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Preliminary Final Report for the
year ended 30 June **2008**



Coote Industrial Limited

ABN 99 120 432 144
and Controlled Entities

Preliminary Final Report

Results for announcement to the Market

Appendix 4E

The following information is provided in accordance with ASX listing rule 4.3A.

<i>Revenue / Profit</i>	<i>Movement</i>	<i>Change (%)</i>	<i>2008</i> <i>\$000</i>	<i>2007</i> <i>\$000</i>
Revenue from ordinary activities	278,477	401 ↑	*347,893	69,416
Profit from ordinary activities after tax attributable to members	13,838	169 ↑	*22,012	8,174
Net profit for the period attributable to members	13,838	169 ↑	*22,012	8,174

<i>Dividends</i>	<i>Amount Per Security</i>	<i>Franked Amount per Security</i>
Dividends Paid in respect of prior year		
Interim Dividend paid 30 March 2007	2.95c	2.95c
Final dividend paid 31 October 2007	2.95c	2.95c

Dividends declared in respect of current year:		
Interim Dividend paid 31 March 2008	3.50c	3.50c
Final Dividend declared and payable 31 October 2008	5.00c	5.00c

Record date for determining entitlement to final dividend is 15 October 2008

The company currently operates a dividend re-investment plan election notices for participation in the plan close on the 25 October 2008

*A number of acquisitions have occurred during this financial year. Further details can be found in the notes of the attached preliminary financial report.



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Consolidated income statement

for the year ended 30 June 2008

The Directors of Coote Industrial submit the financial report of the economic entity for the second full year of trading to 30 June 2008.

Name of Directors

Donald Hector	Non-Executive Director (Chairman)
Michael Coote	Managing Director
Glenn Parrett	Executive Director
Don Patterson	Executive Director
Peter Wilson	Executive Director

Mustapha Darwish Company Secretary

Result Overview

The Directors are pleased to announce a full year Net Profit after Tax (NPAT) of \$22.012m. The result is up 169% on the FY07 NPAT of \$8.174m.

This strong FY08 profit result was derived from revenue for the year of \$347.893m (FY07 \$69.416m).

Earnings per share (EPS) increased by 20% from 17.22 cents per share to 20.58 cents per share on a fully diluted basis.

The Directors of Coote Industrial have declared a final, fully-franked dividend of 5 cents, payable on 31st October to shareholders on the register at 15th October. This takes total dividends for the year to 8.5 cents, an increase of 44% on FY07.

Result Summary

	FY 08		FY 07		Inc. %
Revenue	\$ 347.893	m	\$ 69.416	m	401 ↑
EBITDA	\$ 47.501	m	\$ 15.543	m	206 ↑
EBIT	\$ 40.795	m	\$ 13.592	m	200 ↑
NPAT	\$ 22.012	m	\$ 8.174	m	169 ↑
EPS - Basic Earnings	21.68	¢	18.12	¢	20 ↑
- Fully Diluted	20.58	¢	17.22	¢	20 ↑
Dividend	8.50	¢	5.90	¢	44 ↑



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Year in Review

1H FYo8

During the first half of FYo8 Coote Industrial completed four significant acquisitions: Industrial Powertrain, FCD Logistics, Gemco Rail, and Drivetrain.

These key strategic acquisitions followed the group's first post-listing acquisition; rail group South Spur Rail Services, which included track maintenance and rail labour hire business Momentum, and specialist rail training business CERT.

In December 2007 Coote Industrial subsidiary Gemco Rail purchased a significant quantity of locomotives and wagons for capital asset inventory to support their rail services expansion plans.

2H FYo8

The second half of the year focused on integrating the businesses. This included the progressive roll out of a single Business Management System, divesting non-core business, restructuring underperforming business units and simplifying the Group's market presence. The company began consolidating its core technical service offerings, corporate identity and brands. The divisional structure was replaced with emphasis on key businesses, building upon key brand recognition to deliver growth. The number of business units has condensed to 8 from 22.

Coote Industrial also entered into a Put and Call Option over Rail Technical Service Group, an established rail services business. This performance-based acquisition agreement will expand Gemco Rail's locomotive and wagon maintenance, rebuild and refurbishment, and rail technical services to five locations in WA, SA, NSW and VIC.

