent non-executive director
- R B Flynn, independent non-executive director
- R M McLean, independent non-executive director

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

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

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

The number of Committee meetings held and attended by its members are set out on page 18 of the Annual Report.

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

Statement of Corporate Governance Practices (continued)

3. ETHICAL AND RESPONSIBLE DECISION-MAKING

ASXCGC Principle 3:
Promote ethical and responsible decision-making.

ASXCGC Recommendation 3.1:
Establish a code of conduct to guide the directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:

3.1.1 the practices necessary to maintain confidence in the Company's integrity.
3.1.2 the responsibility and accountability of individuals for reporting and investigating reports of unethical practice.

CGL Practice
In February 2004, the Board adopted a formal Code of Conduct. The Code sets out the principles and standards with which all the Group's directors and employees are expected to comply in the performance of their respective duties. The Code requires all directors and employees to act with honesty and integrity, comply with the law and conduct themselves in the best interests of the Company.

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

ASXCGC Recommendation 3.2:
Disclose the policy concerning trading in Company securities by directors, officers and employees.

CGL Practice
The Board has in place a specific share trading policy which applies to the directors and senior management of the Company.

The policy stipulates that directors and the senior management are required to restrict their trading in the Company's securities to a period of four weeks commencing 48 hours after the release of half year results, annual results or the annual general meeting provided they are not in possession of price sensitive information that is not generally available to the market. Any proposed purchase or sale of securities must first be referred to the Chairman or Chief Executive Officer.

In addition, the Company's Code of Conduct requires that all directors and employees observe the insider trading law which prohibits the buying or selling of the Company's securities at any time if they are in possession of price sensitive information that has not been released to the market.

The Company's internal audit has implemented a periodic review mechanism to ensure compliance.

The Share Trading Policy can be viewed on the Group's website, under the tab – 'Investor Relations, Corporate Governance Summary'.

4. INTEGRITY OF FINANCIAL REPORTING

ASXCGC Principle 4:
Safeguard integrity in financial reporting.

ASXCGC Recommendation 4.1:
Requires the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) to state in writing to the Board that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operational results and are in accordance with relevant accounting standards.

CGL Practice
The Company's Chief Executive Officer and Chief Financial Officer report in writing to the Audit & Risk Committee and the Board that the consolidated financial statements of Coventry Group Ltd and its controlled entities for each half and full financial year present a true and fair view, in all material respects, of the Group's financial condition and operational results and are in accordance with accounting standards.

ASXCGC Recommendation 4.2:
The Board should establish an Audit Committee.

CGL Practice
The Board established an Audit Committee in 1995. In February 2004 the Audit Committee's Charter was reviewed and its name changed to the Audit & Risk Committee.

ASXCGC Recommendation 4.3:
Structure the Audit Committee so that it consists of:
- only non-executive directors
- a majority of independent directors
- an independent chairperson, who is not chairperson of the Board
- at least three members

Statement of Corporate Governance Practices (continued)

CGL Practice
The current members of the Audit & Risk Committee are:

- B F Nazer (appointed Chairman on 01.12.04), independent non-executive director
- J Boros, independent non-executive director
- W G Kent, independent non-executive director
- C M Kyle, non-executive director
- P A Kyle (Chairman until 30.11.04), independent non-executive director

The number of Committee meetings held and attended by its members are set out on page 18 of the Annual Report.

The Chief Executive Officer, internal and external auditors and the Chief Financial Officer attend meetings by invitation.

Details of the experience of the members of the Committee are set out on pages 14 and 15 of the Annual Report and indicate that each is suitably qualified to be a member of the Audit & Risk Committee.

ASXCGC Recommendation 4.4:
The Audit Committee should have a formal charter.

CGL Practice
The Company's Audit & Risk Committee has a formal charter which sets out its role, composition and duties and responsibilities.

In February 2004, the Committee's name was changed to the Audit & Risk Committee and its charter revised to encompass an expanded role.

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

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

5. CONTINUOUS DISCLOSURE TO ASX

ASXCGC Principle 5:
Make a timely and balanced disclosure.

ASXCGC Recommendation 5.1:
Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

CGL Practice
The Board observes the continuous disclosure obligations as imposed by the Australian Stock Exchange Listing Rules. The matter is continuously monitored by the Group's executive management and regularly reviewed by the Board on a monthly basis as a standing agenda item.

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

The Company has a formal policy for communicating with the investment community and the media which was approved by the Board in August 2003. The Chairman, Chief Executive Officer and Chief Financial Officer are the only persons authorised to communicate on behalf of the Company for these specific groups. The Company Secretary is the responsible person for all communications with the ASX.

6. COMMUNICATION WITH SHAREHOLDERS

ASXCGC Principle 6:
Respect the rights of shareholders.

ASXCGC Recommendation 6.1:
Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

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

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

Statement of Corporate Governance Practices (continued)

The Board encourages full participation by shareholders at the Annual General Meeting to ensure a high level of accountability and understanding of the Group's strategy and goals. Important issues are presented to shareholders as single resolutions. The Chairman's and Chief Executive Officer's addresses at the Annual General Meeting are simultaneously released to the ASX and posted on the website.

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

ASXCGC Recommendation 6.2:
Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

CGL Practice
The Company's practice is to ensure the Group's external auditor attends the Annual General Meeting and is available to answer questions from shareholders on matters relating to the audit of the Group's accounts.

7. RISK MANAGEMENT

ASXCGC Principle 7:
Recognise and manage risk.

ASXCGC Recommendation 7.1:
The Board or appropriate Board Committee should establish policies on risk oversight and management.

CGL Practice
During the 2003/04 financial year a number of systems and processes were implemented to ensure effective management of risk across the Group.

The Board has overall responsibility for the oversight of the Group's risk management and control framework. The Audit & Risk Committee assists the Board in fulfilling its responsibilities in this regard. As mentioned earlier under Principle 4, in February 2004 the Audit Committee's Charter was expanded to include oversight of risk management. In August 2003, an Executive Risk Committee (ERC) was established comprising the Chief Financial Officer (Chairman), Chief Executive Officer and Company Secretary, with the internal auditor attending as an observer. The ERC meets regularly and reports directly to the Audit & Risk Committee. It has a formal charter and its main function is to ensure areas of Group risk are being monitored and appropriate actions are being implemented where necessary and that the Board is regularly informed of key risk issues.

Following on from the 2002/03 financial year when the Company undertook a whole of business risk review in conjunction with its consultants, Marsh Pty Ltd, the Group has established risk registers covering corporate activities as well as registers for the respective business segments - automotive, industrial, gaskets manufacturing and bitumen. The registers cover risks such as operational, information technology, compliance, financial, occupational health and safety, strategic, business continuity, environmental and ethical conduct.

Ratings have been applied to the various identified risks and responsibility for monitoring and amelioration has been designated to individuals.

Since the end of the 2004/05 financial year the Company has implemented an online trade practices compliance program as part of an initiative to mitigate risks in this area.

ASXCGC Recommendation 7.2:
The Chief Executive Officer and the Chief Financial Officer should state in writing that:

7.2.1 the statement given in accordance with best practice recommendation 4.1 is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

7.2.2 the Company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

CGL Practice
The Company's Chief Executive Officer and Chief Financial Officer have reported in writing to the Audit & Risk Committee and the Board that:

(i) the statement given in accordance with Council's best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and

(ii) the Company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

The qualification contained in the Corporate Governance Statement for the year ended 30 June 2004 in relation to the Company's information technology disaster recovery capability has been addressed. Since March 2005, the Company has implemented disaster recovery capability for critical hardware, software and network components of its information network.

Statement of Corporate Governance Practices (continued)

8. ENHANCEMENT OF PERFORMANCE

ASXCGC Principle 8:
Encourage enhanced performance.

ASXCGC Recommendation 8.1:
Disclose the process for performance evaluation of the Board, its committees and individual directors, and key executives.

CGL Practice
The Board's charter stipulates that an annual performance evaluation of the Board is undertaken. The Audit & Risk Committee also has a requirement for regular self assessment. A review of the functions and effectiveness of the Board was undertaken in 2002 by external consultants, Egon Zehnder International. An evaluation of the Board's performance was conducted in conjunction with Egon Zehnder International during the second half of the year in review. External reviews will continue to be undertaken from time to time.

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

Following a review of the content of the questionnaires by the Chairman, a summary of the overall result is distributed to and discussed by directors. Significant issues identified or changes recommended are actioned in the Board's ongoing development programme.

During the 2003/04 financial year a formal induction programme for all newly appointed directors was established.

Arrangements also are in place to monitor the performance of senior executives of the Group. The direct reports to the Chief Executive Officer have formal performance reviews at year end and half year. During the year in review a '360 degree' executive evaluation exercise was conducted in conjunction with external consultants, Chandler & MacLeod.

The Remuneration Committee also monitors the performance of the Chief Executive Officer (in consultation with the Chairman) and his direct reports (in consultation with the Chief Executive Officer) to ensure that the level of reward is aligned with respective responsibilities and individual contributions made to the success of the Company. The minutes of Remuneration Committee meetings are circulated to all directors.

9. REMUNERATION

ASXCGC Principle 9:
Remunerate fairly and responsibly.

ASXCGC Recommendation 9.1:
Provide disclosure in relation to the Company's remuneration policies to enable investors to understand
(i) the costs and benefits of those policies; and
(ii) the link between remuneration paid to directors and key executives and corporate performance.

CGL Practice
The Company's policies relating to the directors' and senior executives' remuneration and the level of their remuneration are set out in the Remuneration Report on pages 22 to 26 of the Annual Report.

ASXCGC Recommendation 9.2:
The Board to establish a Remuneration Committee.

CGL Practice
The Board established a Remuneration Committee in 1995.

The current members of the Remuneration Committee are:

- R M McLean (Chairman), independent non-executive director
- R B Flynn, independent non-executive director
- C M Kyle, non-executive director

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

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

The Chief Executive Officer, Mr C J Glenn, who attends by invitation, absents himself from meetings before any discussion by the Committee in relation to his own remuneration.

The number of Committee meetings held and attended by its members are set out on page 18 of the Annual Report.

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

Statement of Corporate Governance Practices (continued)

ASXCGC Recommendation 9.3:
Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

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

The aggregate amount payable to non-executive directors must not exceed the maximum annual amount approved by the Company's shareholders at the Annual General Meeting. Further details of non-executive directors' remuneration is contained in the Remuneration Report on pages 22 to 26 of the Annual Report.

All senior Company executives have service contracts which clearly set out the basis for their remuneration. Further details of executive remuneration are set out in the Remuneration Report on pages 22 to 26 of the Annual Report.

ASXCGC Recommendation 9.4:
Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

CGL Practice
The Company ensures that the payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

The Chief Executive Officer's Long Term Incentive Plan and the Executive Long Term Incentive Plan were both approved by shareholders at the 2003 Annual General Meeting.

10. INTERESTS OF STAKEHOLDERS

ASXCGC Principle 10:
Recognise the legitimate interests of stakeholders.

ASXCGC Recommendation 10.1:
Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

CGL Practice
The Company adopted a formal Code of Conduct in February 2004. The Code must be observed by all directors and employees of the Company.

The Code reinforces the Company's fundamental principle that all officers will undertake all business activities in strict adherence to the Company's values for the benefit of our employees, customers, suppliers and other stakeholders. The Company's values include:

- to act with honesty and integrity
- act professionally at all times
- be accountable for respective areas of business to optimize shareholder returns
- strive for innovation and continuous improvement
- communicate openly and honestly
- attract and retain people of the highest skills and competencies.

The Board has also adopted a formal policy for the Group in compliance with privacy legislation which applies to private sector organisations.

The Code of Conduct and Privacy Policy can be viewed on the Group's website under the tab – 'Investor Relations, Corporate Governance Summary'.

Statements of Financial Performance

for the year ended 30 June 2005

	Note	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
Revenue from ordinary activities	2	**496,101**	440,302	**425,588**	384,389
Cost of goods sold		**(295,704)**	(273,080)	**(252,981)**	(238,576)
Employee benefits expense		**(93,530)**	(84,329)	**(79,402)**	(73,836)
Depreciation and amortisation expenses	3	**(8,844)**	(7,806)	**(6,841)**	(6,425)
Borrowing costs	3	**(2,189)**	(1,819)	**(1,857)**	(1,563)
Occupancy costs		**(10,179)**	(8,979)	**(6,817)**	(6,071)
Book value of assets sold		**(17,571)**	(2,567)	**(17,485)**	(2,509)
Communication costs		**(3,510)**	(3,234)	**(2,804)**	(2,663)
Recoverable amount write-down	3	**-**	-	**(5,823)**	(4,139)
Other expenses from ordinary activities		**(41,628)**	(36,559)	**(31,538)**	(28,510)
Profit from ordinary activities before income tax expense		**22,946**	21,929	**20,040**	20,097
Income tax expense	4	**(6,001)**	(6,758)	**(4,503)**	(5,409)
Profit from ordinary activities after income tax expense		**16,945**	15,171	**15,537**	14,688
Net profit attributable to outside equity interest		**(389)**	(371)	**-**	-
Net profit attributable to members of Coventry Group Ltd	24(b)	**16,556**	14,800	**15,537**	14,688
Net exchange differences on translation of financial statements of foreign controlled entities	24(a)	**(102)**	370	**-**	-
Total revenues, expenses and valuation adjustments attributable to members of Coventry Group Ltd recognised directly in equity		**(102)**	370	**-**	-
Total changes in equity other than those resulting from transactions with owners as owners	26	**16,454**	15,170	**15,537**	14,688
Basic earnings per share	8	**46.8 cents**	42.5 cents		
Diluted earnings per share	8	**46.3 cents**	42.2 cents		

The Statements of Financial Performance are to be read in conjunction with the accompanying notes to the financial statements.

