



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

PO Box 96
Campbelltown SA 5074
Australia

19 February 2009

Company Announcements Platform
Australian Securities Exchange

Codan Annual Results – Half Year Ending 31 December 2008

Attached is the Codan Limited Half Year Report/Appendix 4D for the half-year ending 31 December 2008 together with press release.

R J B Moody
Company Secretary



**Codan Limited
and its controlled entities**

**Appendix 4D
Half Year Report under ASX Listing Rule 4.2A.3**

Period ending on 31 December 2008

ABN
77 007 590 605

Previous corresponding period
31 December 2007

Results for announcement to the market				\$A'000
Revenue from ordinary activities	Increased	43.1%	to	71,130
Profit after tax before integration and restructuring expenses	Increased	54.9%	to	7,256
Profit from ordinary activities after tax attributable to members	Increased	43.7%	to	6,729
Dividends	Amount per security		Franked amount per security at 30% tax	
Interim dividend	3.0 cents		3.0 cents	
Record date for determining entitlements to dividends:	18 March 2009			
<i>Brief explanation of any figures disclosed above which is necessary to enable the figures to be understood:</i>				
<p>The profit after tax of \$6.7m, is after integration and restructure expenses of \$0.75m. The underlying net profit after tax, before integration and restructure expenses was \$7.26m for the period ending 31 December 2008 compared with \$4.68m in the previous corresponding period.</p> <p>The 31 December 2008 Financial Report and the Market Announcement dated 19 February 2009 form part of and should be read in conjunction with this Half Year Report (Appendix 4D).</p>				
<p>This report is based on half-year financial statements that have been reviewed. The auditor's review report is included in the 31 December 2008 Half Year Financial Report.</p>				

**Codan Limited
ABN 77 007 590 605
and its Controlled Entities**

**Interim Financial Report
for the half year ended
31 December 2008**

Directors' report

Codan Limited and its Controlled Entities

The directors present their report together with the consolidated interim financial report for the half-year ended 31 December 2008 and the auditor's review report thereon.

Directors

The directors of the company at any time during or since the end of the half-year are:

<i>Name</i>	<i>Period of directorship</i>
David Klingner	Director since 2004
Michael Heard Managing Director and Chief Executive Officer	Director since 1991
Brian Burns	Director since 1996 (alternate director from 1990)
Peter Griffiths	Director since 2001
David Klingberg	Director since 2005
Peter Leahy	Director since September 2008
David Simmons	Director since May 2008
Ian Wall	Director since 1959

Principal activities

The principal activities of the consolidated entity during the course of the half-year were the design, development, manufacture and sale of communications equipment, metal detection equipment, printed circuit boards, electronic equipment for the broadcast industry and electronic components and sub-assemblies for various industries.

There have not been any significant changes in the nature of the activities of the consolidated entity during the period.

Review and results of operations

Codan Limited's net profit after tax was \$6.7 million for the half-year ended 31 December 2008, an increase of 44% compared to the previous corresponding period.

The profit arose from revenue of \$71.1m, compared with \$49.7m in the previous corresponding period. This increase arose from Minelab Electronics Pty Ltd, which was acquired on 29 February 2008.

The result was achieved after spending \$0.75m on costs associated with the integration of the Minelab business and the related restructuring of the Codan Group as we focus on streamlining systems and support functions, and rationalising manufacturing and distribution capability.

Results for the first half have been pleasing, particularly in view of the fact that the company has hedges in place for its US Dollar net exposure at an average rate of 88 cents through to 30 June 2009. Once these hedges are fully utilised the company stands to benefit significantly should the Australian Dollar stay around current levels. There are however clear signs that business conditions are softening, particularly for our Satellite Communications products, because of the global recession. Therefore, the Board has recognised a provision of \$2.1m before tax against certain hedge contracts. This is a mark to market adjustment in respect of hedges, in place for the second half, which may no longer be utilised.

The board has declared an interim dividend of 3.0 cents per share, consistent with the first half of Financial Year 07/08.

Directors' report

Codan Limited and its Controlled Entities

Review and results of operations (continued)

Cash generated through operations was \$11.7m compared to \$6.7m in the previous corresponding period. This more than covered the Group's requirements for operational capital expenditure, capitalised product development and dividends.

The company has secure bank facilities through to 28 February 2011 and continues to operate well within the covenants set out in those facilities.