Hedemora, Coote Industrial's diesel engine business expanded its large diesel engine capacity by moving to a significantly larger workshop in Sydney and restructuring the Maddington, WA engine overhaul facilities. New diesel engine power and propulsion capability is being established in Hedemora's Henderson, WA facility with focus on defence and maritime service capabilities.

Operational Performance

Of particular note is the continued strong growth of our Rail Services business. Demand for locomotive, wagon and track maintenance equipment and services has been very positive, with revenue at Gemco Rail more than doubling last year.

Momentum's rail welding, labour hire, training and rail services businesses made a significant contribution to group's FYo8 result and continues to expand.

South Spur Rail Services has been restructured and refocused as a short haul operator with emphasis on port shuttles, infrastructure projects, hook & pull, short haul and sub-contract services to the major rail operators.

Convair, Industrial Powertrain and Drivetrain all delivered record results.

The Swedish Hedemora business again performed very well.

Further consolidation of key businesses is planned for FYo9 increasing concentration of core capabilities and technical service offerings within our target markets – Defence, Rail, Resources, Maritime and Power Generation.

Cash Flow

The full year operating cash outflows amounted to \$73.4m, due largely to strategic capital investment in substantial locomotive and wagon inventories. This key investment will underpin the company's capacity to lever off strong demand for refurbished and remanufactured locomotives in the continually expanding rail haulage market. Importantly, a core of the inventory will become the platform for delivery of Progress Rail, Caterpillar engine driven locomotives.



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A large locomotive refurbishment and maintenance project was delivered in the FY08 second half and strongly influenced cash outflows during that period.

By the end of 1Q FY09, the company has planned to reduce debts by \$68m from receipts of more than \$100m due from business completed to 30 June 2008.

Total debt will accordingly reduce to \$70m, and the company's Debt/Equity ratio will revert to 48%, in line with the Board's objectives. The reset debt position supports expectations that FY09 EBITDA Interest Cover will exceed the 7x achieved in FY08.

Coote Industrial is well positioned for growth in its target market sectors with further expansion opportunities emerging in S E Asia and Europe. In FY09 greater concentration on delivering synergetic engineering technical services offerings through Drivetrain, Hedemora and Energy is expected to capitalize on those opportunities and drive continued growth from the Australian based business.

Major rail and resources infrastructure projects continue to provide service provision opportunities across the country and continued high demand for labour, recruitment and training services is expected to underpin a strong growth contribution from Momentum in FY09.

2009 Outlook

Notwithstanding the uncertain economic backdrop in FY09 Coote Industrial still anticipates delivering a solid increase in NPAT.

Forecast revenue for FY09 is \$358m, with forecast NPAT of \$25m.

Key focus areas for 09 include:

- Ongoing integration of all businesses; extracting synergy benefits in both costs and sales
- Completion of the rollout of a single Business Management System platform
- Simplification of the business and market positioning with further brand consolidation and likely further divestment unlocking opportunities for debt reduction
- Achievement of targeted revenue \$358m with NPAT \$25m
- Double digit growth underpinned by existing orders of over \$200m



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Preliminary Final Report**Consolidated income statement**

for the year ended 30 June 2008

	Consolidated Group		Parent	
	30/06/2008 \$000	30/06/2007 \$000	30/06/2008 \$000	30/06/2007 \$000
Revenue	346,311	68,959	30,622	4,437
Other revenue	1,582	457	-	-
Changes in inventories of finished goods and work in progress	57,415	2,647	-	-
Raw materials and consumables used	(251,716)	(30,243)	(51)	-
Employee benefits expense	(82,071)	(17,109)	(4,870)	(546)
Depreciation and amortisation expense	(8,525)	(1,951)	(669)	-
Finance costs	(8,943)	(2,969)	(7,246)	(181)
Subcontract Freight	(1,637)	(1,433)		-
Insurance	(2,161)	(1,412)	(52)	-
Rent and Outgoings	(5,453)	(870)	(115)	-
Vehicle expenses	(1,791)	(406)	(32)	(1)
Other expenses	(10,836)	(4,608)	(2,062)	(628)
Profit before income tax	32,175	11,062	15,525	3,081
Income tax expense	(10,163)	(2,888)	(393)	(877)
Profit attributable to members of the parent entity	22,012	8,174	15,132	2,204
Overall Operations				
Basic earnings per share (cents per share)	21.68	18.12		
Diluted earnings per share (cents per share)	20.58	17.22		



