



Clever Products. Global Markets.

HF RADIO ■ SATELLITE ■ METAL DETECTION

Investor Presentation

19 February 2010

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What is Codan's Core Business?

“Clever Products for Global Niche Markets”

Clever Products

- Innovative products of our own design
- High intellectual property content, high value add
- Exceptional performance, reliability and support
- Electronics products preferably

Global Niche Markets

- Demand in many countries, often the developing world
- Global market size hundreds of millions of dollars (not billions)
- Likely that Codan will be a market leader
- “Below the radar” of large potential competitors

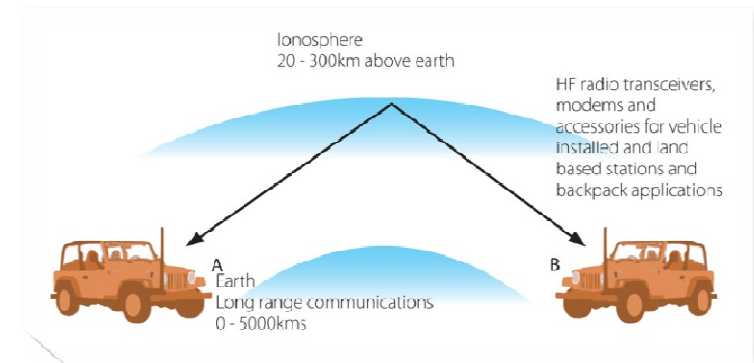
What are Codan's Current Business Segments and Product Groups?

Communication Products – High Frequency (HF) Radio

- Products and systems for remote area long distance radio communications

- Used for:

- rapid network deployment
- communications without the need for transmission infrastructure
- back-up emergency communications



- End user organisations:

- aid and humanitarian (UN and NGOs)
- law enforcement, protection, security and military
- other government departments
- commercial e.g. mining and resources exploration, forestry, long distance transport



What are Codan's Current Business Segments and Product Groups?

Communication Products - Satellite Communications RF Subsystem (Satcom)

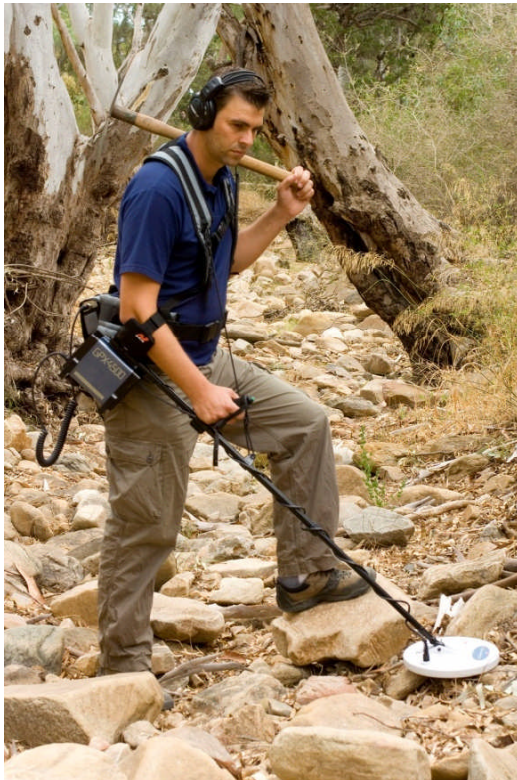
- RF Subsystem portion of satellite communications earth stations
- Used in networks for telecommunications over satellite; for public infrastructure and private networks for government and business
- Fixed station and transportable “rapid deploy” networks
- Sold to organisations that integrate the Codan product into earth stations
- Codan Adelaide specialises in C and Ku frequency bands; most commonly used bands today for commercial and government applications
- Via the acquisition of Locus Microwave Inc., State College Pennsylvania, the product range includes X band, a frequency band recently released from sole military use to include whole of government use particularly in the USA



What are Codan's Current Business Segments and Product Groups?

Minelab Metal Detection

Metal detection products and systems for Consumer, Countermine and Artisanal Gold Mining markets

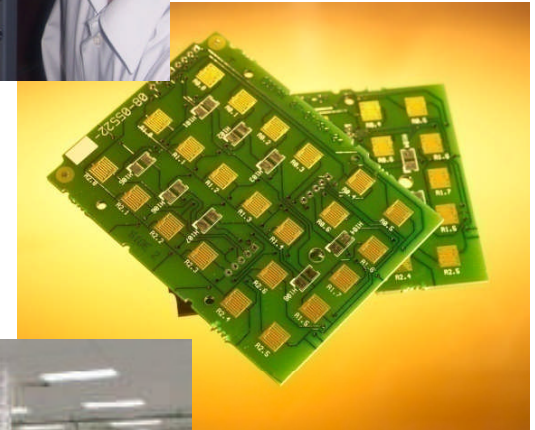


- Consumer: Detection of gold nuggets, coins, treasure and artefacts by serious hobbyists, semi-professional prospectors and archaeologists
- Countermine: Detection of land mines and unexploded ordnance by government and NGO demining organisations and the military
- Artisanal Gold Mining: Detection of gold as a commercial enterprise by small groups of prospectors

What are Codan's Current Business Segments and Product Groups?