Statements of Financial Position

for the year ended 30 June 2005

	Note	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
CURRENT ASSETS					
Cash assets	9	**25,853**	12,356	**14,971**	2,819
Receivables	11	**70,172**	65,161	**87,787**	71,715
Inventories	12	**88,441**	79,632	**68,850**	62,134
Other assets	18	**1,697**	2,035	**1,304**	1,263
TOTAL CURRENT ASSETS		**186,163**	159,184	**172,912**	137,931
NON-CURRENT ASSETS					
Other financial assets	13	**-**	-	**9,960**	15,782
Property, plant and equipment	15	**47,516**	57,962	**39,885**	51,397
Deferred tax assets	16	**6,145**	5,521	**5,585**	5,070
Intangible assets	17	**30,054**	21,310	**21,062**	15,621
TOTAL NON-CURRENT ASSETS		**83,715**	84,793	**76,492**	87,870
TOTAL ASSETS		**269,878**	243,977	**249,404**	225,801
CURRENT LIABILITIES					
Payables	19	**48,458**	43,289	**42,519**	38,270
Interest-bearing liabilities	20	**1,966**	2,310	**1,951**	2,287
Current tax liabilities	21	**270**	1,089	**-**	1,012
Provisions	22	**13,162**	2,208	**12,772**	1,887
TOTAL CURRENT LIABILITIES		**63,856**	48,896	**57,242**	43,456
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	20	**37,856**	22,565	**33,300**	18,000
Provisions	22	**2,566**	2,625	**2,435**	2,574
TOTAL NON-CURRENT LIABILITIES		**40,422**	25,190	**35,735**	20,574
TOTAL LIABILITIES		**104,278**	74,086	**92,977**	64,030
NET ASSETS		**165,600**	169,891	**156,427**	161,771
EQUITY					
Contributed equity	23	**96,149**	93,685	**96,149**	93,685
Reserves	24(a)	**32,778**	32,880	**31,939**	31,939
Retained profits	24(b)	**33,660**	40,449	**28,339**	36,147
Total parent entity interest		**162,587**	167,014	**156,427**	161,771
Outside equity interest	25	**3,013**	2,877	**-**	-
TOTAL EQUITY	26	**165,600**	169,891	**156,427**	161,771

The Statements of Financial Position are to be read in conjunction with the accompanying notes to the financial statements.

Statements of Cash Flows

for the year ended 30 June 2005

	Note	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
Cash Flows From Operating Activities:					
Receipts from customers		**519,046**	476,772	**438,347**	412,651
Payments to suppliers and employees		**(497,305)**	(447,744)	**(417,432)**	(385,332)
Interest received		**561**	643	**288**	421
Dividend received		**-**	-	**1,353**	2,420
Interest and other costs of finance paid		**(1,716)**	(1,692)	**(1,383)**	(1,436)
Income tax paid		**(7,555)**	(7,802)	**(6,017)**	(6,678)
Net cash provided by operating activities	10(b)	**13,031**	20,177	**15,156**	22,046
Cash Flows From Investing Activities:					
Proceeds from sale of investments		**-**	122	**-**	122
Proceeds from sale of business		**3,470**	-	**3,470**	-
Proceeds from sale of property, plant and equipment		**18,119**	6,687	**18,056**	6,614
Payment for property, plant and equipment		**(9,184)**	(7,153)	**(7,708)**	(5,872)
Advances to controlled entities		**-**	-	**(12,200)**	(11,749)
Repayment of advances to other entities		**-**	1,050	**-**	1,050
Payments for acquisition of businesses		**(16,406)**	(1,332)	**(9,345)**	(297)
Net cash used in investing activities		**(4,001)**	(626)	**(7,727)**	(10,132)
Cash Flows From Financing Activities:					
Proceeds from borrowings		**15,300**	-	**15,300**	-
Repayment of borrowings		**-**	(9,500)	**-**	(9,500)
Dividends paid		**(10,241)**	(7,808)	**(10,241)**	(7,808)
Dividends paid to outside equity interests		**(256)**	(670)	**-**	-
Net cash provided by/(used in) financing activities		**4,803**	(17,978)	**5,059**	(17,308)
Net increase/(decrease) in cash		**13,833**	1,573	**12,488**	(5,394)
Cash at the beginning of the financial year		**10,069**	8,496	**532**	5,926
Cash at the end of the financial year	10(a)	**23,902**	10,069	**13,020**	532
Non-cash financing and investing activities	10(c)				

The Statements of Cash Flows are to be read in conjunction with the accompanying notes to the financial statements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

1 STATEMENT OF ACCOUNTING POLICIES

The significant accounting policies which have been adopted in the preparation of this financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. It has been prepared on the basis of historical costs and does not take into account changing money values or, except where stated, fair values of assets. Unless otherwise stated, the accounting policies adopted are consistent with those of the prior year.

The financial report covers the consolidated entity of Coventry Group Ltd ("the Company") and its controlled entities, and Coventry Group Ltd as an individual parent entity.

(b) Principles of Consolidation

The financial statements of controlled entities are included in the consolidated financial statements from the date control is obtained until the date control ceases.

A controlled entity is any entity controlled by Coventry Group Ltd. Control exists where Coventry Group Ltd has the ability to dominate the decision making in relation to the financial and operating policies of another entity so that the other entity operates with Coventry Group Ltd to achieve the objectives of Coventry Group Ltd. A list of controlled entities is contained within Note 14 to the financial report.

All inter-company balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, are eliminated on consolidation. Outside equity interests in the results and equity of controlled entities are shown separately in the consolidated Statement of Financial Performance and Statement of Financial Position respectively.

(c) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax payable to the taxation authority.

Revenue from the sale of goods is recognised upon delivery of the goods to customers.

Interest revenue is recognised as it accrues taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised, net of any franking credits, when the right to receive a dividend has been established.

The gross proceeds of non-current asset sales are recognised as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

(d) Income Tax

Coventry Group Ltd and its wholly-owned Australian controlled entities implemented the tax consolidation legislation and formed a tax consolidated group as of 1 November 2002.

As a consequence, Coventry Group Ltd, as the head entity in the tax consolidated group, recognises current and deferred tax amounts relating to transactions, events and balances of the controlled entities in this group as if those transactions, events and balances were its own, in addition to the current and deferred tax amounts arising in relation to its own transactions, events and balances. Coventry Group Ltd has not entered into tax sharing agreements with the controlled entities in the tax consolidated group. All members of the tax consolidated group are jointly and severally liable for the tax liabilities of that group.

The consolidated entity adopts the liability method of tax effect accounting whereby the income tax expense shown in the Statements of Financial Performance is based on the operating profit before income tax adjusted for any permanent differences between taxable and accounting income.

Timing differences which arise due to the different accounting periods in which items of revenue and expense are included in the determination of operating profit before income tax and taxable income are brought to account either as a provision for deferred income tax or an asset described as future income tax benefit at the rate of income tax applicable to the period in which the liability will become payable or the benefit will be received.

Future income tax benefits in respect to timing differences are not brought to account unless realisation of the asset is assured beyond any reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefits.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation, and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and will comply with the conditions of deductibility imposed by the law.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(e) Foreign Currency Transactions and Balances

Foreign currency transactions during the period are converted to Australian currency at the rates of exchange applicable at the dates of the transactions. Amounts receivable and payable at balance date are converted at the rates of exchange ruling at that date. The gains or losses from conversion of amounts receivable and payable in foreign currencies at reporting date, whether realised or unrealised, are included in operating profit before income tax as they arise.

The assets and liabilities of the foreign controlled entities which are self sustaining are translated at year-end rates, and operating results are translated at a weighted average rate for the year. Exchange differences arising on translation are taken directly to the foreign currency translation reserve.

(f) Acquisition of Assets

The purchase method of accounting is used for all acquisitions of assets regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given up, shares issued or liabilities undertaken as at the date of acquisition plus incidental costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their market price as at the date of acquisition. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of acquisition. The discount rate used is the incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years, otherwise the costs are expensed as incurred.

(g) Receivables

Trade Debtors

Trade debtors are recorded at nominal amounts. Credit terms are generally 30 days. Collectibility of overdue accounts is assessed on an ongoing basis. Provision is made for all doubtful accounts.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

Net realisable value is determined on the basis of each inventory line's normal selling pattern. Expenses of marketing, selling and distribution to customers are estimated and deducted to establish net realisable value.

(i) Recoverable Amount of Non-Current Assets

The carrying amounts of non-current assets are reviewed to determine whether they are in excess of their recoverable amounts at reporting date.

The recoverable amount of an asset is the net amount expected to be recovered through the cash inflows and outflows arising from its continued use and subsequent disposal.Where the carrying amount of a non-current asset is greater than its recoverable amount, the asset is written down to its recoverable amount. Where net cash inflows are derived from a group of assets working together, the recoverable amount is determined on the basis of the relevant group of assets. The decrement in the carrying amount is recognised as an expense in the net profit or loss in the reporting period in which the recoverable amount write down occurs.

The expected net cash flows included in determining recoverable amounts of non-current assets are discounted to their present values.

(j) Depreciation of Property, Plant and Equipment

The depreciable amounts of all fixed assets, excluding freehold land, are depreciated on either a straight line or diminishing value basis over their estimated useful lives to the consolidated entity, commencing from the time the asset is held ready for use.

Buildings, excluding leasehold improvements, are depreciated on a straight line basis over 50 years. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful life of the improvements.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(j) Depreciation of Property, Plant and Equipment (continued)

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
- Plant and Equipment	5% - 40%
- Buildings	2%

(k) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to ownership of the asset are transferred to entities within the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values. Leased assets are amortised on a straight line basis over their estimated useful lives, where it is likely that the consolidated entity will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(l) Intangibles

Goodwill

Where an entity or operation is acquired, the identifiable net assets are measured at fair value. The excess of the cost of acquisition over the fair value of the identifiable net assets acquired, including any liability for restructuring costs, is brought to account as goodwill and amortised on a straight line basis over 20 years, being the period during which the benefits are expected to arise.

Distribution Rights

Distribution rights are amortised on a straight line basis over the term of the relevant distribution agreement.

(m) Payables

These amounts represent unpaid liabilities for goods received by and services provided to the consolidated entity prior to the end of the financial year. The amounts are unsecured and are normally settled within 60 days.

(n) Interest-Bearing Liabilities

Loans are carried at their principal amounts which represent the present value of future cash flows associated with the servicing of the debt. Interest is recognised over the period it becomes due and is recorded as part of other debtors or other creditors.

(o) Derivative Financial Instruments

Interest Rate Swaps

The net amount receivable or payable under interest rate swap agreements is progressively brought to account over the period to settlement. The amount recognised is accounted for as an adjustment to interest and finance charges during the period and included in other debtors or other creditors at each reporting date.

When an interest rate swap is terminated early and the underlying hedged transactions are still expected to occur, the gains and losses arising on the swap upon its early termination continue to be deferred and are progressively brought to account over the period during which the hedged transactions are recognised.

When an interest rate swap is terminated early and the underlying hedge transactions are no longer expected to occur, the gains or losses arising upon its early termination are recognised in the Statements of Financial Performance as at the date of the termination.

(p) Employee Benefits

Provision is made for the consolidated entity'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. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liabilities are settled including related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits including related on-costs.

The contributions made to superannuation funds by entities within the consolidated entity are charged against profits when due.

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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

1 STATEMENT OF ACCOUNTING POLICIES (continued)

(q) Provisions

Dividends

A provision for dividends payable is recognised in the reporting period in which the dividends are declared, for the entire undistributed amount, regardless of the extent to which they will be paid in cash.

(r) Cash

For the purposes of the Statements of Cash Flows, cash includes cash on hand and in banks, deposits at call and money market investments which are readily convertible into cash.

(s) Rounding of Amounts

The consolidated entity and the parent entity have applied the relief available under ASIC Class Order 98/0100 and accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

(t) Goods and Services Tax

Revenues, 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 Statements of Financial Position.

Cash flows are included in the Statements 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) Use and Revision of Accounting Estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(v) Investments

Investments in controlled entities are carried in the parent entity's financial statements at the lower of cost and recoverable amount.