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Preliminary Final Report**Consolidated balance sheet**

as at 30 June 2008

	Economic Entity		Parent	
	Note 30/06/2008	30/06/2007	30/06/2008	30/06/2007
	\$'000	\$'000	\$'000	\$'000
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	-	-	-	452
Trade and other receivables	130,994	19,666	2,728	2,005
Inventories	72,324	14,909	-	-
Other current assets	2,087	1,789	57	76
TOTAL CURRENT ASSETS	205,405	36,364	2,785	2,533
NON-CURRENT ASSETS				
Trade and other receivables		-	126,765	29,204
Financial assets	7,259	-	61,834	25,174
Property, plant and equipment	34,672	35,074	2,319	-
Deferred tax assets	1,636	2,064	565	492
Intangible assets	93,515	34,812	-	-
Other non – current assets	-	-	-	-
TOTAL NON-CURRENT ASSETS	137,082	71,950	191,483	54,870
TOTAL ASSETS	342,487	108,314	194,268	57,403
CURRENT LIABILITIES				
Trade and other payables	32,838	16,368	950	1,952
Financial liabilities	18,501	5,556	5,318	-
Current tax liabilities	18,431	2,082	51,594	988
Short-term provisions	4,286	2,097	444	-
TOTAL CURRENT LIABILITIES	74,056	26,103	8,306	2,940
NON-CURRENT LIABILITIES				
Financial liabilities	123,314	31,597	59,232	14,000
Long-term provisions	1,766	450	262	-
Deferred tax liabilities	-	-	-	-
TOTAL NON-CURRENT LIABILITIES	125,080	32,047	59,494	14,000
TOTAL LIABILITIES	199,136	58,150	67,800	16,940
NET ASSETS	143,350	50,164	126,468	40,463
EQUITY				
Issued capital	116,967	39,870	116,967	39,870
Reserves	1,329	1,192	828	546
Retained earnings	25,054	9,102	8,673	47
TOTAL EQUITY	143,350	50,164	126,468	40,463



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Preliminary Final Report**Consolidated statement of changes in equity**

for the year ended 30 June 2008

Consolidated Group

	Note	Issued Capital Ordinary \$000	Retained Earnings \$000	Foreign Currency Translation Reserve \$000	Option Reserves \$000	Total \$000
Balance at 1 July 2006		-	3,084	-	-	3,084
Shares issued during the year		40,925	-	-	-	40,925
Transaction costs		(1,055)	-	-	-	(1,055)
Profit attributable to members of parent entity		-	8,174	-	-	8,174
Adjustments from translation of foreign controlled entities		-	-	646	-	646
Option reserve on recognition of options issued		-	-	-	546	546
Sub-total		39,870	11,258	646	546	52,320
Dividends paid or provided for		-	(2,156)	-	-	(2,156)
Balance at 30 June 2007		39,870	9,102	646	546	50,164
Balance at 1 July 2007		39,870	9,102	646	546	50,164
Shares issued during the year		79,198	-	-	-	79,198
Transaction costs		(2,101)	-	-	-	(2,101)
Prior year adjustment		-	445	-	-	445
Profit attributable to members of parent entity		-	22,012	-	-	22,012
Adjustments from translation of foreign controlled entities		-	-	(145)	-	(145)
Option reserve on recognition of options issued		-	-	-	282	282
Sub-total		116,967	31,559	501	828	149,855
Dividends paid or provided for		-	(6,505)	-	-	(6,505)
Balance at 30 June 2008		116,967	25,054	501	828	143,350



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Preliminary Final Report
Consolidated statement of changes in equity
for the year ended 30 June 2008
Parent

	Note	Issued Capital Ordinary \$000	Retained Earnings \$000	Option Reserves \$000	Total \$000
Balance at 1 July 2006		-	(1)	-	(1)
Shares issued during the year		40,925	-	-	40,925
Transaction costs		(1,055)	-	-	(1,055)
Profit attributable to members of parent entity		-	2,204	-	2,204
Option reserve on recognition of options issued		-	-	546	546
Sub-total		39,870	2,203	546	42,619
Dividends paid or provided for			(2,156)	-	(2,156)
Balance at 30 June 2007		39,870	47	546	40,463
Balance at 1 July 2007		39,870	47	546	40,463
Shares issued during the year		79,198	-	-	79,198
Transaction costs		(2,101)	-	-	(2,101)
Profit attributable to members of parent entity		-	15,132	-	15,132
Adjustments from translation of foreign controlled entities		-	-	-	-
Option reserve on recognition of options issued		-	-	282	282
Sub-total		116,967	15,179	704	132,974
Dividends paid or provided for		-	(6,506)	-	(6,506)
Balance at 30 June 2008		116,967	8,673	828	126,468



