



ASX Release

12 May 2011

SALE OF WA AUTOMOTIVE BUSINESS

Coventry Group Limited ("CGL") (ASX code: CYG) today announced that it had signed an agreement to sell its Western Australia auto parts business, Coventrys, to Automotive Holdings Group Limited ("AHG") (ASX code: AHE). As is normal in a business asset sale of this type, the sale remains conditional on the satisfaction of certain contractual matters but both parties aim for the sale to be completed for 1 July 2011.

AHG is a substantial Perth based Group which operates nationally and is Australia's largest car retailer.

Under the key conditions of the sale AHG will continue sales from all of Coventrys' Western Australian auto sales locations under the acquired business name "COVS" and all current Coventrys auto employees in Western Australia will be offered employment by AHG.

Key Financial Implications of the Sale

- At sale completion AHG will pay CGL a premium for control of the business and purchase the inventory and certain fixed assets. The net premium over assets acquired will be approximately \$4M.
- CGL will remain responsible for collection of its pre completion receivables and payment of its pre completion payables. This income will be received during the early months of the coming financial year.
- CGL will separately offer for sale on the open market all of the owned real estate associated with its Western Australia and South Australian auto businesses. The sale of CGL's auto business in South Australia which was announced on 18 February 2011 was completed on 6 May 2011.
- CGL has agreed to supply AHG certain services for a period of approximately 1 year post completion to ensure a successful transition of the business. This is not anticipated to have a material impact on the trading results of CGL.
- The sale of Coventrys and of Motor Traders in South Australia, combined with the future sale of associated real estate used in these businesses is expected to generate in the vicinity of \$70M cash. Some of this will be received by 30 June 2011 but most is expected to be received in the 6 months ending 31 December 2011.

Coventry Group Going Forward

Post these transactions the CGL business portfolio will consist of:

- Coventry Fasteners (Australia) and Hylton Parker Fasteners (New Zealand)
- Cooper Fluid Systems
- Cabinet Furniture and Hardware ("Artia")
- AA Gaskets and NZ Gaskets

The cash generated from these Group repositioning actions will enable the Board and Management to actively pursue a range of capital management and growth initiatives. Growth initiatives that have been identified and are being actively pursued are:

1. Investment in selected areas of our current business portfolio to expedite organic growth.
2. Synergistic investment in our current business portfolio areas.
3. Investment in new business areas which will enhance our business portfolio and create long term shareholder value.

To assist the Board and Management to expedite this process, CGL has appointed a highly experienced external advisor.

All investments in regrowing the company will be carefully considered and responsibly executed, to ensure that the recovery of shareholder value of recent times is maintained and added to.

For further information please contact.

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