Financial and Operations

Codan Summary Financial Performance				
	Half Year ended			
	Dec-08		Dec-07	
	\$m	%	\$m	%
Revenue				
Communications Products	41.2	58%	44.7	90%
Metal Detection	21.9	31%	-	
Other	8.0	11%	5.0	10%
Total Revenue	71.1	100%	49.7	100%
Underlying business performance				
EBITDA	16.8	24%	10.0	20%
EBIT	12.9	18%	6.4	13%
Interest	(3.0)			
Net profit before tax	9.9	14%	6.4	13%
Net profit after tax	7.2	10%	4.7	9%
Non-recurring expenses after tax	0.5		-	
Net profit after tax	6.7		4.7	
Underlying earnings per share, fully diluted	4.5 cents		2.9 cents	
Dividend per share	3.0 cents		3.0 cents	

Codan's HF Radio business has strengthened during the past 6 months, driven primarily from sales to the global security, protection and military market segments. The new HF Manpack products in particular are continuing to attract a high level of interest from a number of new customers and confidence is high that our recent market launch has been very successful.

FY09 is challenging for Satellite Communications products. These products experienced a soft 6 months with demand impacted by a shortage of satellite capacity in some key regions, deferral of US Government projects because of the presidential election, and a tightening of capital expenditure in our commercial telecommunications infrastructure markets. A number of new products were launched late in 2008 which broadens our product portfolio and for which orders have already been received.

Minelab's sales through to December 08 were strong across both the Consumer and Countermine markets compared to the same period last year. Expenses have been well controlled, leading to a healthy first half business unit contribution.

During the first half Minelab Consumer has benefited from excellent market acceptance of new release products for coin and treasure and gold detection. Minelab Countermine has achieved strong sales of its products to humanitarian demining organisations and military countermine customers.

Directors' report

Codan Limited and its Controlled Entities

Outlook

Codan's focus for the next six months continues to be:

- Strengthening market positions in HF Radio, Satellite Communications and Metal Detection;
- Consolidating outsourcing to Malaysia for some communications products and extending this initiative to other parts of our business where this makes sense; and
- Achieving further synergies from the acquisition of Minelab, with a particular focus on streamlining systems and support functions and leveraging Minelab and Codan's existing manufacturing and distribution capability.

The Board anticipates some impact in the second half from the global recession. As is normal for our business, performance depends on a number of large projects where we have reasonable confidence of receiving orders during the next few months. On this basis, the Board's guidance to the market is that underlying net profit after tax for FY09 will be approximately 20% greater than the underlying profit of \$10.5 million achieved for FY08.

State of affairs

There were no significant changes in the state of affairs of the Group other than those referred to in the financial statements and notes thereto.

Dividends

The directors have declared an interim fully franked dividend of 3.0 cents per share, payable on 1 April 2009.

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4 and forms part of the director's report for the half year ended 31 December 2008.

Rounding off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made with a resolution of the directors:



Dr D Klingner
Director



M K Heard
Director

Dated at Newton this 19th day of February 2009.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Codan Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Gary Savage
Partner

Adelaide

19 February 2009

Consolidated interim income statement for the half year ended 31 December 2008

Codan Limited and its Controlled Entities

	Note	Half - Year Ended 31 December 2008 \$'000	Consolidated	Half - Year Ended 31 December 2007 \$'000
Revenue		71,130		49,717
Cost of goods sold		<u>(36,270)</u>		<u>(28,324)</u>
Gross profit		34,860		21,393
Other operating income		792		139
Administrative expenses		(5,013)		(3,523)
Sales and marketing expenses		(12,446)		(8,295)
Engineering expenses		(3,730)		(3,204)
Financing costs	3	<u>(5,320)</u>		<u>(77)</u>
Profit before income tax expense		9,143		6,433
Income tax expense		<u>(2,414)</u>		<u>(1,749)</u>
Profit for the period attributable to equity holders of the parent		<u>6,729</u>		<u>4,684</u>
Earnings per share	5			
Basic earnings per share		4.2 cents		2.9 cents
Diluted earnings per share		4.5 cents		2.9 cents

The income statement is to be read in conjunction with the notes to the interim financial statements set out on pages 9 to 12.

Consolidated interim statement of recognised income and expense for the half year ended 31 December 2008

Codan Limited and its Controlled Entities

		Consolidated	
Note	Half - Year Ended 31 December 2008 \$'000		Half - Year Ended 31 December 2007 \$'000
Change in fair value of cash flow hedges	(3,982)		914
Exchange differences on translation of foreign operations	<u>589</u>		<u>21</u>
Net income recognised directly in equity	(3,393)		935
Profit for the period	<u>6,729</u>		<u>4,684</u>
Total recognised income and expense for the period attributable to equity holders of the parent	<u>3,336</u>		<u>5,619</u>

Other movements in equity arising from transactions with owners as owners are set out in note 4.