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005	2004	**2005**	2004
	$000	$000	**$000**	$000
2 REVENUES FROM ORDINARY ACTIVITIES				
Revenue from operating activities:				
Sale of goods	**470,788**	433,911	**400,261**	376,649
Other	**2,422**	2,374	**1,929**	1,972
	473,210	436,285	**402,190**	378,621
Revenue from non-operating activities:				
Dividends – controlled entities	**-**	-	**1,353**	2,420
Interest	**561**	643	**288**	421
Proceeds on sale of non-current assets	**18,278**	2,881	**18,216**	2,808
Proceeds on sale of business	**3,470**	-	**3,470**	-
Rental income	**582**	493	**71**	119
	22,891	4,017	**23,398**	5,768
Total revenue from ordinary activities	**496,101**	440,302	**425,588**	384,389

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	Note	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
3 PROFIT FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE					
(a) Profit from ordinary activities before income tax has been arrived at after charging/(crediting) the following items:					
Interest paid/payable to:					
- other persons		**2,189**	1,819	**1,857**	1,563
Depreciation of non-current assets:					
- buildings		**362**	461	**332**	431
- plant and equipment		**6,361**	5,726	**4,982**	4,770
Total depreciation		**6,723**	6,187	**5,314**	5,201
Amortisation of non-current assets:					
- distribution rights		**172**	172	**73**	73
- goodwill		**1,949**	1,447	**1,454**	1,151
Total amortisation		**2,121**	1,619	**1,527**	1,224
Total depreciation and amortisation		**8,844**	7,806	**6,841**	6,425
Write-downs of non-current assets to recoverable amount:					
Other financial assets					
- shares in subsidiaries		**-**	-	**5,823**	4,139
		-	-	**5,823**	4,139
Movements in other provisions and allowances:					
- warranty		**24**	14	**21**	12
- employee benefits		**774**	621	**378**	500
- obsolete stock		**(823)**	1,814	**(1,193)**	1,711
Total other provisions		**(25)**	2,449	**(794)**	2,223
Net bad and doubtful debts expense		**1,036**	838	**1,017**	790
Rental expense on operating leases:					
- minimum lease payments		**8,540**	7,333	**5,474**	4,641
- surplus leased space		**259**	253	**-**	-
Total rental expense relating to operating leases		**8,799**	7,586	**5,474**	4,641
Interest revenue from:					
- other parties		**(561)**	(643)	**(288)**	(421)
		(561)	(643)	**(288)**	(421)
Net gain on disposal of assets excluding individually significant items:					
- business		**(390)**	-	**(390)**	-
- investments		**-**	(121)	**-**	(122)
- property, plant and equipment		**(204)**	(192)	**(228)**	(177)
		(594)	(313)	**(618)**	(299)
(b) Individually significant expenses/(revenues) included in profit from ordinary activities before income tax expense					
Provision for loss on investment in Coventry Auto Parts Pty Ltd	3(a)	**-**	-	**5,823**	4,139
Employee termination costs for automotive segment		**470**	-	**470**	-
Profit on sale of land and buildings		**(3,583)**	-	**(3,583)**	-
		(3,113)	-	**2,710**	4,139

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005	2004	**2005**	2004
	$000	$000	**$000**	$000
4 INCOME TAX				
(a) Income tax expense				
Prima facie income tax expense on operating profit before income tax from ordinary activities calculated at 30%	**6,884**	6,579	**6,012**	6,029
Tax effect of permanent differences:				
Add:				
- depreciation of buildings	**31**	29	**22**	20
- amortisation of intangibles	**636**	486	**458**	367
- non-deductible loss on sale of property	**-**	40	**-**	40
- assessable profit on sale of property	**469**	-	**469**	-
- non-deductible provision for loss on investment in controlled entity	**-**	-	**1,747**	1,242
- adjustment for higher tax rate applicable to foreign controlled entities	**90**	79	**-**	-
- other non-deductible expenses	**98**	241	**68**	219
	1,324	875	**2,764**	1,888
Less:				
- rebateable dividends	**-**	-	**(202)**	(530)
- non-assessable dividends	**-**	-	**(204)**	(196)
- non-assessable profit on sale of investments	**-**	(36)	**-**	(36)
- other non-assessable income	**-**	(110)	**-**	-
- recovery of tax losses of tax consolidated subsidiary	**-**	-	**(1,575)**	(1,215)
- overprovision of income tax in prior year	**-**	(16)	**-**	(16)
- timing differences not previously brought to account	**(265)**	-	**(350)**	-
- tax losses not previously brought to account	**(1,942)**	(534)	**(1,942)**	(515)
	(2,207)	(696)	**(4,273)**	(2,508)
Income tax expense on operating profit from ordinary activities	**6,001**	6,758	**4,503**	5,409
(b) Income tax expense attributable to operating profit from ordinary activities is made up of:				
Current income tax provision	**6,530**	7,346	**4,923**	5,987
Future income tax benefit	**(529)**	(572)	**(420)**	(562)
Over provision in prior year	**-**	(16)	**-**	(16)
	6,001	6,758	**4,503**	5,409
(c) Future income tax benefits not brought to account as assets calculated at 30%:				
Tax losses – revenue	**4,718**	5,184	**4,718**	5,184
Tax losses – capital	**394**	1,871	**394**	1,871
	5,112	7,055	5,112	**7,055**

The taxation benefits of tax losses not brought to account will only be obtained if:

(a) assessable income is derived of a nature and of an amount sufficient to enable the benefits from the deductions to be realised;

(b) conditions for deductibility imposed by the law are complied with; and

(c) no changes in tax legislation adversely affect the realisation of the benefits from the deductions.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

5 DIRECTOR AND EXECUTIVE DISCLOSURES

(a) Directors

The following persons were directors of Coventry Group Ltd during the financial year:

Chairman – non-executive
WG Kent, AO

Chief Executive Officer and Managing Director
CJ Glenn

Non-executive directors
J Boros
RB Flynn
CM Kyle
PA Kyle, AM
RM McLean, AM
BF Nazer

(b) Executives (other than directors) with the greatest authority for strategic direction and management

The following persons were the five executives with the greatest authority for the strategic direction and management of the consolidated entity ("specified executives") during the financial year:

V Scidone, Group General Manager - Industrial
DJ Fraser, Group General Manager - Automotive (ceased employment on 27 May 2005)
SA Cooper, Chief Financial Officer
JS Furness, Chief Information Officer
J Colli, Company Secretary

All of the above were also specified executives during the year ended 30 June 2004.

(c) Remuneration of directors and executives

Principles used to determine the nature and amount of remuneration

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

Non-executive directors

Fees paid to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees are reviewed annually by the Remuneration Committee. The Remuneration Committee also seeks the advice of independent remuneration consultants to ensure non-executive directors' fees are appropriate and in line with the market. The Chairman's fees are determined independently to the fees of non-executive directors based on comparable roles in the external market. Non-executive directors do not receive any equity-based remuneration.

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.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

5 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Directors' fees (continued)

For the year ended 30 June 2005 the Board determined that non-executive directors fees be allocated as follows:

Chairman	$105,000
Non-executive directors	$52,000
Interstate non-executive director	$62,500
Chairman of Audit & Risk Committee (in addition to base fee)	$10,000
Chairman of Remuneration Committee (in addition to base fee)	$7,500

Executive pay

The executive reward framework has three components:

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

The combination of these comprises the executive's total remuneration.

Fixed annual remuneration

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

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

Short-term incentives

Short-term cash incentives of up to 25% of fixed annual remuneration (for the Managing Director, 35% of base salary) are payable to the senior executives upon the achievement of various annual performance targets, which currently include return on equity, budget earnings before interest and tax, and personal goals. Such targets ensure that incentives are only paid when value has been created for shareholders and when profit is consistent with the budget.

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

Long-term incentives

Long-term incentives are provided through the Company's executive long-term incentive plan ("ELTIP"), which was approved at the annual general meeting on 5 November 2003. It provides for eligible executives (currently 7, including the Managing Director) to receive fully paid ordinary shares in the Company, upon achieving performance criteria set by the Board. Under the plan, eligible executives are offered ordinary shares worth up to 25% of fixed annual remuneration as at the start of the performance period, which will only vest upon the achievement of certain performance criteria. Offers have been made in respect of the 3 year performance period commencing on 1 July 2003 ("the 2003 Offer") and on 1 July 2004 ("the 2004 Offer").

The performance criteria for both the 2003 and 2004 Offers under the ELTIP are as follows:

- one half of the offered shares will vest to the participant upon the achievement of a threshold earnings per share ("EPS") growth hurdle over the relevant 3 year performance period. The offered shares will be vested in differing amounts depending on the percentage growth in EPS in excess of the threshold level over the 3 year period being cumulative $1.269 EPS for the 2003 Offer, and cumulative $1.548 EPS for the 2004 Offer, with all of the offered shares under these hurdles vested once an additional 10% growth in EPS over and above the threshold levels has been achieved; and

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

5 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Long-term incentives (continued)

- one half of the offered shares will vest to the participant upon the achievement of a relative total shareholder return ("TSR") hurdle over the relevant 3 year performance period. The offered shares will be vested in differing amounts depending on the Company's TSR performance over the relevant 3 year performance period compared to the TSR performance of the companies comprising the S&P/ASX Small Industrials Index at the start of the relevant performance period ("Comparator Group"). No offered shares will be vested under the 2003 and 2004 Offers unless the Company's TSR performance is at least equal to the TSR performance of the company which is at the 50th percentile of the Comparator Group ranked by TSR. All offered shares under this hurdle in the 2003 offer will be vested if the Company's TSR over the 3 years is equal to or greater than the TSR performance of the company which is at the 60th percentile of the Comparator Group ranked by TSR. All offered shares under this hurdle in the 2004 Offer will be vested if the Company's TSR over the 3 years is equal to or greater than the TSR performance of the company which is at the 75th percentile of the Comparator Group ranked by TSR.

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

As the shares offered under the ELTIP relate to 3 year performance periods, one third of fair value as at grant date has been disclosed as remuneration for the year ended 30 June 2005 (see the section headed "Value of Shares" later in this Note for an explanation of "fair value").

Details of remuneration

The following table provides the details of the nature and amount of elements of remuneration for specified directors and specified executives for the year ended 30 June 2005.

Directors of Coventry Group Ltd

	Primary			Post Employment	Equity	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation (i) $	Value of shares $	Total $
WG Kent	105,000	-	-	9,450	-	114,450
CJ Glenn	434,763	90,590(ii)	24,252	44,695	94,936	689,236
J Boros	52,000	-	-	4,680	-	56,680
RB Flynn	66,719	-	-	1,125	-	67,844
CM Kyle	52,000	-	-	4,680	-	56,680
PA Kyle	56,167	-	-	5,055	-	61,222
RM McLean	59,500	-	-	5,355	-	64,855
BF Nazer	57,833	-	-	5,205	-	63,038
Total	883,982	90,590	24,252	80,245	94,936	1,174,005

Specified executives of the consolidated entity

V Scidone	285,212	16,733	21,963	30,422	57,819	412,149
DJ Fraser (iii)	487,544	2,285	33,127	14,282	46,212	583,450
SA Cooper	196,913	36,215	17,667	11,598	40,225	302,618
JS Furness	173,266	25,910	32,762	17,469	37,160	286,567
J Colli	149,863	28,844	20,383	11,585	31,659	242,334
Total	1,292,798	109,987	125,902	85,356	213,075	1,827,118

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

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

(ii) Includes $42,690 in relation to the year ended 30 June 2004.

(iii) Mr Fraser ceased employment with the Company on 27 May 2005 and received a payment in lieu of notice, pursuant to the terms of his employment contract, of $278,585. This amount is included above under cash salary and fees.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

5 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

The following table provides the details of the nature and amount of elements of remuneration for specified directors and specified executives for the year ended 30 June 2004.

Directors of Coventry Group Ltd

	Primary			Post Employment	Equity	
Name	Cash salary and fees $	Cash bonus $	Non-monetary benefits $	Superannuation (i) $	Value of shares $	Total $
WG Kent	84,000	-	-	7,560	-	91,560
CJ Glenn	434,821	9,833	147,142	36,714	25,363	653,873
J Boros (appointed on 1 March 2004)	14,000	-	-	1,260	-	15,260
RB Flynn	50,000	-	-	4,500	-	54,500
BA Goddard (retired on 29 February 2004)	48,000	-	-	4,320	-	52,320
CM Kyle	42,000	-	-	3,780	-	45,780
PA Kyle	42,000	-	-	3,780	-	45,780
RM McLean	42,000	-	-	3,780	-	45,780
BF Nazer (appointed on 1 September 2003)	35,000	-	-	3,150	-	38,150
Total	791,821	9,833	147,142	68,844	25,363	1,043,003

Specified executives of the consolidated entity

V Scidone	297,039	61,000	20,108	11,002	35,723	424,872
DJ Fraser	258,736	10,000	21,181	11,002	31,869	332,788
SA Cooper	191,806	8,000	14,851	13,538	25,274	253,469
JS Furness (commenced on 11 August 2003)	155,024	8,000	10,921	13,080	23,389	210,414
J Colli	147,190	6,000	12,221	11,002	19,904	196,317
Total	1,049,795	93,000	79,282	59,624	136,159	1,417,860

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

Value of Shares

The fair value of the ELTIP shares is calculated at the date of grant using a Black-Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the shares allocated to this reporting period. In valuing the shares, market conditions have been taken into account in both current and prior periods. Comparative information was not restated as market conditions were already included in the valuation.

The following factors and assumptions were used in determining the fair value of shares at grant date:

Grant date	Expiry date	Fair value per share	Exercise price	Price of shares on grant date	Estimated volatility	Risk free interest rate	Dividend yield
1 July 2003	1 July 2006	$3.96	$0.01	$4.95	24%	5.7%	7.4%
1 July 2004	1 July 2007	$4.71	$0.01	$5.72	24%	5.4%	6.4%

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

5 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Employment contracts

Remuneration and other terms of employment for the Managing Director and the specified executives are formalised in employment contracts. Each contract deals with the provision of fixed annual remuneration, short-term incentives, and long-term incentives. Other major provisions of the contracts relating to remuneration are set out below:

CJ Glenn, Managing Director
- The contract has no fixed term.
- Fixed annual remuneration to be reviewed annually by the Board. The Company also pays for home telephone expenses.
- Subject to the achievement of agreed key performance indicators, an annual short-term incentive of up to 35% of base salary will be paid by the Company.
- For each financial year up to and including the year ending 30 June 2006, subject to the achievement of certain performance criteria over a 3 year period, a long-term incentive of a minimum of 25% of fixed annual remuneration will be paid by the Company in the form of shares.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Other than for an act that may have a serious detrimental effect on the Company, such as wilful disobedience, fraud or misconduct, termination of employment requires 12 months notice by the Company.

