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REVISED EARNINGS GUIDANCE

Following the announcement of 12 May 2010, Coote Industrial Ltd (“Coote”) has been requested by Elph Pty Ltd (“Elph”) to provide additional guidance for the full year NPAT result for FY2010.

Impact of general trading conditions and increased costs

As noted in its announcement to ASX on 12 May 2010, Coote has experienced a deterioration in general trading conditions and a delay in the finalization and commencement of new contracts which has negatively impacted operational profitability at the EBITDA level.

Coote has also incurred increased funding costs as a result of the terms for renewal of its Bank’s debt facilities. In aggregate, these factors are expected to result in underlying NPAT for the Coote Group for FY2010 being approximately \$3.5 million before the non-recurring items noted below.

Non-recurring items

Coote also expects non-recurring, non-cash items to have a material adverse impact on the consolidated NPAT for the Coote Group.

On 23 March 2010, Coote announced the execution of a binding Term Sheet with POTA Holdings Pty Ltd (“POTA”) for the sale of the South Spur Rail Services business. Subsequent to the execution of the Term Sheet, there have been discussions with POTA regarding the final composition of the asset suite included in the sale. The sale is now expected to include additional locomotives and rolling stock (some of which are surplus to Coote’s requirements) with a resultant increase in the purchase consideration, albeit this is likely to give rise to an accounting loss on disposal rather than the initially expected small gain. It should be noted, however, that final documentation in respect of the sale has yet to be concluded and until this occurs it is not possible to provide definitive guidance on the accounting implications of the sale.

Notwithstanding the fact that Coote expects to record an accounting loss in connection with this transaction, the Board continues to be of the view that the sale of the South

Spur Rail Services business is in the best interests of Coote shareholders, for the reasons described in its announcement of 23 March 2010.

In addition to the expected accounting loss on the sale of South Spur Rail Services, Coote will also incur ancillary costs associated with the sale of South Spur Rail Services, and the response to the unsolicited Elph takeover offer.

Revised FY10 guidance

As a result of the above factors, the Board expects the Coote Group to record a consolidated loss of approximately \$2.0 million for the year ending 30 June 2010.

Impact on Elph Offer

The Board notes that Elph has recently announced an extension of its proportional takeover offer for Coote ("Elph Offer") to 26 May 2010. The Board is currently considering the impact of the company's revised FY 2010 earnings outlook on the Elph Offer and will advise shareholders of their recommendation in due course.

In the meantime, the Board recommends that shareholders take no action in relation to the Elph Offer.

For further information please contact:

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