



ASX media release

3 July 2009

## **MARKET UPDATE**

Coventry Group Ltd (Coventry) (ASX Code: CYG) wishes to update the market on matters related to its current trading and other matters related to its current operating performance.

In the Market Update dated 4 May 2009 Coventry stated "it now appears probable that those (financial) results will show normalised (operating) EBIT very close to the result for the previous year (i.e. \$10million) and Net Profit after Tax significantly below the result for the previous year's \$6.9 million." The current unaudited management accounts disclose that the anticipated normalised operating EBIT is likely to be in the vicinity of \$8 million. The current unaudited management accounts disclose that the Net Profit after Tax will be a small profit although with the ASIC guidance that Directors pay particular attention in the area of asset impairment in light of the global economic crisis the figure may, post implementation and any audit adjustments, deteriorate to a loss.

The main factor influencing this market update is the continuing adverse market conditions faced by the Industrial products business unit particularly in the resources sector and consequent infrastructure projects. Those conditions have continued to deteriorate since the previous market update and whilst there are some signs of an improvement in general economic conditions it now appears probable that negative trading conditions will continue for the remainder of the 2009 calendar year. In the May 2009 Market Update Coventry foreshadowed that the results of the Automotive parts business unit would breakeven in the second half of the 2008/9 financial year and on current results and trends that view is still supported. The Gaskets manufacturing and distribution business unit continues to perform well. Both Industrial and Automotive business units continue to undertake systematic reviews of their operations and cost bases to scale the businesses to match the market demand.

The implementation of the new information system into all of Coventry's wholly owned business units, both in Australia and New Zealand was completed by 30 June 2009 and the system is now operating effectively. Coventry will continue to enhance system functionality to improve operating efficiency.

In late June 2009 Coventry successfully completed the sale of its property in Osborne Park WA. The initiatives Coventry has undertaken in the last six months to reduce working capital have been very successful. As a consequence Coventry's net debt at 30 June 2009 was a little below \$20 million. The reduction in net debt from a peak of \$83 million in June 2007 to \$20 million has been achieved without the need to issue new equity capital. Coventry has also successfully negotiated an extension to its debt facility with Westpac Banking Corporation to July 2010.

As a consequence of its improved debt position and the Directors' confidence in the future operating prospects the Directors are pleased to announce a dividend of 5 cents per share, fully franked.

The dividend will be payable on 25 September 2009 to shareholders registered as at 5.00 pm on 8 September 2009 - the record date.

The Company's dividend reinvestment plan (DRP) has been reactivated. The price at which shares shall be issued under the DRP will be the weighted average market price per share of all shares sold on the ASX during the period of 5 trading days commencing on and including the record date for the dividend less a discount of 5%.

Shares issued under the DRP will rank equally with other issued shares of Coventry.

Shareholders wishing to participate in the DRP for the first time and who have not given a previous instruction or are wishing to amend their current participation instruction will be required to lodge an application form with the Company's share registry by 8 September 2009.

For further information, please contact:

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