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Preliminary Final Report**Consolidated cash flow statement**

for the year ended 30 June 2008

	Economic Entity		Parent	
	30/06/2008	30/06/2007	30/06/2008	30/06/2007
	\$000	\$000	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	287,523	66,820	1,565	6
Payments to suppliers and employees	(351,362)	(70,507)	(6,333)	(637)
Interest received	251	171	11,529	52
Finance costs	(6,802)	(2,530)	(6,349)	(154)
Income tax paid	(3,095)	(4,246)	-	-
Net cash provided by (used in) operating activities	(73,485)	(10,292)	412	(733)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of non-current assets	329	395	60	-
Purchase of investments	(1,200)	-	-	-
Purchase of non-current assets	(19,174)	(3,277)	(1,782)	(5)
Loans to unrelated parties	(4,405)	(2,000)	(4,405)	-
Payment for subsidiary, net of cash acquired	(64,709)	(23,291)	(30,304)	(14,174)
Net cash provided by (used in) investing activities	(89,159)	(28,173)	(36,431)	(14,179)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from issue of shares	67,899	23,564	67,899	23,572
Proceeds from borrowings	91,289	28,999	59,000	14,000
Repayment of borrowings	(298)	(14,447)	-	-
Dividends paid by parent entity	(5,916)	(2,037)	(5,917)	(2,037)
Provision of funds to subsidiaries	-	-	(129,311)	(25,322)
Repayment of funds lent to subsidiaries	-	-	39,474	5,151
Net cash provided by (used in) financing activities	152,974	36,079	31,145	15,364
Net increase in cash held	(9,670)	(2,386)	(4,874)	452
Cash at beginning of period	(2,045)	341	452	-
Cash at end of period	(11,715)	(2,045)	(4,422)	452



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Note 1 Revenue

	Note	Consolidated Group		Parent Entity	
		2008	2007	2008	2007
		\$000	\$000	\$000	\$000
Sales Revenue					
— Sales of goods and services		345,680	68,233	1,423	-
Total Sales Revenue		345,680	68,233	1,423	-
Other Revenue					
— Dividends Received	2a	-	-	17,290	3,895
— interest received	2b	631	171	11,909	542
— Fuel Rebates		-	555	-	-
Total Other Revenue		631	726	29,199	4,437
Total Sales Revenue and Other Revenue		346,311	68,959	30,622	4,437
Other Income					
— gain on disposal of property, plant and equipment		86	257	-	-
— Gains on foreign exchange		1,496	200	-	-
Total Other Income		1,582	457	-	-

Note 3 Dividends

	Consolidated Group		Parent Entity	
	2008	2007	2008	2007
	\$000	\$000	\$000	\$000
Distributions paid				
Interim fully franked ordinary dividend of 3.5 (2007: 2.95) cents per share franked at the tax rate of 30% (2007: 30%)	4,050	2,156	4,050	2,156
*Proposed final fully franked ordinary dividend of 5 (2007: 2.95) cents per share franked at the tax rate of 30% (2007: 30%)	5,801	2,454	5,801	2,454
	9,851	4,610	9,851	4,610



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Note 4 Earnings per Share

		Consolidated Group	
		2008	2007
		\$000	\$000
(a)	Reconciliation of earnings to profit or loss		
	Profit	22,012	8,174
	Earnings used to calculate basic EPS	22,012	8,174
	Earnings used in the calculation of dilutive EPS	22,012	8,174
		No.	No.
(b)	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	101,536,637	45,113,766
	Weighted average number of options outstanding	5,408,197	2,362,740
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	106,944,834	47,476,506