The statement of recognised income and expense is to be read in conjunction with the notes to the interim financial statements set out on pages 9 to 12.

Consolidated interim balance sheet as at 31 December 2008

Codan Limited and its Controlled Entities

	Note	31 December 2008 \$'000	Consolidated	30 June 2008 \$'000
CURRENT ASSETS				
Cash and cash equivalents		6,554		5,417
Trade and other receivables		17,821		18,304
Inventories		20,798		18,427
Current tax assets		6		536
Other		1,639		3,329
TOTAL CURRENT ASSETS		46,818		46,013
NON-CURRENT ASSETS				
Other financial assets		50		50
Property, plant and equipment		25,441		25,034
Product development		13,920		12,518
Intangible assets		72,854		73,156
Deferred tax assets		2,294		42
TOTAL NON-CURRENT ASSETS		114,559		110,800
TOTAL ASSETS		161,377		156,813
CURRENT LIABILITIES				
Trade and other payables		23,270		18,091
Loans and borrowings		13		6
Current tax payable		1,927		1,738
Provisions		3,674		4,042
TOTAL CURRENT LIABILITIES		28,884		23,877
NON-CURRENT LIABILITIES				
Loans and borrowings		69,495		67,555
Deferred tax liabilities		7		515
Provisions		3,283		2,822
TOTAL NON-CURRENT LIABILITIES		72,785		70,892
TOTAL LIABILITIES		101,669		94,769
NET ASSETS		59,708		62,044
EQUITY				
Share capital	4	23,685		23,685
Reserves	4	(2,015)		1,444
Retained earnings	4	38,038		36,915
TOTAL EQUITY		59,708		62,044

The balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 9 to 12.

Consolidated interim statement of cash flows for the half year ended 31 December 2008

Codan Limited and its Controlled Entities

	Note	Consolidated	
		Half - Year	Half - Year
		Ended	Ended
		31 December	31 December
		2008	2007
		\$'000	\$'000
<hr/>			
Cash flows from operating activities			
Cash receipts from customers		74,088	49,064
Cash paid to suppliers and employees		(56,650)	(40,227)
		17,438	8,837
Interest received		179	117
Interest paid		(3,176)	(54)
Income taxes paid		(2,749)	(2,250)
		<hr/>	<hr/>
Net cash from operating activities		11,692	6,650
<hr/>			
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		7	6
Acquisition of property, plant and equipment		(1,217)	(262)
Payments for capitalised product development		(3,297)	(1,917)
Payments for intellectual property		(490)	-
Final payment for the acquisition of Minelab Electronics Pty Limited		(1,418)	-
		<hr/>	<hr/>
Net cash used in investing activities		(6,415)	(2,173)
<hr/>			
Cash flows from financing activities			
Proceeds from borrowings		1,418	-
Repayment of borrowings		(10)	-
Dividends paid	4	(5,672)	(5,672)
		<hr/>	<hr/>
Net cash provided by / (used in) financing activities		(4,264)	(5,672)
<hr/>			
Net increase (decrease) in cash held		1,013	(1,195)
Cash and cash equivalents at the beginning of the financial year		5,417	5,862
Effect of exchange rate changes on cash held in foreign currencies		124	(15)
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		6,554	4,652

The statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 9 to 12.

Condensed notes to the consolidated interim financial statements for the half year ended 31 December 2008

Codan Limited and its Controlled Entities

NOTE 1: STATEMENT OF ACCOUNTING POLICY

(a) Reporting entity

Codan Limited (the "company") is a company domiciled in Australia. The consolidated interim financial report of the company for the six months ended 31 December 2008 comprises the company and its subsidiaries (together referred to as the "Group").

(b) Statement of compliance

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report and should be read in conjunction with the consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2008.

The consolidated annual financial report of the consolidated entity as at and for the year ended 30 June 2008 is available on request from the company's registered office at 81 Graves Street, Newton, South Australia.

The company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

The consolidated interim financial report was authorised for issue by the directors on 19 February 2009.

(c) Significant accounting policies

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2008.

(d) Estimates

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

Condensed notes to the consolidated interim financial statements for the half year ended 31 December 2008

Codan Limited and its Controlled Entities

NOTE 2: SEGMENT REPORTING

The Group acquired Minelab Electronics Pty Limited on 29 February 2008. For details in relation to this acquisition, refer to the 30 June 2008 annual financial report.

