



Coote Industrial Ltd
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14 May 2010

Coote Industrial Limited (CXG) Announcement

Fourth Supplementary Target's Statement

Coote Industrial Limited encloses a Fourth Supplementary Target's Statement dated 14 May 2010 in relation to the off-market takeover bid by Elph Pty Ltd for up to 35% of the shares in Coote Industrial Limited.

A copy of this Fourth Supplementary Target's Statement has been lodged with the Australian Securities and Investments Commission and sent to Elph Pty Ltd.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'R. Stampalia'.

Roland Stampalia
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Fourth Supplementary Target's Statement

This Fourth Supplementary Target's Statement is issued by Coote Industrial Limited ABN 99 120 432 144 ("Coote") under section 644 of the Corporations Act 2001 (Cwlth). It is the Fourth supplementary target's statement issued by Coote in relation to the off-market takeover bid by Elph Pty Ltd ABN 52 070 012 252 ("Elph") for up to 35% of the shares in Coote.

This Fourth Supplementary Target's Statement supplements, and is to be read together with, the Target's Statement dated 12 April 2010, the Supplementary Target's Statement dated 20 April 2010, the Second Supplementary Target's Statement dated 22 April 2010 and the Third Supplementary Target's Statement dated 12 May 2010. This Fourth Supplementary Target's Statement has been approved by a resolution of the Coote Board and is dated 14 May 2010. A copy of this Fourth Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers takes responsibility for the contents of this Fourth Supplementary Target's Statement.

Revised Earnings Guidance

Coote has today made an announcement to the Australian Securities Exchange providing additional guidance for the full year NPAT result for FY2010. A copy of the announcement is attached to, and forms part of, this statement.

Authorisation

Signed for and on behalf of Coote Industrial Limited by Roland Stampalia who is authorised to sign this Fourth Supplementary Target's Statement on behalf of Coote Industrial Limited.

A handwritten signature in blue ink, appearing to read 'R. Stampalia'.

Roland Stampalia
Company Secretary
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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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