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Note 6 Controlled Entities

(a) Controlled Entities Consolidated

	Country of Incorporation	Date of Control	Percentage Owned (%)*	
			2008	2007
Parent Entity:				
Coote Industrial Ltd	Australia			
Subsidiaries of Coote Industrial Ltd:				
Coote Engineering Pty Ltd	Australia	1/07/2006	100	100
<i>Subsidiaries of Coote Engineering Pty Ltd:</i>				
Hedemora Investments AB	Sweden	1/07/2006	100	100
<i>Subsidiaries of Hedemora Investments AB</i>				
<i>Hedemora Diesel AB</i>	Sweden	1/07/2006	100	100
P C Diesel Pty Ltd	Australia	1/07/2006	100	100
<i>Subsidiaries of P C Diesel Pty Ltd</i>				
<i>Industrial Powertrain Pty Ltd</i>	Australia	01/07/2007	100	100
Drivetrain Australia Pty Ltd	Australia	01/07/2007	100	100
<i>Subsidiaries of Drivetrain Australia Pty Ltd:</i>				
<i>Drivetrain Philippines Inc</i>	Philippines	01/07/2007	100	100
<i>Drivetrain Singapore Pte Ltd</i>	Singapore	01/07/2007	100	100
<i>Drivetrain Limited</i>	New Zealand	01/07/2007	100	100
Coote Manufacturing Pty Ltd	Australia	1/07/2006	100	100
<i>Subsidiaries of Coote Manufacturing Pty Ltd:</i>				
<i>Convair Engineering Pty Ltd</i>	Australia	1/07/2006	100	100
Coote Logistics Pty Ltd	Australia	1/07/2006	100	100
<i>Subsidiaries of Coote Logistics Pty Ltd:</i>				
<i>Asset Kinetics Pty Ltd</i>	Australia	1/07/2006	100	100
<i>FCD Logistics Pty LTD atf Fremantle Container Depot (1996) Unit Trust</i>	Australia	01/07/2007	100	100
Coote Energy Pty Ltd	Australia	18/04/2007	100	100
South Spur Rail Services Pty Ltd	Australia	30/04/2007	100	100
<i>Subsidiaries of South Spur Rail Services Pty Ltd:</i>				
<i>Centre for Excellence in Rail Training Pty Ltd</i>	Australia	30/04/2007	100	100
<i>Momentum Rail (NSW) Pty Ltd</i>	Australia	30/04/2007	100	100
<i>Midland Railway Company Pty Ltd</i>	Australia	30/04/2007	100	100
<i>Southern & Silverton Railway Pty Ltd</i>	Australia	30/04/2007	100	100
Gemco Rail Pty Ltd	Australia	01/07/2007	100	100
<i>Subsidiaries of Gemco Rail Pty Ltd</i>				
<i>Railway Bearings Refurbishment Services Pty Ltd</i>	Australia	01/07/2007	100	100

*A number of subsidiaries who did not trade in this financial year have been excluded from this list



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Note 7	Intangible Assets			
	Consolidated Group		Parent Entity	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Goodwill				
Cost:				
Opening balance	34,812	8,984	-	-
Additions				
Acquisition through subsidiaries acquired	45,280	25,828	-	-
Additional costs on previously acquired subsidiaries	749	-	-	-
Foreign exchange movement	-	-	-	-
Closing balance	80,841	34,812	-	-
Accumulated amortisation:				
Opening balance	-	-	-	-
Amortisation for the year	436	-	-	-
Foreign exchange movement	-	-	-	-
Closing balance	436	34,812	-	-
Net book value	80,405	34,812	-	-
Other identified intangible assets				
Cost:				
Opening balance	-	-	-	-
Additions	-	-	-	-
Acquisitions through subsidiaries acquired	14,492	-	-	-
Foreign exchange movement	-	-	-	-
Closing balance	14,492	-	-	-
Accumulated amortisation:				
Opening balance	-	-	-	-
Amortisation for the year	1,383	-	-	-
Foreign exchange movement	-	-	-	-
Closing balance	1,383	-	-	-
Net book value	13,109	-	-	-
Total intangible assets:				
At cost	95,333	34,812	-	-
Accumulated amortisation	1,819	-	-	-
Net book value	93,514	34,812	-	-



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Impairment tests for cash generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions which represent the lowest level within the Group at which goodwill is monitored for internal management purposes as follows:

	Consolidated	
	2008 \$'000	2007 \$'000
Engineering Services	25,213	12,614
Transport Services	13,086	4,477
Rollingstock & Rail Services	41,093	16,765
Energy	1,012	956
Total goodwill	80,404	34,812

The recoverable amount of the cash generating unit is based on value in use calculating. The calculations use cash flow projections based on the following year's budget and plan, extended over a period of ten years. Cash flows into perpetuity are extrapolated using growth factor relevant to the sector and business plan. A pre-tax discount rate is applied adjusted for the risk of the industry in which each unit operates.