The Group comprises of three business segments. The communications equipment segment includes the design, development, manufacture and marketing of communications equipment. The metal detection segment includes the design, development, manufacture and marketing of metal detection equipment. The other business segment includes the manufacture and marketing of printed circuit boards, a specialist electronic component manufacturing business and the manufacture of electronic equipment for the broadcast industry.

	Half - Year Ended 31 December 2008 \$'000	Consolidated Half - Year Ended 31 December 2007 \$'000
Segment revenue		
Communications	41,177	44,673
Metal Detection	21,951	-
Other	8,002	5,044
	71,130	49,717
Segment result		
Communications	10,408	9,305
Metal Detection	7,798	-
Other	559	(154)
	18,765	9,151
Unallocated revenues and expenses	(9,622)	(2,718)
	9,143	6,433

NOTE 3: NET FINANCING COSTS

Net financing costs:

Interest income	(179)	(117)
Net foreign exchange (gain) / loss	2,323	140
Interest expense	3,176	54
	5,320	77

Condensed notes to the consolidated interim financial statements for the half year ended 31 December 2008

Codan Limited and its Controlled Entities

NOTE 4: CAPITAL AND RESERVES

Reconciliation of movement in capital and reserves

Consolidated	Share Capital \$'000	Translation Reserve \$'000	Hedging Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance as at 1 July 2008	23,685	245	1,199	36,915	62,044
Change in fair value of cash flow hedges	-	-	(3,982)	-	(3,982)
Exchange differences on translation of foreign operations	-	589	-	-	589
Transfer from reserves	-	(66)	-	66	-
Profit for the period	-	-	-	6,729	6,729
Dividends recognised during the period	-	-	-	(5,672)	(5,672)
Balance at 31 December 2008	23,685	768	(2,783)	38,038	59,708

Dividends

Half - Year Ended 31 December 2008 \$'000	Half - Year Ended 31 December 2007 \$'000
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Codan Limited has provided or paid for dividends as follows:

- final fully franked dividend of 3.5 cent per share on ordinary shares paid on 1 October 2008	5,672	
- final fully franked dividend of 3.5 cent per share on ordinary shares paid on 3 October 2007		5,672

Subsequent Events

Since the end of the half year, the directors declared an interim fully franked dividend on ordinary shares payable on 1 April 2009. The financial impact of this interim dividend (\$4,861,364) has not been brought to account in the consolidated entity financial statements for the half year ended 31 December 2008 and will be recognised in subsequent financial reports.

NOTE 5: EARNINGS PER SHARE

The calculation of basic earnings per share (EPS) for the six months ended 31 December 2008 was based on the profit attributable to ordinary shareholders of \$6,729,000 (six months ended 31 December 2007 \$4,684,000) and the issued capital of the company outstanding during the period. The weighted average number of shares outstanding was 162,045,454 for the half year periods ending 31 December 2007 and 31 December 2008 respectively.

Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise of 893,334 performance rights granted to employees during the financial year beginning 1 July 2008.

NOTE 6: ASSOCIATE ENTITIES

Codan Limited holds a 50% interest in PCB Contracting Services Pty Ltd. This business ceased operations during the year ended 30 June 2004 and there has been no impact on the reported results of the consolidated entity since this date.

Condensed notes to the consolidated interim financial statements for the half year ended 31 December 2008

Codan Limited and its Controlled Entities

	Half - Year Ended 31 December 2008 \$'000	Consolidated Year Ended 30 June 2008 \$'000
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NOTE 7: CAPITAL COMMITMENTS

The aggregate amount of contracts for capital expenditure on property, plant and equipment	50	-
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NOTE 8: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Group enters into performance bonds in support of its obligations as a supplier of electronic equipment.

NOTE 9: EVENTS SUBSEQUENT TO REPORTING DATE

Other than the matters already disclosed in these financial statements, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

NOTE 10: RELATED PARTIES

Arrangements with related parties continue to be in place. For details on these arrangements, refer to the 30 June 2008 annual financial report.

NOTE 11: NET TANGIBLE ASSETS PER SHARE

	Half - Year Ended 31 December 2008	Consolidated Year Ended 30 June 2008
Net tangible assets per share	-18.1 cents	-14.3 cents

Directors' declaration

Codan Limited and controlled entities

In the opinion of the directors of Codan Limited ("the Company"):

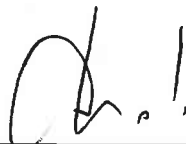
- (a) the financial statements and notes, set out on pages 5 to 12, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2008 and of its performance, as represented by the results of its operations and cash flows, for the half year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Newton this 19th day of February 2009.