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

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

JS Furness, Chief Information Officer
- The contract has no fixed term.
- Fixed annual remuneration to be reviewed annually by the Remuneration Committee.
- Long service leave is payable by the Company in accordance with relevant state legislation.
- Participation in short-term and long-term incentive plans is at the discretion of the Company.
- Other than for serious misconduct, termination of employment requires 6 months notice by the Company. In the event of redundancy, the Company must pay an additional 4 weeks pay after 1 year of continuous service, with the redundancy payment obligation increasing progressively for each year of service up to a maximum of 52 weeks pay.

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

5 DIRECTOR AND EXECUTIVE DISCLOSURES (continued)

Employment contracts (continued)

DJ Fraser, Group General Manager – Automotive (ceased employment on 27 May 2005)

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

(d) Equity instrument disclosures relating to directors and executives

Details of ordinary shares offered as remuneration under the ELTIP

The balance at the commencement of the reporting period, together with the movement during the reporting period, of ordinary shares offered under the ELTIP, to each specified director and specified executive, is as follows:

Name	Number of shares offered at 1 July 2004	Number of shares offered during the year	Number of shares vested during the year	Number of shares offered at 30 June 2005
CJ Glenn	32,719	69,394(i)	-	102,113
V Scidone	46,084	14,815	-	60,899
DJ Fraser	41,114	12,433	-	53,547
SA Cooper	32,605	10,024	-	42,629
JS Furness	30,173	9,233	-	39,406
J Colli	25,678	7,881	-	33,559

(i) Includes an offer of 47,362 shares in relation to the 2003 Offer.

Equity holdings and transactions

The movement during the reporting period in the number of ordinary shares of Coventry Group Ltd held directly, indirectly or beneficially by each specified director and specified executive, including their personally-related entities is as follows:

	Held at 1 July 2004	Purchases	Received as Remuneration	Sales	Held at 30 June 2005
Specified directors					
WG Kent (Chairman)	32,501	2,623	-	-	35,124
J Boros	7,500	-	-	-	7,500
RB Flynn	4,402	336	-	-	4,738
CJ Glenn	29,827	4,377	-	20,598(i)	13,606(ii)
CM Kyle	2,934,124	2,582	-	-	2,936,706(iii)
PA Kyle	5,664	458	-	-	6,122
RM McLean	16,189	-	-	-	16,189
BF Nazer	-	2,000	-	-	2,000
Specified executives					
V Scidone	5,401	1,418	-	-	6,819
DJ Fraser	2,357	192	-	-	2,549
SA Cooper	3,498	284	-	-	3,782
J Colli	-	-	-	-	-
JS Furness	847	1,150	-	-	1,997

(i) These shares were sold by personally-related entities in which Mr Glenn has no relevant interest.

(ii) Includes 5,000 shares held by personally-related entities in which Mr Glenn has no relevant interest.

(iii) Includes 1,371,104 shares held by personally-related entities in which Mr C Kyle has no relevant interest.

(e) Other transactions

From time to time specified directors and specified executives of the Company may purchase goods from companies within the consolidated entity on the same terms and conditions as apply to any other employees of the consolidated entity.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005	2004	**2005**	2004
6 REMUNERATION OF AUDITORS				
Audit Services				
KPMG				
- audit and review of financial reports	**250,574**	180,704	**197,600**	136,323
Other Services				
KPMG				
- other assurance services	**7,000**	-	**7,000**	-

	Cents per share	Total amount $000	Franked/ unfranked	Date of payment
7 DIVIDENDS				
2005				
Special 2005 ordinary	30	**10,641**	Franked	5 July 2005
Interim 2005 ordinary	18	**6,384**	Franked	18 March 2005
Final 2004 ordinary	18	**6,320**	Franked	24 September 2004
Total		**23,345**		
2004				
Interim 2004 ordinary	16	5,566	Franked	31 March 2004
Final 2003 ordinary	16	5,525	Franked	25 September 2003
Total		11,091		

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

Subsequent events

Since the end of the financial year, the directors have declared the following dividend:

Final - ordinary	18	6,419	Franked	23 September 2005

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2005 and will be recognised in subsequent financial reports.

	PARENT ENTITY	
	2005 $000	2004 $000
Franked Dividends:		
Franking credits available to shareholders of Coventry Group Ltd for subsequent financial years:	**23,100**	27,892

The above amounts represent the balance of the dividend franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of a current tax liability;
- franking debits that will arise from the payment of proposed dividends;
- franking credits that will arise from the receipt of dividends receivable; and
- franking credits that may be prevented from being distributed in subsequent financial years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	CONSOLIDATED ENTITY	
	2005	2004
	$000	$000
8 EARNINGS PER SHARE		
Earnings reconciliation:		
Profit from ordinary activities after income tax expense	**16,945**	15,171
Net profit attributable to outside equity interest	**(389)**	(371)
Basic and diluted earnings	**16,556**	14,800
Basic earnings per share (cents)	**46.8**	42.5
Diluted earnings per share (cents)	**46.3**	42.2
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	**35,380,790**	34,790,331
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share.	**35,728,501**	35,045,360

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005	2004	**2005**	2004
	$000	$000	**$000**	$000
9 CASH ASSETS				
Cash on hand	**119**	83	**94**	71
Cash deposits with banks	**8,756**	8,364	**-**	-
Short term money market deposits	**16,978**	3,909	**14,877**	2,748
	25,853	12,356	**14,971**	2,819

10 NOTES TO THE STATEMENTS OF CASH FLOWS

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the Statements of Cash Flows is reconciled to the related items in the Statements of Financial Position as follows:

	CONSOLIDATED 2005	CONSOLIDATED 2004	PARENT 2005	PARENT 2004
Cash on hand	**119**	83	**94**	71
Cash deposits with banks	**8,756**	8,364	**-**	-
Short term money market deposits	**16,978**	3,909	**14,877**	2,748
Bank overdraft	**(1,951)**	(2,287)	**(1,951)**	(2,287)
Balance per Statements of Cash Flows	**23,902**	10,069	**13,020**	532

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

10 NOTES TO THE STATEMENTS OF CASH FLOWS (continued)

(b) Reconciliation of cash flow from operating activities with operating profit after income tax

	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
Operating profit after income tax	**16,945**	15,171	**15,537**	14,688
Non-cash flows in operating profit:				
Amortisation of intangibles	**2,121**	1,619	**1,527**	1,224
Depreciation	**6,723**	6,187	**5,314**	5,201
Transfers to provisions and allowances	**3,275**	3,945	**8,013**	7,808
Profits on sale of property, plant and equipment	**(3,788)**	(192)	**(3,810)**	(177)
Profit on sale of investments	**-**	(121)	**-**	(122)
Profit on sale of business	**(390)**	-	**(390)**	-
Changes in assets and liabilities:				
(Increase) in trade and other debtors	**(6,425)**	(6,406)	**(5,323)**	(5,581)
Decrease in prepaid interest	**473**	127	**473**	127
(Increase) in inventories	**(8,965)**	(442)	**(9,523)**	(523)
Increase in trade and other creditors	**4,625**	1,318	**4,852**	671
(Decrease) in tax payable	**(1,034)**	(457)	**(1,094)**	(708)
(Increase) in future income tax benefit	**(529)**	(572)	**(420)**	(562)
Cash flows from operating activities	**13,031**	20,177	**15,156**	22,046

(c) Non-cash financing and investing activities

The only non-cash financing and investing activities for the consolidated entity for the years ended 30 June 2005 and 30 June 2004 were the issues of ordinary shares by the parent entity to satisfy dividend entitlements pursuant to the dividend reinvestment plan, as detailed at Note 23(b).

(d) Acquisitions of operations

During the year, the consolidated entity acquired the following operations:

			Components of the Cost of Acquisition				
Segment	Date of Acquisition	Cost of Acquisition $000	Property, Plant and Equipment $000	Inventories $000	Employee Entitlements $000	Goodwill $000	Other Assets $000
Automotive Parts Distribution							
Thompson's Spare Parts/Rod Smith Parts and Bearings	1 July 2004	6,456	921	2,010	(150)	3,581	94
Independent Motor Mart	1 August 2004	8,957	479	1,740	(113)	6,781	70
Automotive and Agricultural Supplies	31 January 2005	761	130	482	(54)	145	58
Southcott	28 February 2005	388	22	188	-	178	-
Industrial Products Distribution							
Engineering and Fastening Supplies	1 September 2004	456	31	263	-	162	-
		17,018	1,583	4,683	(317)	10,847	222

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	Note	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
11 RECEIVABLES					
Current					
Trade debtors		**71,388**	65,929	**61,835**	57,175
Allowance for doubtful debts		**(2,810)**	(2,353)	**(2,196)**	(1,692)
		68,578	63,576	**59,639**	55,483
Other debtors		**1,594**	1,585	**662**	885
Amounts receivable from:					
- wholly-owned group		**-**	-	**27,486**	15,347
		70,172	65,161	**87,787**	71,715
12 INVENTORIES					
Current					
Raw materials at cost		**767**	684	**-**	-
Finished goods at cost		**92,227**	84,324	**72,404**	66,881
Allowance for obsolescence		**(4,553)**	(5,376)	**(3,554)**	(4,747)
		87,674	78,948	**68,850**	62,134
		88,441	79,632	**68,850**	62,134
13 OTHER FINANCIAL ASSETS					
Non-current					
Investments comprise:					
Shares in controlled entities	14				
- unlisted at cost		**-**	-	**44,769**	44,769
- allowance for writedown		**-**	-	**(34,809)**	(28,987)
		-	-	**9,960**	15,782

14 INVESTMENTS IN CONTROLLED ENTITIES

Name of entity	Country of incorporation	Class of shares	Equity holding 2005 %	Equity holding 2004 %
AA Gaskets Pty Ltd	Australia	Ordinary	**73**	73
Coventry Auto Parts Pty Ltd	Australia	Ordinary	**100**	100
Hylton Parker Fasteners Limited	New Zealand	Ordinary	**100**	100
NZ Gaskets Limited [(i)]	New Zealand	Ordinary	**73**	73

The ultimate parent entity is Coventry Group Ltd.

[(i)] This company is a controlled entity of AA Gaskets Pty Ltd and operates in New Zealand.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005	2004	**2005**	2004
	$000	$000	**$000**	$000
15 PROPERTY, PLANT AND EQUIPMENT				
Land and buildings				
Freehold land				
At cost	**9,128**	14,133	**8,303**	13,308
Buildings				
At cost	**13,932**	22,113	**12,457**	20,638
Less accumulated depreciation	**(1,624)**	(2,200)	**(1,440)**	(2,045)
	12,308	19,913	**11,017**	18,593
Total Land and Buildings	**21,436**	34,046	**19,320**	31,901
Plant and equipment				
At cost	**65,434**	60,751	**52,869**	50,483
Less accumulated depreciation	**(39,373)**	(36,853)	**(32,304)**	(30,987)
	26,061	23,898	**20,565**	19,496
Plant and equipment in the course of construction	**19**	18	**-**	-
Total Plant and Equipment	**26,080**	23,916	**20,565**	19,496
Total Property, Plant and Equipment	**47,516**	57,962	**39,885**	51,397

Valuations

An independent valuation of the consolidated entity's freehold land and buildings carried out as at March 2005 on the basis of open market values for continuing use resulted in a valuation of land of $15,069,000 (the parent entity $13,684,000) and buildings of $13,855,000 (the parent entity: $12,270,000) for the specific land and buildings held at 30 June 2005.

(a) Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial years are set out below:

	CONSOLIDATED 2005	CONSOLIDATED 2004	PARENT 2005	PARENT 2004
Total Land				
Carrying amount at start of year	**14,133**	14,863	**13,308**	14,038
Additions	**180**	-	**180**	-
Disposals	**(5,185)**	(730)	**(5,185)**	(730)
Carrying amount at end of year	**9,128**	14,133	**8,303**	13,308
Total Buildings				
Carrying amount at start of year	**19,913**	21,573	**18,593**	20,223
Additions	**408**	27	**407**	27
Disposals	**(7,651)**	(1,226)	**(7,651)**	(1,226)
Depreciation	**(362)**	(461)	**(332)**	(431)
Carrying amount at end of year	**12,308**	19,913	**11,017**	18,593
Total Plant and Equipment				
Carrying amount at start of year	**23,916**	23,027	**19,496**	18,941
Additions	**8,595**	7,126	**7,119**	5,845
Disposals	**(1,654)**	(611)	**(1,569)**	(553)
Acquisitions through acquisitions of operations	**1,582**	72	**501**	33
Foreign currency exchange differences	**2**	28	**-**	-
Depreciation	**(6,361)**	(5,726)	**(4,982)**	(4,770)
Carrying amount at end of year	**26,080**	23,916	**20,565**	19,496

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005	2004	**2005**	2004
	$000	$000	**$000**	$000
16 DEFERRED TAX ASSETS				
Non-current				
Future income tax benefit				
– timing differences at 30%	**6,145**	5,521	**5,585**	5,070
17 INTANGIBLE ASSETS				
Non-current				
Goodwill at cost	**43,271**	32,407	**32,878**	25,910
Less accumulated amortisation	**(14,261)**	(12,312)	**(12,258)**	(10,803)
	29,010	20,095	**20,620**	15,107
Distribution rights at cost (i)	**641**	641	**641**	641
Less accumulated amortisation	**(199)**	(127)	**(199)**	(127)
	442	514	**442**	514
Distribution rights at recoverable amount (ii)	**800**	800	**-**	-
Less accumulated amortisation	**(198)**	(99)	**-**	-
	602	701	**-**	-
	30,054	21,310	**21,062**	15,621

(i) Represents consideration paid for the right to distribute Ford parts and accessories in Western Australia for a ten year term ending on 14 August 2011.

