

27 November 2009

## **Chairman's Address - 2009 Annual General Meeting**

### **Overview**

I would like to provide a brief overview of Coote Industrial's performance for the 2008-09 financial year, and will make some comments regarding the effect of global financial situation on the company. Then I will summarise briefly the resolutions to be considered by shareholders at today's meeting.

The CEO, Don Patterson, will then provide a more comprehensive review of the company's performance and strategy, and will update shareholders on the outlook for the remainder of the year.

### **Company Performance**

This time last year the world financial crisis was just beginning. At the AGM last year, I reported that Coote Industrial was facing some challenges in completing the Greentrains transaction. Unfortunately, due to the crisis in confidence in the global banking system, this situation was much more difficult to resolve than expected, taking more than a year longer than originally intended. As has been stated in various ASX announcements, this was largely due to the difficulty that the directors of Greentrains faced in securing debt funding.

Fortunately, Coote Industrial's bank supported the company and further equity investment was secured for investment in both Greentrains Ltd and Coote Industrial. One result of this transaction was Coote Industrial becoming a significant equity owner in Greentrains. The directors of Greentrains are continuing to seek further equity investors and it is anticipated that further sales of locomotives and wagons will take place as this occurs.

Coote Industrial has sharpened its strategic focus onto five sectors, which are built on the company's expertise in engineering, project management, heavy equipment maintenance, power and propulsion systems, and the provision of skilled workforce solutions into the rail, mining, defence, and construction industries.

### **Sale of Logistics Business**

This tighter strategic focus has resulted in the company determining to exit the Logistics business and BurnVair Corporate Finance was appointed to undertake the divestment of this business. Coote Industrial is in discussion with a number of parties regarding this transaction.

### **Capital Raising**

The board determined that further strengthening of Coote Industrial's balance sheet was important, particularly, to reduce debt levels. Consequently, a capital placement and share purchase plan have both been undertaken and are expected to be completed before Christmas (shareholders will be aware that there is a general meeting scheduled for Monday 21 December to consider the approval of the capital raising).



## Corporate Governance

As noted in the annual report, Coote Industrial currently has only one non-executive director. In my address to shareholders last year, I said that the board had decided to appoint additional independent, non-executive directors. Unfortunately, given the uncertain financial situation of the company in the last several months, the board was not in a position to seek further directors but subsequent to the approval of the capital raising intends to do so. The board has determined that it will increase both the number and proportion of non-executive directors and in order to reduce the number of executive directors on the board, Glenn Parrett has offered to withdraw his nomination for re-election.

I would like to thank Glenn for the extremely strong contribution he has made to the board of Coote Industrial Ltd, since the company floated in December 2006. Glenn is an extremely intelligent, committed, and professional director. In every instance he has given thoughtful consideration to the issues that the board has considered and has undertaken his director's responsibilities with great care and diligence. Glenn will be continuing as chief executive and as a director of the Drivetrain Power & Propulsion business. This business is of key strategic importance to Coote Industrial and the company believes that there is immense opportunity in developing this business in Australia, the US, and Europe. Glenn will now be able to concentrate completely on the development of these opportunities.

## Resolutions

I would now like to outline briefly the resolutions to be considered at the meeting today:

- First is the Remuneration Report. It is a requirement of the Corporations Act that this be voted upon at the AGM but it should be noted that this resolution is not binding upon directors;
- The Notice of Meeting shows two resolutions to elect directors who have retired in accordance with the company's constitution. As indicated earlier, it will be moved that the second of these, the resolution to re-elect Glenn Parrett as a director of the company, be withdrawn to enable the board to restructure with greater non-executive representation.

## In Closing

The last 18 months have been particularly difficult for Coote Industrial but the board believes that the worst is now behind the company. I would like to thank the staff of Coote Industrial who have worked particularly hard and been most supportive and enthusiastic during this very difficult period.

Don Patterson will now make a presentation on the performance of the business and the outlook for the remainder of 2009/10.

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