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Update on outlook for the year ending 30 June 2010

Coote Industrial Ltd (**Coote**) (ASX: **CXG**) today announced that although the audit of its financial results for the year ending 30 June 2010 is not yet complete, the company expects to record a loss before exceptional and one off items which will be significantly greater than the previous earnings guidance given on 14 May 2010.

There are a range of factors that have had an adverse effect on Coote's operational performance including severe working capital constraints which have now been in part addressed by the major capital raising completed earlier this month.

Additionally, there are a number of other one-off expense items which are likely to have a further negative impact on the FY2010 result including expected asset write downs and impairment charges against intangible assets.

As the audit process has not yet been completed, the company is not in a position to quantify the likely magnitude or range of these particular items or the overall result. However it is expected the final outcome will be significant in the context of Coote's historical performance and financial position.

It is anticipated that audited financial statements for FY2010 will be released by the end of August in accordance with the company's regulatory obligations.

Notwithstanding the recently announced changes to the Coote board and senior executive responsibilities, the company remains fully committed to undertaking a broad ranging review of its strategic direction, focus and funding position with a view to maximizing returns to shareholders.

A number of steps are already being undertaken which the company believes will, over time, lay the foundations for a much improved and consistent financial performance going forward.

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