

19 April 2010

ASX ANNOUNCEMENT

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CODAN LIMITED PROFIT GUIDANCE UPGRADE

The Board of Codan Limited today upgraded profit guidance for the second half of FY10 and therefore for the full financial year.

Sales and underlying net profit after tax are now expected to exceed the levels achieved in the first half of FY10. This would deliver full year net profit after tax of approximately \$30 million before impairment charges, from revenue of approximately \$180 million, both the highest ever achieved by Codan Limited by a substantial margin. As a result of this profitability, cash flow is also very strong and debt is being significantly reduced.

Not all areas of Codan's business have been experiencing strong demand; satellite communications products have continued to experience difficult business conditions at least in part caused by the Global Financial Crisis.

Therefore the Board is considering the carrying values of some assets related to satellite communications. It is likely that a non-cash impairment charge of approximately \$15 million, relating to goodwill associated with a satellite communication technology acquisition made in 1997, will be written off in the full year accounts.

Even after this non-cash impairment charge, the statutory full year net profit after tax is expected to be around \$15 million compared to \$12 million last year.

The business has met a significant challenge in the second half of the year in achieving supply of products sufficient to meet the high levels of orders on hand and the ongoing high demand, particularly for Minelab metal detection products.

The Minelab business overall has been strong. The exceptional sales being achieved in FY10 are to a significant extent being driven by a boom in the use of our metal detection products in the artisanal gold mining market in Africa. Future prospects for Minelab from the artisanal mining market globally are very good. However, sales arising from this market in FY11 may not approach the boom conditions of FY10.



Michael Barton
Company Secretary

MEDIA RELEASE

19th April 2010

Codan on track for record revenue and profit after second-half earnings upgrade

Global communications and metal detection group, Codan Limited (ASX: "CDA"), is on track to achieve its highest ever full-year earnings and revenue after today announcing a significant results upgrade for the current half-year to 30 June 2010.

The Codan Board said sales and underlying net profit after tax for the second half of the current 2009-2010 financial year are now expected to exceed the levels achieved in the first half.

As previously reported, Codan increased its interim dividend earlier this year after more than doubling first half net profit after tax on revenue that jumped 25.7% to a record \$89.4 million.

Codan's Managing Director, Mr Mike Heard, said the upgraded second half results would deliver full-year net profit after tax of approximately \$30 million before impairment charges, from revenue of approximately \$180 million - both the highest ever achieved by Codan by a substantial margin.

"As a result of this profitability, cash flow is also very strong and debt is being significantly reduced," he said.

Mr Heard said not all areas of Codan's business have been experiencing strong demand; satellite communications products have continued to experience difficult business conditions, at least in part caused by the Global Financial Crisis.

"The Board is therefore considering the carrying values of some assets related to satellite communications. It is likely that a non-cash impairment charge of approximately \$15 million, relating to goodwill associated with a satellite communication technology acquisition made in 1997, will be written off in the full year accounts," he said.

"Even after this non-cash impairment charge, the statutory 2009-2010 full year net profit after tax is expected to be around \$15 million compared to \$12 million last year."

Mr Heard said the Codan Group business has met a significant challenge in the second half of the current year in achieving supply of products sufficient to meet the high levels of orders on hand and the ongoing high demand, particularly for Minelab metal detection products.

“Our Minelab business overall has been strong. However, the exceptional sales being achieved in FY10 are to a significant extent being driven by a boom in the use of our metal detection products in the artisanal gold mining market in Africa,” he said.

“While future prospects for Minelab from the artisanal mining market globally are very good, sales arising from this market in FY11 may well not approach the boom conditions of FY10.”

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:-

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ABOUT CODAN

Codan is a global leader in the design, manufacture and marketing of a diversified range of communications and metal detection products.

The company was founded in 1959 and has grown to become a globally active company with its products found in over 150 countries.