Other

- Codan Broadcast – Signal routers and signal management products for TV broadcast studios
- IMP Printed Circuits – Manufacture and importing of bare printed circuit boards for Australian and NZ electronics manufacturers
- Parketronics – Contract electronics manufacture for Australian electronics manufacturers



Financial highlights 1st half FY10

Record sales and profit for a half year

- Net profit after tax was \$13.6 million for the half-year ended 31 December 2009, an increase of 102% compared to the previous corresponding period.
- The profit arose from revenue of \$89.4m, compared with \$71.1m in the previous corresponding period.
- Working capital continues to be extremely well managed.
- Cash generated through operations was \$24.6m compared to \$11.7m in the previous corresponding period.

Financial overview

Sales

Half year results	1st half FY10		1st half FY09	
	\$m	%	\$m	%
Revenue				
Communication Products	\$38.2	43%	\$41.2	58%
Metal Detection	\$45.0	50%	\$22.0	31%
Other	\$6.3	7%	\$8.0	11%
Total revenue	\$89.4	100%	\$71.1	100%

Key highlights:

- Strong sales of HF radio products continued to security, protection and military markets in several countries.
- Codan's market for satellite communications products still impacted by the global financial crisis and deteriorated further. Locus Microwave Inc. acquired in May 2009, remains well positioned for sales of its satellite communications products to significant US government projects.
- Metal Detection's sales contributed an additional \$23.0m in revenue:
 - With the continuing high gold price, sales of detectors to artisanal gold miners in Australia and overseas were very strong.
 - Sales of detectors for mine clearance, including the Indian Army, were also strong.



Financial overview

P&L

Half year results	1st half FY10		1st half FY09	
	\$m	%	\$m	%
Total revenue	\$89.4	100%	\$71.1	100%
Underlying business performance				
EBITDA	\$26.6	30%	\$16.8	24%
EBIT	\$22.3	25%	\$12.9	18%
Interest	(\$1.6)		(\$3.0)	
Net profit before tax	\$20.7	23%	\$9.9	14%
Underlying net profit after tax	\$14.8	17%	\$7.2	10%
Non-recurring expenses after tax	\$1.2		\$0.5	
Net profit after tax	\$13.6		\$6.7	

Key highlights:

- Significant improvement in earnings ratios.
- EBITDA increased by \$9.8m.
- \$1.2m of costs associated with the integration of the Minelab business and the related restructuring of the Codan group.

Financial overview

Balance sheet

	December '09	June '09
\$m		
Working Capital		
Receivables	\$17.3	\$15.3
Inventories	\$16.5	\$14.2
Accounts Payable	(\$25.5)	(\$17.5)
Total Working Capital	\$8.3	\$12.1
Property, Plant & Equipment	\$22.4	\$23.2
Product Development	\$17.2	\$15.2
Intangible Assets	\$76.6	\$77.2
Other	\$5.0	\$3.5
Total Assets	\$129.5	\$131.2
Other liabilities	(\$12.2)	(\$8.1)
Net Operating Assets	\$117.2	\$123.1
Net debt	(\$45.0)	(\$59.1)
Net Assets	\$72.2	\$64.0
Shareholders Equity		
Share Capital	\$24.8	\$24.8
Reserves	\$1.1	\$0.7
Retained Profits	\$46.2	\$38.4
Total Shareholders Equity	\$72.2	\$64.0

- \$14.1m decrease in net debt from excellent operating cash flows.

Integration and Restructuring

- Continued with consolidation and outsourcing of manufacturing activities across the group, with attendant savings.
- Most notably, manufacturing of Minelab metal detectors in Ireland ceased during the period and was relocated to Codan Limited's outsource partner in Malaysia which is now very successfully manufacturing a higher volume Codan and Minelab products.
- Restructuring and outsourcing has dramatically increased manufacturing capacity and flexibility.
- Roll-out of the company's enterprise resource planning system to Minelab offices in Australia and overseas continued.

Outlook

- The second half has commenced strongly.
- Whilst demand for all Minelab products is good, it remains extremely strong for detectors for artisanal gold mining and Minelab has a very high level of orders on hand.
- Second half sales for Minelab products will most likely be limited by the extent to which the company can even further increase production capacity, rather than by demand.
- Order levels and demand for Codan HF radio products are good. As is normally the case, second half sales for communications products will depend on the timing of further orders.
- Not yet possible to give accurate guidance on second half sales and profit, but the result is likely to be well above the previous corresponding period.