(ii) Relates to the right to distribute Ford parts and accessories in New South Wales for a ten year term ending on 14 August 2011.

	CONSOLIDATED ENTITY		PARENT ENTITY	
18 OTHER ASSETS				
Current				
Prepayments	**1,482**	2,035	**1,221**	1,263
Income tax receivable	**215**	-	**83**	-
	1,697	2,035	**1,304**	1,263
19 PAYABLES				
Current				
Unsecured liabilities:				
Trade creditors	**34,765**	32,174	**30,492**	28,589
Other creditors and accruals	**13,693**	11,115	**12,027**	9,681
	48,458	43,289	**42,519**	38,270

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	Note	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
20 INTEREST-BEARING LIABILITIES					
Current					
Bank overdraft - secured	(b)	**1,951**	2,287	**1,951**	2,287
Surplus leased space		**15**	23	**-**	-
		1,966	2,310	**1,951**	2,287
Non-current					
Bill acceptance facility - secured	(b)	**37,839**	22,532	**33,300**	18,000
Surplus leased space		**17**	33	**-**	-
		37,856	22,565	**33,300**	18,000
(a) Total facilities available at balance date					
Bank overdraft		**5,000**	5,000	**5,000**	5,000
Bill acceptance facility		**60,000**	44,208	**46,953**	38,770
Guarantee facility		**882**	1,002	**882**	1,002
Corporate credit card facility		**280**	250	**280**	250
		66,162	50,460	**53,115**	45,022
(b) Facilities utilised at balance date					
Bank overdraft		**1,951**	2,287	**1,951**	2,287
Bill acceptance facility		**37,839**	22,532	**33,300**	18,000
Guarantee facility		**635**	624	**635**	624
Corporate credit card facility		**-**	-	**-**	-
		40,425	25,443	**35,886**	20,911
(c) Facilities not utilised at balance date					
Bank overdraft		**3,049**	2,713	**3,049**	2,713
Bill acceptance facility		**22,161**	21,676	**13,653**	20,770
Guarantee facility		**247**	378	**247**	378
Corporate credit card facility		**280**	250	**280**	250
		25,737	25,017	**17,229**	24,111

(d) Bank overdraft facility

The bank overdraft facility may be drawn at any time and is repayable on demand.

(e) Bill acceptance facility

The bill acceptance facility is subject to annual review.

(f) Guarantee facility

Bank guarantees may be arranged from time to time under this facility, whereby the bank guarantees the performance of the consolidated entity in relation to certain contractual commitments, up to the limit specified in each individual guarantee.

(g) Corporate credit card facility

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

(h) Securities

All of the above facilities are secured by fixed and floating charges over the assets and undertakings of the parent entity and Coventry Auto Parts Pty Ltd, a general security agreement from Hylton Parker Fasteners Limited, and by a deed of cross guarantee between those companies.

(i) Surplus leased space

The liability for surplus leased space represents the future payments falling due during the period to 30 August 2007 for surplus leased space under non-cancellable operating leases, net of sub-leasing revenue, discounted at 5%.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	Note	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
21 TAX LIABILITIES					
Current					
Income tax		**270**	1,089	**-**	1,012

22 PROVISIONS

	Note	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
Current					
Special dividend	*7*	**10,641**	-	**10,641**	-
Employee benefits	29	**2,467**	2,177	**2,083**	1,860
Warranty		**54**	31	**48**	27
		13,162	2,208	**12,772**	1,887
Non-current					
Employee benefits	29	**2,566**	2,625	**2,435**	2,574

(a) Movement in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below.

	CONSOLIDATED ENTITY 2005 $000	PARENT ENTITY 2005 $000
Special dividend - current		
Carrying amount at beginning of year	**-**	**-**
Provisions made during the year	**10,641**	**10,641**
Payments made during the year	**-**	**-**
Carrying amount at end of year	**10,641**	**10,641**
Warranty – current		
Carrying amount at beginning of year	**31**	**27**
Provisions made during the year	**28**	**25**
Payments made during the year	**(5)**	**(4)**
Carrying amount at end of year	**54**	**48**

23 CONTRIBUTED EQUITY

	Note	PARENT ENTITY 2005 Number of shares	PARENT ENTITY 2004 Number of shares	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
(a) Share capital					
Ordinary shares					
Fully paid	(b)	**35,468,826**	35,091,527	**96,149**	93,685
(b) Ordinary shares					
Movements during the year					
Balance at beginning of year		**35,091,527**	34,519,727	**93,685**	90,402
Shares issued					
- dividend reinvestment plan		**377,299**	571,800	**2,464**	3,283
		35,468,826	35,091,527	**96,149**	93,685

Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. During the year shares were issued under the plan in respect of the final 2004 dividend at a 2.5% discount to the market price, calculated according to the plan.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

23 CONTRIBUTED EQUITY (continued)

Terms and conditions

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the parent entity, ordinary shareholders rank after creditors and are fully entitled to any proceeds of liquidation after the claims of creditors have been met.

	Note	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
24 RESERVES AND RETAINED PROFITS					
(a) Reserves					
Asset realisation reserve		**25,217**	17,264	**25,208**	17,255
Asset revaluation reserve		**6,873**	14,826	**6,731**	14,684
Foreign currency translation reserve		**688**	790	**-**	-
		32,778	32,880	**31,939**	31,939
Movements during the year :					
Asset realisation reserve					
Opening balance		**17,264**	17,917	**17,255**	17,908
Transfer from asset revaluation reserve on disposal of non-current assets		**7,953**	(653)	**7,953**	(653)
Closing balance		**25,217**	17,264	**25,208**	17,255
Asset revaluation reserve					
Opening balance		**14,826**	14,173	**14,684**	14,031
Transfer to asset realisation reserve on disposal of non-current assets		**(7,953)**	653	**(7,953)**	653
Closing balance		**6,873**	14,826	**6,731**	14,684
Foreign currency translation reserve					
Opening balance		**790**	420	**-**	-
Net exchange differences on translation of foreign controlled entities		**(105)**	390	**-**	-
Applicable to outside equity interests		**3**	(20)	**-**	-
Closing balance		**688**	790	**-**	-
(b) Retained profits					
Retained profits at the beginning of the financial year		**40,449**	36,740	**36,147**	32,550
Net profit attributable to members		**16,556**	14,800	**15,537**	14,688
Dividends provided for or paid	7	**(23,345)**	(11,091)	**(23,345)**	(11,091)
Retained profits at end of the financial year		**33,660**	40,449	**28,339**	36,147

(c) Nature and purpose of reserves:

Asset Realisation

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

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

24 RESERVES AND RETAINED PROFITS (continued)

Asset Revaluation

The asset revaluation reserve includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with AASB 1041. The balance of the reserve is not available for future asset write-downs as a result of the deemed cost election for land and buildings when adopting AASB 1041.

Foreign Currency Translation

The foreign currency translation reserve records the foreign currency differences arising from the translation of self-sustaining foreign operations.

25 OUTSIDE EQUITY INTEREST IN CONTROLLED ENTITIES

	CONSOLIDATED ENTITY	
	2005	2004
	$000	$000
Outside equity interest comprises interest in:		
Share capital	**3**	3
Reserves	**183**	102
Retained profits	**2,827**	2,772
	3,013	2,877

26 EQUITY

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005	2004	**2005**	2004
	$000	$000	**$000**	$000
Total equity at the beginning of the financial year	**169,891**	162,808	**161,771**	154,891
Total changes in equity recognised in the Statements of Financial Performance	**16,454**	15,170	**15,537**	14,688
Transactions with owners as owners:				
Dividends provided for or paid	**(23,345)**	(11,091)	**(23,345)**	(11,091)
Share issues	**2,464**	3,283	**2,464**	3,283
Total changes in outside equity interest	**136**	(279)	**-**	-
Total equity at the end of the financial year	**165,600**	169,891	**156,427**	161,771

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

27 FINANCIAL INSTRUMENTS

(a) Off balance sheet financial instruments

The consolidated entity is a party to financial instruments with off balance sheet risk to hedge its exposure to fluctuations in interest rates. Derivative financial instruments are not held for speculative purposes.

Interest rate swap contracts

Commercial bills payable of the consolidated entity currently bear an average variable interest rate of 5.9% (2004: 5.8%). It is policy to protect part of the bills payable from exposure to increasing rates. Accordingly, the consolidated entity has entered into an interest rate swap contract under which it is obliged to receive interest at variable rates and to pay interest at a fixed rate. The contract is settled on a net basis every 90 days. Settlement dates coincide with the dates on which interest is payable on the majority of the underlying debt. The fixed interest rate is 5.6% (2004: two contracts with rates between 5.6% and 6.2%).

The notional principal amounts and expiry periods of the interest rate swaps are as follows:

	2005 $000	2004 $000
One to two years	**-**	11,000
Two to five years	**15,000**	15,000
	15,000	26,000

(b) Interest rate risk exposures

The consolidated entity's exposure to interest rate risk and the effective weighted average interest rate for each class of financial assets and financial liabilities is set out below:

	Note	Weighted average interest rate	Floating interest rate $000	1 year or less $000	Over 1 to 5 years $000	More than 5 years $000	Non-interest bearing $000	Total $000
30 June 2005								
Financial Assets								
Cash and deposits	9	5.31%	24,725	-	-	-	1,128	25,853
Receivables	11,18	-	-	-	-	-	70,387	70,387
			24,725	-	-	-	71,515	96,240
Financial Liabilities								
Trade and other creditors	19	-	-	-	-	-	48,458	48,458
Bank overdraft	20	8.75%	1,951	-	-	-	-	1,951
Bill acceptance facility	20	5.92%	37,839	-	-	-	-	37,839
Surplus leased space	20	5.00%	-	15	17	-	-	32
Interest rate swaps (at notional principal amount)		5.65%	(15,000)	-	15,000	-	-	-
			24,790	15	15,017	-	48,458	88,280
30 June 2004								
Financial Assets								
Cash and deposits	9	4.81%	12,105	-	-	-	251	12,356
Receivables	11	-	-	-	-	-	65,161	65,161
			12,105	-	-	-	65,412	77,517
Financial Liabilities								
Trade and other creditors	19	-	-	-	-	-	43,289	43,289
Bank overdraft	20	8.50%	2,287	-	-	-	-	2,287
Bill acceptance facility	23	5.75%	22,532	-	-	-	-	22,532
Surplus leased space	20	5.00%	-	23	33	-	-	56
Interest rate swaps (at notional principal amount)		5.96%	(26,000)	-	26,000	-	-	-
			(1,181)	23	26,033	-	43,289	68,164

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

27 FINANCIAL INSTRUMENTS (continued)

(c) Credit risk exposure

Credit risk is the risk that counter parties to a financial asset will fail to discharge their obligations, causing the consolidated entity to incur a financial loss.

On balance sheet financial instruments

The credit risk exposure of the consolidated entity to financial assets which have been recognised in the Statements of Financial Position is generally the carrying amounts, net of any provisions for doubtful debts.

Off balance sheet financial instruments

The credit risk exposure of the consolidated entity to off balance sheet financial instruments, including derivatives, arises because of the risk that counter parties may not meet their obligations under their respective contracts at maturity. The consolidated entity attempts to minimise that risk by ensuring that counter parties are recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency. Credit risk on interest rate swap contracts is limited to the net amount to be recovered from counter parties on contracts that are favourable to the consolidated entity.

(d) Net fair values of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their net fair values.

None of the consolidated entity's financial assets and financial liabilities are readily traded on organised markets in standardised form.

