



Australian Government

Takeovers Panel

MEDIA RELEASE

No: 34/2010

Monday, 28 June 2010

Coote Industrial Limited - Panel Receives Application

The Panel has received an application from the Australian Securities and Investments Commission dated 25 June 2010 in relation to the affairs of Coote Industrial Limited. The application concerns the one for one non-renounceable rights issue announced by Coote on 7 June 2010 which seeks to raise approximately \$42.6m at an issue price of \$0.16 per share. The rights issue is fully underwritten by Elph Pty Ltd, Coote's largest shareholder. Sub-underwriting arrangements are in place for 50% of the rights issue.

The rights issue includes a top-up facility, under which:

- eligible Coote shareholders other than Elph who apply for additional shares will receive up to \$50,000 of shares on a pro rata basis
- Elph, as underwriter, will then receive an allocation of shortfall shares of approximately 50% of the total issue minus Elph's pro-rata entitlement under the rights issue
- sub-underwriters will then be allocated shortfall shares on a pro-rata basis
- other eligible shareholders who applied for shortfall shares in excess of \$50,000 will then be allocated additional shares "on a basis jointly agreed between Elph and Coote" and
- any remaining shortfall will be allocated to certain sub-underwriters.

ASIC submits, among other things, that:

- the rights issue has the potential to have an effect on the control of Coote given that Elph could increase its shareholding in Coote from 38.54% to 44.27% and
- all reasonable steps to mitigate the potential control effect of the rights issue have not been taken.

ASIC seeks an interim order that Coote not shorten the offer period under the rights issue (currently scheduled to close on 6 July 2010) without first giving the Panel 48

hours' notice. The President of the Panel accepted an undertaking to this effect offered by Coote (see annexure), obviating the need for any interim order.

ASIC seeks final orders including that the top-up facility be varied such that Coote shareholders other than Elph are given priority in respect of any shortfall shares.

A sitting Panel has not been appointed at this stage and no decision has been made whether to conduct proceedings. The Panel makes no comment on the merits of the application.

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Annexure

**Section 201A
Australian Securities and Investments Commission Act (Cth)
Undertaking**

Coote Industrial Limited

Pursuant to section 201A of the *Australian Securities and Investments Commission Act 2001* (Cth), Coote Industrial Limited undertakes not to shorten the offer period under its Entitlement Offer (as announced to ASX on 7 June 2010 and varied as announced on 25 June 2010) without first giving the Takeovers Panel 48 hours' notice of its intention to so.

**Signed by Michael Charles Coote, Managing Director
with the authority, and on behalf, of
Coote Industrial Limited
Dated 25 June 2010**