

18 February 2010

Codan Limited
ABN 77 007 590 605
81 Graves Street
Newton SA 5074
Australia

PO Box 96
Campbelltown SA 5074
Australia

ASX ANNOUNCEMENT

CODAN INCREASES DIVIDEND AFTER RECORD FIRST-HALF RESULTS

Global communications and metal detection group, Codan Limited (ASX: "CDA"), has increased its interim dividend after achieving record sales and profit for the half year ended 31 December 2009.

Surging international demand for metal detectors produced by the Minelab subsidiary, and the continued strong performance of Codan's high-frequency (HF) radio business, combined to more than double net profit after tax to a record \$13.6 million compared with \$6.7 million in the previous corresponding six months.

The 102% higher first-half profit exceeded the group's previous full-year profit and was achieved on revenue that rose 25.7% from \$71.1 million to a record \$89.4 million.

Directors have declared an increased interim dividend of 3.5 cents per share – up 16.7% on 3 cents per share in the previous corresponding period. The higher interim dividend will be paid on 1 April 2010 to Codan shareholders registered on 18 March 2010.

Benefits from successful restructuring

Mr Mike Heard, Codan's Managing Director, said the record profit was achieved after absorbing \$1.2m after tax in costs associated with the integration of the Minelab business (acquired in 2008) and the related restructuring of the expanded Codan group to focus on streamlining systems and support functions, and rationalising manufacturing and distribution capability.

"Meeting the dramatic increase in demand for Minelab products was a very significant challenge for our group manufacturing team and would not have been possible without the very successful restructuring activities undertaken to integrate Minelab into the Codan business," he said.

Mr Heard said cash generated through group operations was \$24.6 million in the latest opening half compared to \$11.7m in the previous corresponding period. This more than covered the group's requirements for operational capital expenditure, capitalised product development and dividends, and facilitated a significant reduction in net debt.

"The Company has secure bank facilities through to February 2012 and continues to operate well within the covenants set out in those facilities," he said.

Gold price boost

Mr Heard said the exceptional demand for Minelab metal detection equipment saw the subsidiary's sales revenue more than double in the latest half year, accounting for 50% of Codan's record total group revenue.

"With the continuing high gold price, sales of detectors to gold prospectors in Australia and overseas were excellent, while sales of detectors for mine clearance - including to the Indian Army as announced in October 2009 - were also very strong," he said.

"During the period, strong sales of Codan's HF radio products continued to global security, protection and military markets. However, the market for our satellite communications products deteriorated further and sales are well below those achieved prior to the global financial crisis. A thorough review of our satellite communication products and markets is currently being undertaken.

"Our Locus Microwave Inc. subsidiary - located in State College Pennsylvania, USA, and acquired in May 2009 - remains well positioned for sales of its satellite communications products to significant US government projects."

Outlook

Mr Heard said the second half had commenced strongly across the Codan group operations.

"While demand for all Minelab products is good, it remains extremely strong for gold detectors and the business has a very high level of orders on hand," he said.

"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 also good and, as is normally the case, second half sales for communications products will depend on the timing of further orders.

"Overall, it is not yet possible to give accurate guidance on group second half sales and profit, but the result is likely to be well above the previous corresponding period."



Michael Barton
Company Secretary
18 February 2010

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:-

Mike Heard
Managing Director & CEO
Codan Limited
(08) 8305 0392

Michael Barton
Company Secretary & CFO
Codan Limited
(08) 8305 0392

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.