



Announcements

Australian Stock Exchange

RE: Codan Limited (CDA)

Codan Limited
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As a progress report on actions noted in earlier statements, the Board of Codan Limited advises the completion, today, of an important segment of the planned restructuring of the cost and expense base of the company. Further profit improvement measures pertaining to the positioning of Codan's products in the global marketplace are planned for implementation by 30 June 2006 and statements will be made about these measures in due course.

The newly completed restructuring steps include the relocation of engineering and manufacturing operations from Codan's Brisbane and Payneham Adelaide sites to the company's principal site at Newton in Adelaide, and the closure of those sites. This has reduced the number of operating sites in Australia from five to three. Amalgamation of these sites was made possible by completion of the \$4.8 million capital project to expand and upgrade the company's manufacturing facilities at Newton.

This section of the program has made it possible to reduce operating expense in general.

Further savings arise from completion of the separate \$4.8 million capital project for a new integrated IT business system. The system delivers improvements in general operational efficiency and reductions in information and communications costs.

During the half year to 30 June 2006 the one off costs of these restructuring programs will outweigh benefits.

The board expects the combined effects of the overall program currently underway to deliver improved profitability in the full year to June 2007.

On Behalf of the Board

David Hughes
Company Secretary
18 May 2006