The net fair value of the consolidated entity's financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow theory. The net fair values of financial instruments not recognised on the Statements of Financial Position at balance date are:

	2005	2004
	$000	$000
Interest rate swaps	**(268)**	(109)

	CONSOLIDATED ENTITY		PARENT ENTITY	
	2005	2004	**2005**	2004
	$000	$000	**$000**	$000
28 CAPITAL AND LEASING COMMITMENTS				
(a) Operating lease commitments				
Non-cancellable operating leases contracted for but not capitalised in the financial statements:				
Not later than one year	**9,203**	6,741	**6,725**	3,953
Later than one year but not later than five years	**14,393**	9,973	**10,823**	5,595
Later than five years	**2,535**	1,145	**2,535**	1,013
	26,131	17,859	**20,083**	10,561
Less future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases not recognised in the financial statements	**(214)**	(421)	**-**	-
	25,917	17,438	**20,083**	10,561
(b) Capital expenditure commitments				
Plant and equipment purchases:				
Not later than one year	**2,250**	-	**2,250**	-
Later than one year but not later than five years	**2,250**	-	**2,250**	-
Later than five years	**373**	-	**373**	-
	4,873	-	**4,873**	-
(c) Contractual commitments				
Information technology managed services:				
Not later than one year	**1,305**	-	**1,305**	-
Later than one year but not later than five years	**4,017**	-	**4,017**	-
	5,322	-	**5,322**	-

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	Note	CONSOLIDATED ENTITY 2005 $000	CONSOLIDATED ENTITY 2004 $000	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
29 EMPLOYEE BENEFITS					
(a) Employee benefits and related on-cost liabilities					
Included in other creditors – current	19	**7,062**	6,519	**6,213**	5,919
Provision for employee benefits – current	22	**2,467**	2,177	**2,083**	1,860
Provision for employee benefits – non-current	22	**2,566**	2,625	**2,435**	2,574
Aggregate employee benefits and related on-cost liability		**12,095**	11,321	**10,731**	10,353
(b) Employee numbers					
Number of employees at reporting date		**2,037**	1,979	**1,656**	1,646

(c) Superannuation

The consolidated entity makes contributions to an accumulation style superannuation scheme for each employee in Australia. The contributions are in accordance with the Superannuation Guarantee legislation. Employees may also make additional voluntary contributions. Benefits are based on the balance of the member accounts at the time of leaving the schemes.

(d) Incentive plans

Details of short-term and long-term incentive plans are set out in Note 5. During the year, 14,222 shares were offered to non-specified executives under the Company's ELTIP. Total shares offered to non-specified executives as at 30 June 2005 amount to 60,879. These shares will only vest upon certain performance hurdles being achieved.

30 NON-DIRECTOR RELATED PARTY TRANSACTIONS

The classes of non-director related parties are:
- wholly-owned controlled entities; and
- partly-owned controlled entities.

Controlled entities

Details of the ownership interest in controlled entities are set out in Note 14.

Transactions

All transactions with non-director related parties are on normal terms and conditions.

	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
The aggregate amounts included in the profit from ordinary activities before income tax expense that resulted from transactions with non-director related parties are:		
Dividend revenue		
Wholly-owned controlled entities	**678**	654
Partly-owned controlled entities	**675**	1,766
	1,353	2,420
Aggregate amount of other transactions with non-director related parties:		
Revenue from sale of goods		
Wholly-owned controlled entities	**1,229**	890
Partly-owned controlled entities	**19**	19
	1,248	909

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

	PARENT ENTITY 2005 $000	PARENT ENTITY 2004 $000
30 NON-DIRECTOR RELATED PARTY TRANSACTIONS (continued)		
Purchase of inventories		
Wholly-owned controlled entities	**897**	589
Partly-owned controlled entities	**1,400**	1,467
	2,297	2,056
Amounts advanced to:		
Wholly-owned controlled entities	**12,139**	11,749
Receivables		
Aggregate amounts receivable from non-director related parties:		
Trade debtors		
Wholly-owned controlled entities	**64**	145
Partly-owned controlled entities	**1**	2
	65	147
Payables		
Aggregate amounts payable to non-director related parties:		
Trade creditors		
Wholly-owned controlled entities	**161**	123
Partly-owned controlled entities	**152**	129
	313	252

31 DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, Coventry Auto Parts Pty Ltd is relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and directors' reports.

It is a condition of the Class Order that the parent entity and Coventry Auto Parts Pty Ltd enter into a Deed of Cross Guarantee. The effect of the Deed is that the parent entity guarantees to each creditor payment in full of any debt in the event of the winding up of Coventry Auto Parts Pty Ltd under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the parent entity will only be liable in the event that after 6 months any creditor has not been paid in full. Coventry Auto Parts Pty Ltd has also given similar guarantees in the event that the parent entity is wound up.

The above companies represent a "Closed Group" for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by the parent entity, they also represent the "Extended Closed Group".

The consolidated Statement of Financial Performance, consolidated Statement of Financial Position and summary of movements in retained profits of the Closed Group are:

	2005 $000	2004 $000
(a) Statement of financial performance		
Profit from ordinary activities before income tax expense	**20,040**	20,463
Income tax expense	**(4,503)**	(5,409)
Profit from ordinary activities after income tax expense	**15,537**	15,054
Net profit attributable to members of Coventry Group Ltd	**15,537**	15,054
Total changes in equity other than those resulting from transactions with owners as owners	**15,537**	15,054

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

31 DEED OF CROSS GUARANTEE (continued)

	2005 $000	2004 $000
(b) Statement of financial position		
Current assets		
Cash assets	**15,137**	8,663
Receivables	**72,872**	60,981
Inventories	**80,129**	72,389
Other assets	**1,504**	2,008
Total current assets	**169,642**	144,041
Non-current assets		
Other financial assets	**9,542**	9,542
Property, plant and equipment	**43,402**	53,794
Tax assets	**5,585**	5,070
Intangible assets	**25,331**	16,448
Total non-current assets	**83,860**	84,854
Total assets	**253,502**	228,895
Current liabilities		
Payables	**46,493**	41,277
Interest-bearing liabilities	**1,951**	2,309
Tax liabilities	**-**	1,012
Provisions	**12,843**	1,901
Total current liabilities	**61,287**	46,499
Non-current liabilities		
Interest-bearing liabilities	**33,300**	18,033
Provisions	**2,488**	2,592
Total non-current liabilities	**35,788**	20,625
Total liabilities	**97,075**	67,124
Net assets	**156,427**	161,771
Equity		
Contributed equity	**96,149**	93,685
Reserves	**31,939**	31,939
Retained profits	**28,339**	36,147
Total equity	**156,427**	161,771
(c) Retained profits		
Retained profits at the beginning of the financial year	**36,147**	32,184
Net profit	**15,537**	15,054
Dividends provided for or paid	**(23,345)**	(11,091)
Retained profits at end of financial year	**28,339**	36,147

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

32 SEGMENT REPORTING

Industry Segments	**Automotive Parts Distribution**		**Industrial Products Distribution**	
	2005 $000	2004 $000	**2005 $000**	2004 $000
Sales to customers outside the consolidated entity	**270,248**	239,721	**175,412**	170,566
Intersegment sales	**659**	731	**2,033**	1,174
Other revenue	**2,131**	1,959	**4,888**	1,262
Total segment revenue	**273,038**	242,411	**182,333**	173,002
Unallocated corporate revenue (1)				
Total revenue				
Segment net profit before interest and tax (2)	**4,481**	7,090	**17,031**	15,859
Unallocated net corporate (expense)/revenue				
Operating profit before interest and tax				
Net interest expense				
Net profit before tax				
Income tax expense				
Net profit after tax				
Segment assets	**111,269**	90,002	**95,826**	87,587
Unallocated corporate assets				
Total assets				
Segment liabilities	**27,833**	26,482	**17,543**	18,023
Unallocated corporate liabilities				
Total liabilities				
Acquisition of property, plant and equipment, intangibles and other non-current segment assets	**15,355**	2,660	**2,218**	2,942
Unallocated corporate acquisition of non-current assets				
Total acquisition of property, plant and equipment, intangibles and other non-current assets				
Segment depreciation and amortisation expense	**2,898**	2,231	**3,295**	3,634
Unallocated corporate depreciation and amortisation expense				
Total depreciation and amortisation expense				
Segment other non-cash expenses	**695**	436	**(761)**	1,844
Unallocated corporate non-cash expenses				
Total other non-cash expenses				
Individually significant items				
Employee termination costs	**(470)**	-	**-**	-
Unallocated profit on sale of land and buildings	**-**	-	**-**	-
Total significant items	**(470)**	-	**-**	-

(1) Includes proceeds from sale of land and buildings of $16.58 million (2004: $1.82 million).

(2) The automotive parts distribution segment includes trading losses (including amortisation of distribution rights) incurred by Coventry Auto Parts Pty Ltd of $5.82 million (2004: $4.14 million). This amount includes a first time allocation of corporate services costs of $585,000 and a write-off of obsolete stock of $816,000.

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for the year ended 30 June 2005

Bitumen Products		Gasket Manufacturing		Eliminations		Consolidated	
2005	2004	**2005**	2004	**2005**	2004	**2005**	2004
$000	$000	**$000**	$000	**$000**	$000	**$000**	$000
14,711	13,056	**10,417**	10,568	**-**	-	**470,788**	433,911
-	-	**1,837**	1,845	**(4,529)**	(3,750)	**-**	-
278	294	**122**	124	**-**	-	**7,419**	3,639
14,989	13,350	**12,376**	12,537	**(4,529)**	(3,750)	**478,207**	437,550
						17,894	2,752
						496,101	440,302
1,244	1,315	**1,944**	1,818	**-**	366	**24,700**	26,448
						(127)	(3,343)
						24,573	23,105
						1,627	1,176
						22,946	21,929
						6,001	6,758
						16,945	15,171
6,501	6,160	**9,518**	8,998	**(620)**	(1,618)	**222,494**	191,129
						47,384	52,848
						269,878	243,977
1,550	1,100	**1,111**	1,025	**(620)**	(1,618)	**47,417**	45,012
						56,861	29,074
						104,278	74,086
445	427	**420**	435	**-**	-	**18,438**	6,464
						3,072	1,199
						21,510	7,663
436	466	**435**	426	**-**	-	**7,064**	6,757
						1,780	1,049
						8,844	7,806
84	(47)	**112**	58	**-**	-	**130**	2,291
						(74)	108
						56	2,399
-	-	**-**	-	**-**	-	**(470)**	-
-	-	**-**	-	**-**	-	**3,583**	-
-	-	**-**	-	**-**	-	**3,113**	-

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

32 SEGMENT REPORTING (continued)

Products and services

The major products and services from which the above segments derived revenue are:

Industry segment	Products/Service
Automotive Distribution	Automotive parts and accessories and mining and industrial consumables.
Industrial Products Distribution	Industrial and construction fasteners, bearings, power transmission products, lubrication products and systems, hoses and fittings and hydraulic fluid systems.
Bitumen Products	Asphalt manufacture and application, road profiling and manufacture and spraying of bituminous products.
Gasket Manufacturing	Manufacture and distribution of automotive and industrial gaskets.

Intersegment pricing is determined on an arm's length basis.

Geographical segments

The consolidated entity operates predominantly in one geographic segment, being Australia. This segment includes the assets and results of the consolidated entity's New Zealand activities.

33 EVENTS SUBSEQUENT TO REPORTING DATE

Dividends

A dividend has been declared since the end of the current period as described at Note 7.

Acquisitions

On 1 July 2005, the consolidated entity acquired the business of Am-Tech Fastenings and Components Limited, a New Zealand based fastener distributor, for a consideration of $NZ 8 million. The acquisition was undertaken utilising the New Zealand based controlled entity, Hylton Parker Fasteners Ltd. Further purchase consideration of up to $NZ 2 million will be payable to the vendor contingent upon agreed sales and profit targets being achieved by the acquired business for the year ending 30 June 2006. Any such payment will be due no later than 3 September 2006.

The financial effects of the above transactions have not been brought to account in the financial statements for the year ended 30 June 2005.

34 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("AIFRS")

The Board has established a formal project, monitored by the Audit & Risk Committee, to achieve transition to IFRS reporting. Management has allocated internal resources to manage the transition to AIFRS and sought external advice where required. The Chief Financial Officer reports periodically to the Audit & Risk Committee on the status of the transition. Accounting procedures, processes and systems have been reviewed to ensure that they can support AIFRS reporting obligations.

The impact of transition to AIFRS, including the transitional adjustments disclosed herein, is based on AIFRS standards that management expects to be in place when preparing the first complete AIFRS financial report (being for the half-year ending 31 December 2005). Only a complete set of financial statements and notes together with comparative balances can provide a true and fair presentation of the Company's and consolidated entity's financial position, results of operations and cash flows in accordance with AIFRS. This note provides only a summary, and further disclosure and explanations will be required in the first complete AIFRS financial report for a true and fair view to be presented under AIFRS.

There is a significant amount of judgement involved in the preparation of the reconciliations from current Australian Generally Accepted Accounting Principles ("AGAAP") to AIFRS. Consequently, the final reconciliations presented in the first financial report prepared in accordance with AIFRS may vary from the reconciliations provided in this Note.

Notes to and forming part of the Financial Statements

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34 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("AIFRS") (continued)

Revisions to the selection and application of the AIFRS accounting policies may be required as a result of:

- changes in financial reporting requirements that are relevant to the Company's and consolidated entity's first complete AIFRS financial report arising from new or revised accounting standards or interpretations issued by the Australian Accounting Standards Board subsequent to the preparation of the 30 June 2005 financial report;
- additional guidance on the application of AIFRS in a particular industry or for a particular transaction; and
- changes to the Company's and consolidated entity's operations.

The rules for first time adoption of AIFRS are set out in AASB 1 *First Time Adoption of Australian Equivalents to International Financial Reporting Standards*. In general, AIFRS accounting policies must be applied retrospectively to determine the opening AIFRS balance sheet as at transition date, being 1 July 2004. The Standard allows a number of exemptions to this general principle to assist in the transition to reporting under AIFRS. The choices available have been analysed to determine the most appropriate accounting policy for the consolidated entity.