Key assumptions used for value in use calculations

A growth rate of between 0-7% has been applied to extrapolate cash flows. The growth rate does not exceed the long-term average growth rate for the business in which the cash generating units operate.

A pre-tax discount rate has been applied to discount the forecast future attributable pre-tax cash flows. The discount rate reflects specific risks relating to the relevant cash generating units and their country of operation. The recoverable amount of each cash generating unit exceeds its carrying amount.



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Note 8 Issued Capital

	Consolidated Group		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
116,025,252 (2007: 81,600,539) fully paid ordinary shares	116,967	39,870	116,967	39,870
	116,967	39,870	116,967	39,870

(a) Ordinary Shares	Consolidated Group		Parent Entity	
	2008 No.	2007 No.	2008 No.	2007 No.
At the beginning of reporting period	81,600,539	2	81,600,539	2
Shares issued during year				
— 31/08/07 (2007: 31/10/2006)	1,595,455	48,083,503	1,595,455	48,083,503
— 31/10/2007(2007: 14/12/2006)	72,520	25,000,000	72,520	25,000,000
— 31/08/2007 (2007: 03/04/2007)	2,000,000	112,489	2,000,000	112,489
— 30/11/2007 (2007: 28/06/2007)	190,114	8,404,545	190,114	8,404,545
— 30/11/2007	29,166,667	-	29,166,667	-
— 28/02/2008	1,100,000	-	1,100,000	-
— 31/03/2008	299,957	-	299,957	-
At reporting date	116,025,252	81,600,539	116,025,252	81,600,539

Date	No.	Price	
31/08/2007	1,595,455	\$1.10	Shares issued to complete acquisition of South Spur Rail Services
31/08/2007	2,000,000	\$2.05	Shares issued as part of Gemco Rail acquisition
31/10/2007	72,520	\$2.69	Shares issued in relation to Dividend Re-investment plan
30/11/2007	29,166,667	\$2.40	Shares issued as part of capital raising to sophisticated investors
30/11/2007	190,114	\$2.63	Shares issued as part of Drivetrain Australia acquisition
28/02/2008	1,100,000	\$2.05	Shares issued to key management personnel
31/03/2008	299,957	\$1.31	Shares issued in relation to Dividend Re-investment plan

All of these shares were eligible to participate in dividends from the date of issue

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(b) Options

- i. At 30 June 2008 7,400,000 (2007: 4,400,000) options were on issue. No options were exercised during this financial year.



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Note 9 Segment Reporting

	Engineering Services		Transport Services		Rollingstock & Rail Services		Energy		Eliminations		Consolidated Group	
	2008 \$'000	2007 \$000	2008 \$'000	2007 \$000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Primary Reporting - Business Segments												
REVENUE												
External Sales	104,517	50,371	19,175	9,085	227,780	11,247	2,776	227	(11,100)	(2,617)	343,148	68,313
Other segments												
Total sales revenue	104,517	50,371	19,175	9,805	227,780	11,247	2,776	227	(11,100)	2,327	343,148	68,313
Unallocated revenue											3,163	646
Total revenue											346,311	68,959
RESULT												
Segment result	11,275	12,848	661	1,250	36,311	1,272	(804)	(89)	(18,927)	(618)	28,516	14,663
Unallocated expenses net of unallocated revenue											12,602	(632)
Finance Costs											(8,943)	(2,969)
Profit before income tax											32,175	11,062
Income tax expense											(10,163)	(2,888)
Profit after income tax											22,012	8,174



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Note 9 Segment Reporting

	Engineering Services		Transport Services		Rollingstock & Rail Services		Energy		Eliminations		Consolidated Group	
	2008 \$'000	2007 \$000	2008 \$'000	2007 \$000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
ASSETS												
Segment assets	94,256	42,314	26,666	9,183	190,524	35,416	3,841	1,790	(45,779)	(9,708)	269,508	78,995
Unallocated assets											71,343	29,319
Total assets											340,851	108,314
LIABILITIES												
Segment liabilities	91,841	30,760	22,322	8,675	166,550	25,933	5,196	1,867	(31,648)	(553)	254,261	66,602
Unallocated liabilities											(55,124)	(8,532)
Total liabilities											199,137	58,150
OTHER												
Depreciation and amortisation of segment assets	2,376	987	1,980	870	2,398	195	147	32	955	(23)	7,856	1,951
											669	-
											8,525	1,951



