



7 August 2012

COMPANY ANNOUNCEMENTS PLATFORM
AUSTRALIAN SECURITIES EXCHANGE

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**ACQUISITION OF LAND MOBILE
RADIO COMMUNICATIONS COMPANY AND
CAPITAL RAISING**

Codan Limited (ASX: "CDA") has entered into an agreement to acquire all of the shares in Canadian-based company, Daniels Electronics Limited (Daniels), a leading designer, manufacturer and supplier of land mobile radio communications solutions in North America.

The acquisition comprises an upfront cash payment of CAD\$25 million (approx. AUD\$24 million¹) with the possibility of approximately CAD\$2 million (AUD\$1.9 million) in additional payments if certain earn-out targets are achieved over the next 18 months. The acquisition is scheduled for completion on 17 August 2012 subject to a number of conditions typical for transactions of this nature.

Daniels is expected to contribute approximately CAD\$2 million in EBITDA for the 10 months to 30 June 2013 after costs to expand sales into the emerging world and one-off integration expenses. The acquisition of Daniels will be funded by a mix of debt and equity.

Daniels offers a broad range of land mobile radio communications used by specialised market segments, such as public safety, which require high performance and high reliability private communications networks. Key clients include fire services organisations, police, ambulance and other emergency service providers, military, forestry organisations, highways and road contractors and mining and exploration companies.

Daniels has an extensive distribution network and a strong public and private client base, predominantly located in Canada and the United States.

The business offers a catalogue of differentiated products which focus on power-efficient infrastructure solutions, which are well suited to the needs of customers in the emerging world.

Codan's Managing Director, Donald McGurk, said "The acquisition of Daniels delivers on Codan's stated strategy of growing market share and diversifying its radio communications product offering. The Board believes that Codan's extensive international distribution network will deliver significant growth opportunities to the Daniels business. Codan will seek to offer land mobile radio solutions across its global distribution network, especially in the emerging world".

Codan's Divisional President and General Manager for Radio Communications, Kevin Kane, said "Land mobile radio is an outstanding complement to Codan's

¹ Assumes exchange rate of C\$1.046 : A\$1

existing communications solutions, distribution network and customer base. Many of Codan's customers already require these solutions in addition to high frequency radio systems, and most of our existing distributors are active in the land mobile radio market".

The acquisition of Daniels is expected to be earnings-per-share accretive from FY14. Importantly, Codan's balance sheet strength will be maintained following the acquisition and capital raising, allowing the company to continue to explore long-term strategic initiatives to enhance group value.

Daniels will be integrated into Codan's Radio Communications division to capture synergies by offering its products and solutions through Codan's global distribution networks and generating supply chain efficiencies.

Codan is pleased that all of Daniels' senior management team, who have a long and successful history with the company, are excited to remain with the business.

Capital raising

Funding for the acquisition will be partially sourced via an institutional placement to raise up to \$12.5 million.

Shares will be issued at a fixed price of \$1.40 per new share, which represents a 11.7% discount to the closing price on 6 August 2012 or a 5.4% discount to the 30-day volume weighted average price. Shares issued under the institutional placement will rank equally with existing ordinary shares and will be entitled to the final fully franked dividend of 5.5 cents per share.

In addition, a share purchase plan (SPP) will be offered to eligible Australian and New Zealand shareholders subsequent to the institutional placement. Eligible shareholders will be able to acquire up to a maximum of \$10,000 of new shares. Shares issued under the SPP will be issued at the same price as the shares offered under the institutional placement and will rank equally with existing ordinary shares. Shares issued under the SPP will also be entitled to the final fully franked dividend of 5.5 cents per share. A maximum of \$5 million will be raised via the SPP.

Further details of the SPP, for which the record date is Friday, 3 August 2012, will be despatched to all existing eligible shareholders in Australia and New Zealand on Monday, 13 August 2012.

Moelis Australia Advisory Pty Limited has been appointed sole lead manager.

On behalf of the Board



Michael Barton
Company Secretary
7 August 2012

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:-

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Caution regarding forward-looking statements

This release contains certain “forward-looking statements” regarding future events and the future financial performance of Codan, including statements regarding forecasts, dividends and anticipated gearing. Any forward-looking statements contained in this release are subject to known and unknown risks and uncertainties and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Codan. These may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. You are cautioned not to place undue reliance on forward-looking statements. These forward-looking statements are based on information available to Codan as of the date of this release. Codan undertakes no obligation to update these forward-looking statements to reflect any future events or circumstances.