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Update on Expected Earnings for FY2010

Further to its 30 July 2010 announcement regarding its expected financial result for the year ending 30 June 2010, Coote Industrial Ltd (**Coote**) (ASX: **CXG**) today announced that it is now in a position to provide a preliminary estimate of its expected operating result for that year after asset write-downs and other one off expenses but before impairment charges.

The unaudited net loss after tax for FY2010 is estimated to be within the range of \$45 million to \$55 million before impairment charges. Approximately \$6 million to \$7 million of this amount will be from the company's underlying trading operations over this period. This was exacerbated by the severe working capital constraints under which the company operated for some time. The remainder of the estimate is attributable to a number of one-off expenses across Coote's wholly owned businesses, including a substantial loss on the disposal of the South Spur Rail Services business. However this does not include any potential asset write-downs by majority owned Coote business, Greentrains.

The final result will not be known until the audit of the financial statements is completed and the anticipated impairment charges are also finalized. It is expected that this will occur before the end of August, as indicated in the announcement made on 30 July 2010.

The board is disappointed by the expected FY2010 operating result and the requirement to make substantial asset write-downs. Impairment charges against intangibles are also likely to be made in the final audited accounts.

Nonetheless, the board remains confident of the future prospects of its key businesses and looks forward to a much improved underlying operating performance in FY 2011 in terms of both revenue and profit. Orders for a considerable portion of FY2011 revenues are already in hand.

With the recently announced changes to the composition of the company's board and executive responsibilities, the directors are not yet in a position to provide guidance on its outlook for FY2011 but intends to do so once its review of the company's businesses is further advanced and the quite positive signals already evident for this new financial year continue to emerge.

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