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Note 10 Cash Flow Information

	Consolidated Group		Parent Entity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax				
Profit after income tax	22,012	8,174	15,132	2,204
Non-cash flows in profit				
Amortisation	1,819	-	-	-
Depreciation	6,706	1,951	669	-
Write-off of capitalised expenditure		-		-
Net gain on disposal of property, plant and equipment	(85)	(257)	(7)	-
Share options expensed	282	546	282	546
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries				
(Increase)/decrease in trade and term receivables	(57,909)	(1,870)	217	(4,387)
(Increase)/decrease in prepayments	(307)	(1,223)	246	-
(Increase)/decrease in inventories	(57,415)	(3,386)	-	-
Increase/(decrease) in trade payables and accruals	(1,405)	(14,583)	(15,529)	27
Increase/(decrease) in income taxes payable	7,230	(279)	276	877
Increase/(decrease) in deferred taxes payable	(162)	(1,079)	117	-
Increase/(decrease) in provisions	5,795	1,714	(991)	-
Cash flow from operations	(73,439)	10,292	412	(733)



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(b) Acquisition of entities (i)

Industrial Powertrain

On the 28th of August 2007 P C Diesel Pty Ltd (a 100% subsidiary of Coote Engineering Pty Ltd) acquired all of the shares in Industrial Powertrain Pty Ltd.

The profit and loss for the acquisition has been incorporated into the groups' accounts from 1 July 2007 the date that control was obtained. This equated to revenue of \$5.6m and profit of \$1.40m before interest and tax.

The goodwill on acquisition is as follows:

	\$'000	
Purchase consideration:		
Cash paid		5,000
Other costs directly attributable to acquisition		127
Total purchase consideration		5,127
Assets and Liabilities held at acquisition date:		
	Acquiree's Carrying Value \$'000	Provisional Fair Value \$'000
Cash	114	114
Receivables	942	942
Inventories / WIP	295	855
Property, plant and equipment	82	825
Other assets	24	24
Payables	(255)	(255)
Interest bearing liabilities	-	-
Employee benefit liabilities including superannuation	(60)	(60)
Other liabilities	(1,137)	(1,137)
Sub-total	5	1,308
Provisional goodwill on consideration		3,819



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(b) Acquisition of entities (ii)

Fremantle Container Depot (1996) Unit Trust

On the 3rd of August 2007 Coote Logistics Pty Ltd (a 100% subsidiary of Coote Industrial Ltd) acquired all of the shares in FCD Logistics Pty Ltd as trustee for the Fremantle Container Depot (1996) Unit Trust.

The profit and loss for the acquisition has been incorporated into the groups' accounts from 1 July 2007 the date that control was obtained. This equated to revenue of \$11.94m and profit of \$1.14m before interest and tax.

The goodwill on acquisition is as follows:

	\$'000
Purchase consideration:	
Cash paid	12,316
Other costs directly attributable to acquisition	777
Total purchase consideration	13,093

Assets and Liabilities held at acquisition date:

	Acquiree's Carrying Value \$'000	Provisional Fair Value \$'000
Cash	8	8
Receivables	1,798	1,798
Inventories / WIP	59	59
Property, plant and equipment	3,101	3,101
Other assets	308	247
Payables	(778)	(778)
Interest bearing liabilities	-	-
Employee benefit liabilities including superannuation	(190)	(190)
Other liabilities	(94)	(178)
Sub-total	4,212	4,067
Provisional goodwill on consideration		9,026



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(b) Acquisition of entities (ii)

Gemco Rail Pty Ltd

On the 14th of August 2007 Coote Industrial Ltd acquired all of the shares in Gemco Rail Pty Ltd.

