
NEWS

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CODAN FORECASTS 2008-09 PROFIT GROWTH FOLLOWING STRONG OPENING

Leading Australian-based communications group, Codan Limited (ASX: "CDA"), is forecasting solid 2008-2009 earnings growth following a significantly improved start to the new financial year.

After-tax profit is expected to be 40% higher in the current December half with solid improvement also forecast for the full year, despite a guarded second-half outlook due to the global economic conditions.

Codan's Chairman, Dr David Klingner, told shareholders at today's annual general meeting in Adelaide that the global communications specialist was well placed to weather the current global turmoil and to remain strong.

Dr Klingner said three key initiatives introduced last year to improve and grow Codan, combined with the ongoing, never-ending drive to reduce costs, had placed the Company on track for renewed growth.

"Based on results to date and our forecasts to the end of December, we have a reasonably high level of confidence in our first half result. I am very pleased to be able to say that we expect our Net Profit after tax to be at least 40% greater than the previous corresponding period," he said.

"Given current global economic conditions, however, we believe it is very difficult to predict likely trading conditions and results for the second half.

"As a result, it would not be sensible for us to provide guidance on this, other than to say it would seem likely we will honour our earlier guidance of an underlying EPS that is at least 20% greater than the previous financial year."

Minelab acquisition exceeds expectations

Dr Klingner said the acquisition during the year of the Minelab metal detection and electronics business had added significant value to the Codan group.

"The results from that business in the financial year just gone were strong and indeed better than originally anticipated. This strong performance has continued on into the new financial year," he said.

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Outlook

Dr Klingner told shareholders that the Codan Board was continuing with its initiatives to strengthen the Company and better place it to deal with the challenges it can expect to face in the future.

“In the current economic environment, it is imperative that Codan maintains focus on productivity and cost control. This will continue to be one of our major priorities for the current financial year,” he said.

“Recent global economic events have now also given rise to unprecedented uncertainty. In the current environment it is very difficult to predict trading conditions from day to day, let alone what the economic landscape is likely to look like in one to two years time.

“All businesses, including Codan, must therefore be awake to the significant risks and opportunities that these conditions create.

“Parts of our business can actually benefit from times of economic and general global uncertainty. This can be seen, in particular, in our HF business, where increased global security concerns are creating new markets for our products.

“In Minelab, our consumer market seems relatively robust given the customer demographics and product application and the Countermine market is driven by much the same fundamentals as the HF market. The Minelab acquisition has in fact given us, a broader spread of products and markets.”

Future growth and acquisitions

Turning to the longer term, Dr Klingner said Codan remained ambitious for further growth and development.

“We intend to continue to do this both by the continuing effort to develop new products in-house through our extensive research activities and also by continuing to look for acquisition opportunities,” he said.

“We are particularly keen to develop our satellite communication business while of course remaining alert for opportunistic prospects in HF and metal detection.

“Shareholders will understand that obtaining funding for large acquisitions could prove challenging in the current environment. However, it is also possible that current conditions will mean that attractive opportunities could well arise that could add significant shareholder value and we must be alert to those opportunities.

“Ladies and gentlemen, despite these difficult times, the situation of your company is both sound and improving and I feel confident that Codan will produce a solid result for the year ended 30 June 2009.”

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