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ASX Media Release

CHAIRMAN'S ADDRESS
ANNUAL GENERAL MEETING – 6 NOVEMBER 2008

A year ago I said that the last financial year would be a tough year as we went through major phases of the transitions the Company had been committed to. Well, it was tough but despite some pain, we are in much better shape to face the more sombre economic climate now prevailing.

There is a full discussion of our results in our annual report which you have read so I will only touch on a few points here.

Our overall result was a profit after tax of $6.9m compared with a loss of $1.2m the previous year.

Shareholder equity rose from $165m to $170m and net debt dropped from about $82m mid June '07 to $45.8m at balance date.

At an operating level it was a story in 3 parts with the gaskets and industrial businesses each performing well overall and automotive having a tough time, with its losses eating into profits made elsewhere.

So what's changed since we last met?

Well, we have now completed the IT roll-out except for our Fluids and New Zealand businesses which will occur this year. Each implementation has been better than the one before and we now have a stable platform which can deliver business benefits.

The loss making Queensland and marginally profitable Northern Territory auto businesses have been sold at above relevant net asset values so we can concentrate on our traditionally profitable South Australian and West Australian auto businesses.

We commenced late in F'08 on a program of property sales with leasebacks where appropriate and unlocked cash as financial markets were tightening. This is contributing to our continuing debt reduction program.

The industrial business has continued its growth plans and we made small add-on acquisitions to extend our successful Coopers Fluid business into South Australia and Victoria.

The A$ has been very volatile and steel prices have soared, both impacting the cost of our products and thus also our working capital.

On the people side, there has been extremely high staff turnover, especially in Queensland and Western Australia which represents a cost on our businesses, however, we expect this to moderate in F'09.

We've been pleased to have the benefit of John Nickson, who I introduced to you last year, on our Board and in February Vince Scidone became an Executive Director of Coventry, continuing our Board renewal process.

<u>What hasn't changed?</u>

Well, competition for our customers remains keen and we have to work very hard and often at fine margins to win, retain or regain customers.

Another constant has been so many of our people giving their all in striving to make our Company a success. It's great working with so many no-nonsense people. I want to record here my thanks to all of them.

<u>It's worth mentioning a few recent events</u>

The turmoil on world and Australian markets is in two parts. The first is in financial markets and the second is the linked impact of the first on the real physical economy of goods and services where we operate.

Australia is faring better than some countries in the first, although some assets in Australia were way over valued and now some others are undervalued. The actions of our Australian Governments have been mixed. Many of them have been good. Two make no sense to me. The first is making conservatively invested taxpayers give free insurance to people who have sought higher returns in market linked funds. The second is handing the budget surplus (and possibly more) to people to spend on largely imported consumer goods rather than creating employment and lasting national value by spending it on lasting infrastructure, which will help rather than harm our trade deficit.

On top of the exchange rate changes, Australia is being impacted by apprehension in the world markets for traded commodities and products.

The tough and sometimes unpopular decisions we have taken as a Company over the last year-and-a-half means we are much better placed to face these times and even grasp growth opportunities along the way.

Our monthly trading profits have been trending up since the March '08 low point. Despite this our F'09 Q1 profit is below the previous corresponding period which benefited from a strong Q1 trade at Morley before the auto relocation. Auto is improving but not as fast as I would like.

Industrial and Gaskets trading are holding but not quite at our targeted levels.

There have been reports of big drops in new car sales. This has little or no impact on our near term sales.

The New Zealand markets are tough but our team there is doing a great job for us in what represents around 7% of our total revenue.

Since 1 July we have sold <u>5</u> properties and we are negotiating on a number of others.

Following the release of the full year results and the opening of a trading window for share trading by Directors and senior executives, you will have noticed that every Director has bought shares, as have a number of executives.

Our shares have been trading over most of the last 8 months in the $1.35 - $2.00 range. This compares with stated net tangible assets per share of $3.24 at balance date.

The notes to the accounts in turn indicate that the property values used in this calculation are conservative and that there are also unused franking credits held by the Company.

Realistically, we cannot predict the economic outlook any better than you. Our emphasis is to act on growing our sales and attacking our costs and capital employed to get or keep all businesses profitable.

Another recent event that is worth mentioning is the great response we had from shareholders who toured our Redcliffe site.

<u>Looking to the future,</u> there will probably be opportunities to grow, including by acquiring businesses of strategic interest at more realistic prices, which we may be in a position to take. Any steps in this direction will be very carefully considered.

Like most companies in these times, we will continuously monitor and consider the best application of cash flow generated, having regard to capital and debt management, our share price, opportunities to create wealth by growing the Company and the continuing intention over time to pay out the majority of our profits as dividends and distribute our franking credits to our shareholders.

In short, we want to maximise long term wealth generation but also we recognise the desirability of returning to a meaningful fully franked dividend stream as early as possible.