The profit and loss for the acquisition has been incorporated into the groups' accounts from 1 July 2007 the date that control was obtained. This equated to revenue of \$147.3m and profit of \$27.23m before interest and tax

The goodwill on acquisition is as follows:

	\$'000	
Purchase consideration:		
Cash paid		30,028
Issue of shares		4,100
Other costs directly attributable to acquisition		247
Total purchase consideration		<u>34,375</u>
Assets and Liabilities held at acquisition date:		
	Acquiree's Carrying Value \$'000	Provisional Fair Value \$'000
Cash	267	267
Receivables	7,301	7,301
Inventories / WIP	7,968	7,968
Property, plant and equipment	3,486	5,585
Other assets	1,891	1,891
Other identifiable intangibles		9,500
Payables	(9,668)	(9,668)
Interest bearing liabilities	(3,296)	(3,296)
Employee benefit liabilities including superannuation	(798)	(933)
Other liabilities	(7,001)	(7,030)
Sub-total	<u>150</u>	<u>11,585</u>
Provisional goodwill on consideration		<u>22,790</u>



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(b) Acquisition of entities (iv)

Drivetrain Australia Pty Ltd

On the 30th of November 2007 Coote Engineering Pty Ltd (a 100% subsidiary of Coote Industrial Ltd) acquired all of the shares in Drivetrain Australia Pty Ltd.

The profit and loss for the acquisition has been incorporated into the groups' accounts from 1 July 2007 the date that control was obtained. This equated to revenue of \$40.9m and profit of \$3.92m after before interest and tax

The goodwill on acquisition is as follows:

	\$'000	
Purchase consideration:		
Cash paid		11,549
Issue of shares		500
Other costs directly attributable to acquisition		93
Total purchase consideration		12,142
Assets and Liabilities held at acquisition date:		
	Acquiree's Carrying Value \$'000	Provisional Fair Value \$'000
Cash	471	471
Receivables	5,972	5,972
Inventories / WIP	9,325	9,325
Property, plant and equipment	1,138	1,138
Other assets	713	713
Other identifiable intangibles		3,800
Payables	(5,671)	(5,671)
Interest bearing liabilities	(3,101)	(3,101)
Employee benefit liabilities including superannuation	(442)	(720)
Other liabilities	(8,405)	(8,405)
Sub-total	-	3,522
Provisional goodwill on consideration		8,620



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(b) Acquisition of entities (v)

Smithfield Diesel

On the 5 June 2008 Hedemora Pty Ltd (a 100% subsidiary of Coote Industrial Ltd) acquired the assets of Smithfield Diesel as a going concern.

The revenue and expenses attributable to the acquisition have been incorporated in the accounts of Hedemora from 5 June 2008 the date that control was obtained.

The provisional goodwill on acquisition is as follows:

		\$'000
Purchase consideration:		
Cash paid		1,350
Issue of shares		
Other costs directly attributable to acquisition		55
Total purchase consideration		1,405
Assets and Liabilities held at acquisition date:		
	Acquiree's Carrying Value \$'000	Provisional Fair Value \$'000
Cash		
Receivables		
Inventories / WIP	241	241
Property, plant and equipment	30	815
Other assets		
Other identifiable intangibles		174
Payables		
Interest bearing liabilities		
Employee benefit liabilities including superannuation		
Other liabilities		
Sub-total	841	1,230
Provisional goodwill on consideration		174



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Bucks Rail Welding

On the 3 March 2008 Momentum Rail (NSW) Pty Ltd (a 100% subsidiary of South Spur Rail Services Pty Ltd) acquired the assets of Bucks Rail Welding as a going concern.

The revenue and expenses attributable to the acquisition have been incorporated in the accounts of Momentum Rail from 3 March 2008 the date that control was obtained.

The provisional goodwill on acquisition is as follows:

		\$'000
<hr/>		
Purchase consideration:		
Cash paid		3,850
Issue of shares		
Other costs directly attributable to acquisition		177
Total purchase consideration		<u>4,027</u>
Assets and Liabilities held at acquisition date:		
	Acquiree's Carrying Value \$'000	Provisional Fair Value \$'000
<hr/>		
Cash		
Receivables		
Inventories / WIP		
Property, plant and equipment	220	637
Other assets		
Other identifiable intangibles		1,017
Payables		
Interest bearing liabilities		
Employee benefit liabilities including superannuation		
Other liabilities		
Sub-total	220	<u>1,654</u>
Provisional goodwill on consideration		2,373
Other identifiable intangibles		
<hr/>		

The goodwill on these acquisitions is attributable to the high profitability of the acquired businesses and the significant synergies expected to arise after the group's acquisition



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Note 11 Net Tangible Assets

	2008 cents	2007 cents
Net tangible assets per share	42.95	38.50

Note 14 Compliance Statement

This preliminary report is based on financial statements that are in the process of being audited

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