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TARGET'S STATEMENT LODGED – REJECT RECOMMENDATION AFFIRMED

Coote Industrial Ltd (“Coote”) has today lodged its target’s statement in response to the conditional proportional takeover offer by Elph Pty Ltd (“Elph”).

In the Target’s Statement, the directors affirmed their unanimous recommendation that shareholders **reject** the Elph offer. Each of the directors intends to **reject** the Elph offer in respect of the Coote shares the director owns or controls.

The Target’s Statement includes a report by the independent expert, BDO Corporate Finance (WA) Pty Ltd. The Independent Expert has concluded that the Elph Offer is **not fair** and **not reasonable**, valuing Coote shares between \$0.36 and \$0.50 per share*.

Coote Chairman Donald Hector said: “The Target’s Statement is the Board’s formal response to the Elph offer. As noted in our announcement of 29 March 2010, we believe that the Elph Offer has been structured to achieve control of Coote at the lowest possible cost, and provides no material benefits to Coote or its shareholders. These views are supported by the report of the Independent Expert”.

“As a board, we continue to work on addressing the challenges faced by the company and restoring value for all shareholders. Notwithstanding our recommendation in relation to the Elph Offer, we hope that we will enjoy a constructive relationship with the Elphinstone Group and reiterate our prior support for the appointment of Mr Dale Elphinstone to the Board, together with one or more appropriately qualified independent directors.”

The Elph Offer is scheduled to close on 3 May 2010 (unless extended). To reject the Elph Offer, Coote shareholders need take no further action.

For further information please contact:

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* Shareholders should refer to the Target’s Statement, including the Independent Expert’s Report, for further information.