The significant changes in accounting policies expected to be adopted in preparing the AIFRS reconciliations, and the elections expected to be made under AASB 1, are set out below.

(a) Property, plant and equipment

Property, plant and equipment will be measured at cost under AIFRS. However, as permitted by the election available under AASB 1, at transition date certain items of property, plant and equipment are expected to be recognised at deemed cost, being a revalued amount prior to transition date that approximates the fair value as at the date of valuation.

Any asset revaluation reserve balance relating to these assets will be reclassified to retained earnings at transition date. For the consolidated entity, at 1 July 2004 an amount of $14,826,000 (the parent entity: $14,684,000) is expected to be reclassified from the asset revaluation reserve to retained earnings. As carrying amounts, depreciation rates and useful economic lives are not expected to change there is no effect on the income statements of the consolidated entity and the parent entity for the financial year ended 30 June 2005.

Under AIFRS the gain or loss on the disposal of property, plant and equipment will be recognised on a net basis as a gain or loss rather than separately recognising the consideration received as revenue. For the consolidated entity, the book value of assets sold, being an amount of $17,571,000 (the parent entity: $17,485,000), is expected to be reclassified from other expenses and offset against revenue for the financial year ended 30 June 2005.

(b) Business combinations

As permitted by the election available under AASB 1, the classification and accounting treatment of business combinations that occurred prior to transition date have not been restated in preparing the opening AIFRS balance sheet. The assets and liabilities are then subject to the other requirements of AASB 1.

<u>Comparative period</u>

Business combinations that occurred on or after 1 July 2004 will be restated to comply with AIFRS. All business combinations will be accounted for by applying the purchase method. It is expected that goodwill and retained profits for the consolidated entity will be reduced by $526,000 (parent entity: $232,000) as at 30 June 2005, and cost of sales increased by $526,000 (parent entity: $232,000) for the year ended 30 June 2005.

(c) Intangible assets

<u>Goodwill</u>

Goodwill represents the difference between the cost of a business combination and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired.

In respect of acquisitions prior to transition date, goodwill is expected to be included on the basis of its deemed cost, which represents the amount recorded under AGAAP.

Goodwill will be stated at cost less any accumulated impairment losses. Goodwill will be allocated to cash generating units and tested annually for impairment (refer (d) for further details on impairment testing).

Notes to and forming part of the Financial Statements
for the year ended 30 June 2005

34 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("AIFRS") (continued)

(c) Intangible assets (continued)

Negative goodwill arising on acquisition will be recognised directly in profit and loss unless it is deemed to be a transaction with owners. Under AGAAP, negative goodwill is allocated to the non-monetary assets acquired. As business combinations have not been restated (refer (b)) there is no impact from this change in treatment on transition.

Other intangible assets

Other intangible assets acquired will be stated at cost less accumulated amortisation and impairment losses.

On transition, other intangible assets are being reviewed to ensure they are capable of recognition under AASB 138 *Intangible Assets* and tested for impairment. Capitalised software costs for the consolidated entity at 1 July 2004 of $823,000 (parent entity: $660,000), and at 30 June 2005 of $898,000 (parent entity: $681,000), are expected to be reclassified from property, plant and equipment to intangible assets. No other reclassifications are expected.

Amortisation

Amortisation will be recognised on a straight-line basis over the estimated useful lives of the intangible assets, unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life will not be subject to amortisation but tested for impairment annually. Other intangible assets will be amortised from the date they are available for use. Changes in useful life on transition to AIFRS will be accounted for prospectively.

The estimated useful lives for 1 July 2004 are expected to be as follows:

	AIFRS	AGAAP
Goodwill	Indefinite	20 years
Distribution rights	10 years	10 years

The impact on the profit before tax for the year ended 30 June 2005 from the reversal of goodwill amortisation is expected to be an increase for the consolidated entity of $1,949,000 (the parent entity: $1,454,000). In addition, profit before tax for the consolidated entity for the year ended 30 June 2005 is expected to increase by $99,000, representing the reversal of amortisation of distribution rights that were written off on transition to AIFRS (refer (d)).

(d) Impairment

Under AGAAP, the carrying amounts of non-current assets valued on a cost basis are reviewed at reporting date to determine whether they are in excess of their recoverable amount. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount, with the write-down recognised in the income statement in the period in which it occurs. Where a group of assets working together support the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

Under AIFRS, the carrying amount of the consolidated entity's non-current assets, excluding deferred tax assets and goodwill, will be reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset will be tested for impairment by comparing its recoverable amount to its carrying amount.

Goodwill which is not amortised under AIFRS (refer (c)), and intangible assets not yet ready for use, are tested for impairment annually, whether or not there is any indication of impairment.

If there is any indication that an asset is impaired (or in the case of those assets subject to annual testing), the recoverable amount will be estimated for the individual asset. If it is not possible to estimate the recoverable amount for the individual asset, the recoverable amount of the cash generating unit to which the asset belongs will be determined.

The recoverable amount will be the greater of the fair value less costs to sell and the value in use. In assessing value in use, the estimated future cash flows will be discounted to their present value using a pre-tax discount rate that reflects the current market assessment of the risks specific to the asset or cash generating unit. Cash flows will be estimated for the asset or cash generating unit in its current condition and therefore will not include cash inflows and outflows from improving or enhancing the asset's performance or expected to arise from future restructuring not yet committed to at testing date.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

34 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("AIFRS") (continued)

(d) Impairment (continued)

A cash generating unit will be the smallest identifiable group of assets that generate cash inflows largely independent of the cash inflows of other assets or groups of assets, and each cash generating unit will be no larger than a segment.

An impairment loss will be recognised whenever the carrying amount of an asset, or cash generating unit, exceeds its recoverable amount. Impairment losses will be recognised in the income statement unless they relate to a revalued asset, in which case the impairment loss will be treated in the same way as a revaluation decrease.

Impairment losses recognised in respect of a cash generating unit will be allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit, and then to reduce the carrying amount of the other assets in the unit pro rata based on their carrying amounts.

Goodwill and distribution rights will be tested for impairment as at transition date. For the consolidated entity, an impairment loss of $701,000 allocated against distribution rights is expected to be recognised as a decrease in retained earnings, arising from the more rigorous impairment test under AIFRS. For the parent entity, at 1 July 2004, a consequential impairment loss of $701,000 in relation to investments in controlled entities is expected to be recognised.

<u>Reversals of impairment</u>
Under AGAAP, impairment losses have not been reversed.

Under AIFRS, an impairment loss in respect of goodwill must not be reversed. In respect of other assets, an impairment loss will be reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss will be reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

There is no expected impact from this change in treatment on transition.

(e) Taxation

On transition to AIFRS the balance sheet method of tax effect accounting will be adopted rather than the liability method currently applied under AGAAP.

Under the balance sheet approach, income tax on the profit or loss for the year comprises current and deferred taxes. Income tax will be recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it will be 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 reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences will not be provided for: goodwill for which amortisation is not tax deductible, the initial recognition of assets and liabilities that affect neither accounting nor taxable profit, and differences relating to investments in controlled entities to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided will be based on the expected manner of realisation of the asset or settlement of the liability, using tax rates enacted or substantively enacted at reporting date.

A deferred tax asset will be recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets will be reduced to the extent it is no longer probable that the related tax benefit will be realised.

The expected impact on the consolidated entity at 1 July 2004 of this change in basis and the transition adjustments on the deferred tax balances and the previously reported tax expense, is an increase in deferred tax assets of $5,597,000 (the parent entity: $5,326,000), an increase in deferred tax liabilities of $5,046,000 (the parent entity: $5,001,000), and an increase in retained earnings of $551,000 (the parent entity: $325,000).

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

34 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("AIFRS") (continued)

(e) Taxation (continued)

The increase in deferred tax assets for both the consolidated entity and the parent entity arises primarily from the recognition of accumulated tax losses of $5,184,000, as a result of different recognition criteria under AIFRS. The increase in deferred tax liabilities arises primarily from the recognition of deferred tax relating to previous property revaluations (consolidated entity: $4,527,000; parent entity: $4,405,000).

The expected impact of the change in basis on the tax expense for the financial year ended 30 June 2005 is an increase for the consolidated entity of $438,000 (the parent entity: $531,000). As at 30 June 2005, deferred tax assets and deferred tax liabilities of the consolidated entity are expected to decrease by $784,000 (the parent entity: $867,000) and $2,732,000 (the parent entity: $2,722,000) respectively. Retained profits are also expected to decrease by $2,386,000 for both the consolidated entity and parent entity, due to the reversal of a deferred tax liability that was recognised in equity on transition to AIFRS.

Under Interpretation 1052 *Tax Consolidation Accounting*, wholly owned subsidiaries in the tax consolidated group will be required to recognise their own tax balances directly, and the current tax liability or asset will be assumed by the head entity via an equity contribution or distribution. There will be no impact on the consolidated entity. There is also no impact expected for the parent entity, as any adjustments arising would be offset by corresponding adjustments to the allowance for write-down of investments in controlled entities.

(f) Employee benefits

Share based payments

Under AGAAP no expense is recognised for shares offered under the Company's executive long term incentive plan ("ELTIP").

Under AIFRS, the fair value determined at grant date of shares offered under the ELTIP is expensed on a straight line basis over the vesting period, based on the estimated number of shares that will vest.

For the consolidated entity and parent entity at 1 July 2004, this is expected to result in a decrease to retained earnings of $234,000 and an increase to other reserves of $234,000.

For the financial year ended 30 June 2005, employee benefits expense and other reserves are expected to be increased by $370,000 in the consolidated entity and parent entity.

(g) Foreign currency

Financial statements of foreign operations

Under AGAAP, the assets and liabilities of self-sustaining foreign operations are translated at the rates of exchange ruling at reporting date. Equity items and goodwill on consolidation are translated at historical rates. The statements of financial performance are translated at a weighted average rate for the year. Exchange differences arising on translation are recognised directly in the foreign currency translation reserve until disposal of the operation, when it is transferred directly to retained earnings.

Under AIFRS, each entity in the consolidated entity determines its functional currency, being the currency of the primary economic environment in which the entity operates reflecting the underlying transactions, events and conditions that are relevant to the entity. The entity maintains its books and records in its functional currency.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated from the entity's functional currency to the consolidated entity's presentation currency of Australian dollars at foreign exchange rates ruling at the reporting date. The revenues and expenses of foreign operations are translated to Australian dollars at the exchange rates approximating the exchange rates ruling at the date of the transactions. Foreign exchange differences arising on translation are recognised directly in a separate component of equity.

There are no expected changes in functional currency for the parent entity or its controlled entities.

On disposal of a foreign operation, the amount recognised in the foreign currency translation reserve attributable to the foreign operation is included in the calculation of gain or loss on disposal and recycled through the current year income statement.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

34 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("AIFRS") (continued)

(g) Foreign currency (continued)

The AASB 1 election to reset the existing foreign currency translation reserve balance to nil is not expected to be adopted. Foreign currency translation differences that have arisen prior to the date of transition are expected to continue to be presented as a separate component of equity.

Accordingly, there are no impacts expected on transition or for the year ended 30 June 2005 in respect of this change.

(h) Financial instruments

Coventry Group Ltd expects to take advantage of the election in AASB 1 to not restate comparatives for AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement*.

The entity has followed AGAAP in accounting for financial instruments within the scope of AASB 132 and AASB 139 as described in Note 1.

Under AGAAP, not all derivatives were recognised on the balance sheet. On adoption of AASB 139, as at 1 July 2005 all derivatives will be recognised at fair value on the balance sheet. The expected effect on the consolidated entity and parent entity is to increase fair value derivative liabilities and the hedging reserve by $268,000.

Under AASB 139, financial assets will be classified as at fair value through profit or loss, held-to-maturity, available for sale, or as loans and receivables and, depending upon classification, measured at fair value or amortised cost.

Loans and receivables and financial liability classifications will remain unchanged. Measurement of these instruments will initially be at fair value with subsequent measurement at amortised cost, using the effective interest rate method. This will result in a change to the current accounting policy, under which financial assets are carried at the lower of cost and recoverable amount.

As a result of the application of the exemption referred to above, there would have been no adjustment to classification or measurement of financial assets or liabilities from the application of AIFRS during the year ended 30 June 2005. Changes in classification and measurement will be recognised from 1 July 2005.

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

34 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("AIFRS") (continued)

Summary of transitional adjustments

Reconciliation of Statements of Financial Position

The following tables set out the expected adjustments to the Statements of Financial Position of the parent entity and the consolidated entity at transition to AIFRS as at 1 July 2004 and for the AIFRS comparative period balance sheet as at 30 June 2005.