Signed in accordance with a resolution of the directors:



Dr D Klingner
Director



M K Heard
Director



Independent auditor's review report to the members of Codan Limited

We have reviewed the accompanying interim financial report of Codan Limited, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of recognised income and expense and cash flow statement for the interim period ended on that date, a statement of accounting policies and other explanatory notes 1 to 11 and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2008 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Codan Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Codan Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the interim period ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG



Gary Savage
Partner

Adelaide

19 February 2009



CODAN

Codan Limited
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81 Graves Street
Newton SA 5074
Australia

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MEDIA RELEASE

19 February 2009

Codan forecasts full-year profit increase after strong opening half result

Global communications group, Codan Limited (ASX: "CDA"), today announced a 44% increase to \$6.7 million in net profit after tax for the half-year ended 31 December 2008 compared with \$4.7 million in the previous corresponding period.

The improved result was achieved on revenue that rose 43% from \$49.7 million to \$71.1 million and reflected Codan's 2008 acquisition of leading metal detection and electronics business, Minelab Electronics Pty Ltd.

Directors have declared a steady interim dividend of 3.0 cents per share, payable on 1 April 2009 to shareholders registered on 18 March 2009.

Positive outlook

Mr Mike Heard, Codan's Managing Director, said: "The Board's guidance to the market is that underlying net profit after tax for FY09 will be approximately 20% greater than the underlying profit of \$10.5 million achieved for FY08."

"The Board anticipates some impact in the second half from the global recession," he said.

"As is normal for our business, performance depends on a number of large projects where we have reasonable confidence of receiving orders during the next few months."

Mr Heard said cash generated through Codan Group operations was \$11.7m in the latest opening half compared to \$6.7m in the previous corresponding six months. This more than covered the Group's requirements for operational capital expenditure, capitalised product development and dividends.

"Codan has secure bank facilities through to 28 February 2011 and continues to operate well within the covenants set out in those facilities," he said.

Mr Heard said the improved results for the latest December half were pleasing, particularly in view of the fact that the company has hedges in place for its US Dollar net sales at an average rate of 88 cents through to 30 June 2009.

"Once these hedges are fully utilised the company stands to benefit significantly should the Australian Dollar stay around current levels," he said.

"On the other hand, there are clear signs that business conditions are softening, particularly for our Satellite Communications products, due to the global recession."



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Mr Heard said Codan's focus for the next six months continued to be:

- Strengthening market positions in HF Radio, Satellite Communications and Metal Detection;
- Consolidating outsourcing to Malaysia for some communications products and extending this initiative to other parts of our business where this makes sense; and
- Achieving further synergies from the acquisition of Minelab, with a particular focus on streamlining systems and support functions and leveraging Minelab and Codan's existing manufacturing and distribution capability.

"Codan's HF Radio business strengthened during the half year under review, driven primarily from sales to the global security, protection and military market segments. Our new HF Manpack products in particular are continuing to attract a high level of interest from a number of new customers and confidence is high that our recent market launch has been very successful," he said.

"FY09 is challenging for Satellite Communications products. These products experienced a soft six months with demand impacted by a shortage of satellite capacity in some key regions, deferral of US Government projects because of the presidential election and a tightening of capital expenditure in our commercial telecommunications infrastructure markets.

"A number of new products were launched late in 2008 which broadens our product portfolio and for which orders have already been received.

"Minelab's sales through to 31 December 2008 were strong across both the Consumer and Countermining markets compared to the same period last year. Expenses have been well controlled, leading to a healthy first half business unit contribution.

"Minelab Consumer benefited in the latest December half from excellent market acceptance of new release products for coin and treasure and gold detection.

"Minelab Countermining has achieved strong sales of its products to humanitarian de-mining organisations and military countermining customers."

ABOUT CODAN

ASX-listed Codan is a global leader in the design, manufacture and marketing of a diversified range of products and systems for the international high frequency radio and satellite communications markets.

Its products can be found in over 150 countries with more than 90 per cent of Codan's communications products exported from its Australian manufacturing facilities.

The Group's Minelab subsidiary is the world's leading designer, manufacturer and global marketer of metal detectors and landmine and unexploded ordnance detecting solutions.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:-

Mike Heard
Managing Director & CEO
Codan Limited
(08) 8305 0311

Rick Moody
Company Secretary & CFO
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