



Coote Industrial Ltd
627 - 635 Bickley Rd
Maddington WA 6109

PO Box 270
Maddington WA 6989
ABN: 99 120 432 144

T : +61 (0)8 9251 8000
F : +61 (0)8 9452 2186
www.coote.com.au

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Update - Coote Non-Renounceable Entitlement Offer

Coote Industrial Limited (“Coote”) advises that yesterday the Australian Securities and Investments Commission withdrew its application to the Takeovers Panel dated 25 June 2010 in relation to the affairs of Coote. The allocation policy for Additional Shares under the Top-Up Facility remains as announced to ASX on 2 July 2010.

Coote also advises that its non-renounceable entitlement offer announced on 7 June 2010 has now closed with total funds raised of \$42.6 million (before costs) inclusive of amounts to be received pursuant to the underwriting arrangements referred to below.

Eligible Coote shareholders have elected to take up 173,093,344 shares pursuant to the offer, and Coote has received \$27,694,935.04 (before costs and subject to clearance of funds) in subscription funds for those shares. In addition, 527,737 shares will be issued to a nominee who will arrange for those shares to be sold on ASX on behalf of Coote shareholders with registered addresses outside of Australia and New Zealand as at the record date of 16 June 2010¹.

Eligible Coote shareholders have also applied to take up 6,624,508 Additional Shares, and Coote has received \$1,059,921.28 (before costs and subject to clearance of funds) in subscription funds for Additional Shares under the Top-Up Facility. Applications for Additional Shares have been determined in accordance with the revised allocation policy announced to ASX on 2 July 2010 and all those shareholders who applied for Additional Shares will receive the full amount applied for.

The new shares are expected to be issued on or before Wednesday 14 July 2010.

The underwriter of the offer, Elph Pty Ltd, has been advised of the resulting shortfall (after the application of the allocation policy for Additional Shares under the Top-Up Facility) of 86,193,199 shares. It is expected that Coote will receive subscription funds of \$13,790,911.84 (before costs) from the underwriter on Tuesday, 13 July 2010. The shortfall shares are expected to be issued to or at the direction of the underwriter (or the sub-underwriters) on or before Wednesday, 14 July 2010. It is expected that the

¹ Any net proceeds of sale of these shares (after deduction of the issue price of 16 cents and a selling fee of 1% plus any applicable GST) will be paid to the overseas shareholders, as described on page 5 of the Entitlement Offer Booklet.

ultimate numbers and percentages of shares held by each of the substantial shareholders of Coote following the Entitlement Offer will be no higher than the maximums set out in the table on page 24 of the Entitlement Offer Booklet.

As noted in Coote's announcement to ASX dated 7 June 2010, some of the amounts (approximately \$15.1 million) received from Elph in taking up its entitlement under the Entitlement Offer have been offset against amounts owing to Elph and its related bodies corporate in satisfaction of the Greentrains put option and in repayment of the subordinated loan from Elph, plus interest on those amounts.

Yours faithfully,



Roland Stampalia

Company Secretary

T: +61 (0)8 9251 8000

E: roland.stampalia@coote.com.au