	CONSOLIDATED ENTITY 1 JULY 2004			CONSOLIDATED ENTITY 30 JUNE 2005		
	AGAAP $'000	Transition Impact $'000	AIFRS $'000	AGAAP $'000	Transition Impact $'000	AIFRS $'000
ASSETS						
Current assets						
Cash assets	12,356	-	12,356	25,853	-	25,853
Receivables	65,161	-	65,161	70,172	-	70,172
Inventories	79,632	-	79,632	88,441	-	88,441
Other assets	2,035	-	2,035	1,697	-	1,697
Total current assets	159,184	-	159,184	186,163	-	186,163
Non-current assets						
Other financial assets	-	-	-	-	-	-
Property, plant & equipment	57,962	(823)	57,139	47,516	(898)	46,618
Deferred tax assets	5,521	5,597	11,118	6,145	4,813	10,958
Intangible assets	21,310	122	21,432	30,054	1,719	31,773
Total non-current assets	84,793	4,896	89,689	83,715	5,634	89,349
Total assets	243,977	4,896	248,873	269,878	5,634	275,512
LIABILITIES						
Current liabilities						
Payables	43,289	-	43,289	48,458	-	48,458
Interest-bearing liabilities	2,310	-	2,310	1,966	-	1,966
Current tax liabilities	1,089	-	1,089	270	-	270
Provisions	2,208	-	2,208	13,162	-	13,162
Total current liabilities	48,896	-	48,896	63,856	-	63,856
Non-current liabilities						
Interest-bearing liabilities	22,565	-	22,565	37,856	-	37,856
Deferred tax liabilities	-	5,046	5,046	-	2,314	2,314
Provisions	2,625	-	2,625	2,566	-	2,566
Total non-current liabilities	25,190	5,046	30,236	40,422	2,314	42,736
Total liabilities	74,086	5,046	79,132	104,278	2,314	106,592
Net assets	169,891	(150)	169,741	165,600	3,320	168,920
EQUITY						
Share capital	93,685	-	93,685	96,149	-	96,149
Other reserves	32,880	(14,592)	18,288	32,778	(14,222)	18,556
Retained profits	40,449	14,452	54,901	33,660	17,550	51,210
Total parent entity interest	167,014	(140)	166,874	162,587	3,328	165,915
Outside equity interest	2,877	(10)	2,867	3,013	(8)	3,005
Total equity	169,891	(150)	169,741	165,600	3,320	168,920

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

PARENT ENTITY 1 JULY 204			PARENT ENTITY 30 JUNE 2005		
AGAAP $'000	Transition Impact $'000	AIFRS $'000	AGAAP $'000	Transition Impact $'000	AIFRS $'000
2,819	-	2,819	14,971	-	14,971
71,715	-	71,715	87,787	-	87,787
62,134	-	62,134	68,850	-	68,850
1,263	-	1,263	1,304	-	1,304
137,931	-	137,931	172,912	-	172,912
15,782	(701)	15,081	9,960	(701)	9,259
51,397	(660)	50,737	39,885	(681)	39,204
5,070	5,326	10,396	5,585	4,459	10,044
15,621	660	16,281	21,062	1,903	22,965
87,870	4,625	92,495	76,492	4,980	81,472
225,801	4,625	230,426	249,404	4,980	254,384
38,270	-	38,270	42,519	-	42,519
2,287	-	2,287	1,951	-	1,951
1,012	-	1,012	-	-	-
1,887	-	1,887	12,772	-	12,772
43,456	-	43,456	57,242	-	57,242
18,000	-	18,000	33,300	-	33,300
-	5,001	5,001	-	2,279	2,279
2,574	-	2,574	2,435	-	2,435
20,574	5,001	25,575	35,735	2,279	38,014
64,030	5,001	69,031	92,977	2,279	95,256
161,771	(376)	161,395	156,427	2,701	159,128
93,685	-	93,685	96,149	-	96,149
31,939	(14,450)	17,489	31,939	(14,080)	17,859
36,147	14,074	50,221	28,339	16,781	45,120
161,771	(376)	161,395	156,427	2,701	159,128
-	-	-	-	-	-
161,771	(376)	161,395	156,427	2,701	159,128

Notes to and forming part of the Financial Statements

for the year ended 30 June 2005

34 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("AIFRS") (continued)

Reconciliation of profit for the financial year ended 30 June 2005

The following table sets out the expected adjustments to the Statements of Financial Performance of the parent entity and the consolidated entity for the year ended 30 June 2005.

	CONSOLIDATED ENTITY For the year ended 30 June 2005			PARENT ENTITY For the year ended 30 June 2005		
	AGAAP $'000	Transition Impact $'000	AIFRS $'000	AGAAP $'000	Transition Impact $'000	AIFRS $'000
Revenue	496,101	(17,571)	478,530	425,588	(17,485)	408,103
Cost of goods sold	(295,704)	(526)	(296,230)	(252,981)	(232)	(253,213)
Employee benefits expense	(93,530)	(370)	(93,900)	(79,402)	(370)	(79,772)
Depreciation and amortisation expenses	(8,844)	2,048	(6,796)	(6,841)	1,454	(5,387)
Borrowing costs	(2,189)	-	(2,189)	(1,857)	-	(1,857)
Occupancy costs	(10,179)	-	(10,179)	(6,817)	-	(6,817)
Book value of assets sold	(17,571)	17,571	-	(17,485)	17,485	-
Communication costs	(3,510)	-	(3,510)	(2,804)	-	(2,804)
Impairment of assets	-	-	-	(5,823)	-	(5,823)
Other expenses from ordinary activities	(41,628)	-	(41,628)	(31,538)	-	(31,538)
Profit before income tax expense	22,946	1,152	24,098	20,040	852	20,892
Income tax expense	(6,001)	(438)	(6,439)	(4,503)	(531)	(5,034)
Profit for the period	16,945	714	17,659	15,537	321	15,858
Attributed to:						
Equity holders of the parent	16,556	712	17,268	15,537	321	15,858
Outside equity interests	389	2	391	-	-	-
	16,945	714	17,659	15,537	321	15,858

Summary of impact of transition to AIFRS on retained earnings

The impact of the transition to AIFRS on retained earnings as at 1 July 2004 is summarised below:

	CONSOLIDATED ENTITY $'000	PARENT ENTITY $'000
Retained earnings as at 1 July 2004 under AGAAP	40,449	36,147
AIFRS reconciliations:		
- reclassification of asset revaluation reserve	14,826	14,684
- recognition of share-based payments expense	(234)	(234)
- impairment loss	(701)	(701)
- impact of taxation	551	325
Retained earnings as at 1 July 2004 under AIFRS	54,891	50,221

Directors' Declaration

1. In the opinion of the directors of Coventry Group Ltd ("the Company")
   (a) The accompanying financial statements and notes are in accordance with the Corporations Act 2001, and:
      (i) give a true and fair view of the financial position of the Company and consolidated entity as at 30 June 2005 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
      (ii) comply with Accounting Standards in Australia and the Corporations Regulations 2001; and
   (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the controlled entity identified in Note 31 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee between the Company and the controlled entity pursuant to ASIC Class Order 98/1418.
3. The directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2005.

Signed in accordance with a resolution of the directors.

W G Kent, AO
Chairman

C J Glenn
Managing Director and Chief Executive Officer

Perth
22 August 2005

Independent Auditor's Report to Members of Coventry Group Ltd

Scope

The financial report and directors' responsibility

The financial report comprises the statements of financial position, statements of financial performance, statements of cash flows, accompanying notes to the financial statements, and the directors' declaration for both Coventry Group Ltd (the "Company") and the Consolidated Entity, for the year ended 30 June 2005. The Consolidated Entity comprises both the Company and the entities it controlled during that year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit opinion

In our opinion, the financial report of Coventry Group Ltd is in accordance with:

a) the *Corporations Act 2001*, including:

   i. giving a true and fair view of the Company's and Consolidated Entity's financial position as at 30 June 2005 and of their performance for the financial year ended on that date; and

   ii. complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory professional reporting requirements in Australia.

KPMG

KPMG

T R HART
Partner

Perth
22 August 2005

KPMG, an Australian partnership, is a member of KPMG International, a Swiss non-operating association.

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 2005 there have been:

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

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

KPMG

KPMG

T R HART
Partner

Perth
22 August 2005

Shareholder Information

as at 2 September 2005

TWENTY LARGEST SHAREHOLDERS

Name	Ordinary Shares Number	% of Total
1. RBC Global Services Australia Nominees Pty Limited (BK Cust A/C)	4,512,457	12.65
2. National Nominees Limited	3,364,640	9.44
3. Australian Foundation Investment Company Limited	1,650,000	4.63
4. JP Morgan Nominees Australia Limited	1,609,647	4.51
5. Dorsett Investments Pty Ltd	1,507,446	4.23
6. Swanwall Holdings Pty Ltd	1,343,535	3.77
7. Westpac Custodian Nominees Limited	943,471	2.65
8. Anne Kyle	866,973	2.43
9. Devadius Pty Ltd	836,619	2.35
10. Argo Investments Limited	740,703	2.08
11. Malcolm James McCusker	734,511	2.06
12. Citicorp Nominees Pty Limited	534,473	1.50
13. Milton Corporation Limited	513,377	1.64
14. ANZ Nominees Limited	405,740	1.14
15. Queensland Investment Corporation	383,273	1.07
16. Cogent Nominees Pty Limited	375,721	1.05
17. Geoffrey Michael Kyle	301,708	0.85
18. Leah Jane Cohen	297,600	0.83
19. Joan Merle Smith	234,427	0.66
20. Clifford Maxwell Kyle	217,378	0.61
	21,373,699	59.95

DISTRIBUTION OF SHAREHOLDINGS

	Shareholders		Shares	
Size of Holding	Number	%	Number	%
1 to 1,000	1,357	36.66	608,138	1.71
1,001 to 5,000	1,771	47.84	4,392,223	12.32
5,001 to 10,000	328	8.86	2,387,966	6.70
10,001 to 100,000	214	5.78	5,132,575	14.39
100,001 and over	32	0.86	23,139,536	64.88
	3,702	100.00	35,660,438	100.00

There were 277 holders of less than a marketable parcel of shares.

SUBSTANTIAL SHAREHOLDERS

The Company's register of substantial shareholders showed the following particulars as at 2 September 2005.

Name of Substantial Shareholder	Extent of Interest (No. of shares)	Date of Last Notification
Investors Mutual Limited	4,660,797	11.02.05
Paradice Cooper Investors Pty Ltd	3,289,665	16.01.03

VOTING RIGHTS

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

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

Investor Information

Annual General Meeting

The 69th Annual General Meeting of Coventry Group Ltd will be held at Duxton Room 1, Duxton Hotel, 1 St George's Terrace, Perth, Western Australia on Tuesday, 8 November 2005, at 2.00 pm.

Shareholder Enquiries

Shareholders can obtain information about their shares or dividend payments by contacting the Company's share registry at:
Computershare Investor Services Pty Limited
Level 2, Reserve Bank Building
45 St George's Terrace
Perth Western Australia 6000
Telephone: (08) 9323 2000
Facsimile: (08) 9323 2033
Freecall: 1800 033 025

Electronic Payment of Dividends

Coventry Group Ltd encourages shareholders to receive their dividend payments by direct credit. Shareholders may nominate a bank, building society or credit union account for direct payment of the dividend. Payments are electronically credited on the dividend date and confirmed by mailed payment advice. Shareholders wishing to take advantage of payment by direct credit should contact the share registry to obtain an application form.

Change of Name/Address/Banking Details

Shareholders should notify the share registry in writing immediately there is a change of their name, registered address or change in banking particulars for direct credit of dividends.

Removal From Annual Report Mailing List

Shareholders who prefer not to receive the annual report or are receiving more than one copy at a household or business should advise the share registry in writing.

Dividend Reinvestment Plan

The Company operates a dividend reinvestment plan (DRP). The DRP is a convenient method for shareholders to increase their shareholding by investing all or part of their dividend to acquire shares without incurring additional costs such as brokerage fees.

The DRP terms and conditions booklet and application forms are available from the share registry.

The Directors determine from time to time whether the DRP will operate for any particular dividend that may be declared and if a discount to the market price calculated in accordance with the plan will apply for shares issued under the DRP.

The Directors have maintained the DRP for the 2004/05 final dividend paid on 23 September 2005 with a discount of 2.5%.

Stock Exchange Listing

The Company's shares are listed on the Australian Stock Exchange Limited and trade under the ASX code CYG.

Coventry Group Website

Information about Coventry Group Ltd is available on the internet at:
www.cgl.com.au

This website also contains the Company's latest annual and half yearly report to shareholders, recent announcements to the Australian Stock Exchange as well as selected corporate information.

The website also has a direct link to the share registry.

Corporate Directory

Coventry Group Ltd
ABN 37 008 670 102

Registered and Principal Administrative Office
253 Walter Road
Morley Western Australia 6062
Telephone: (08) 9276 0222
Facsimile: (08) 9276 1666

Postal Address
PO Box 63
Morley Western Australia 6943

Web Site
www.cgl.com.au

Secretary
J Colli

Bankers
Westpac Banking Corporation

Auditors
KPMG
Central Park
152-158 St George's Terrace
Perth Western Australia 6000

Principal Solicitors
Mallesons Stephen Jaques
Level 10
Central Park
152 St George's Terrace
Perth Western Australia 6000

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

Financial Calendar

2005

6 September	Shares trade ex-dividend
12 September	Record date for final dividend
12 September	Deadline for receipt of DRP election forms
23 September	Final dividend payable
8 November	Annual General Meeting
31 December	End of financial half-year

2006 (proposed)

20 February	Half Year Results and interim dividend announcement
28 February	Shares trade ex-dividend
6 March	Record date for interim dividend
6 March	Deadline for receipt of DRP election forms
16 March	Interim dividend payable
30 June	End of financial year
21 August	Year End Results and final dividend announcement
29 August	Shares trade ex-dividend
4 September	Record date for final dividend
4 September	Deadline for receipt of DRP election forms
14 September	Final dividend payable
6 November	Annual General Meeting