

18 February 2010

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

PO Box 96
Campbelltown SA 5074
Australia

Company Announcements Office
Australian Securities Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Codan Results – Half-Year Ended 31 December 2009

Attached is the Codan Limited Appendix 4D and Interim Financial Report for the half-year ended 31 December 2009.

Yours faithfully
CODAN LIMITED



Michael Barton
Company Secretary

**Codan Limited
and its controlled entities**

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

Period ended on 31 December 2009

ABN
77 007 590 605

Previous corresponding period
31 December 2008

Results for announcement to the market				\$A'000
Revenue from ordinary activities	Increased	25.7%	to	89,427
Profit after tax before integration and restructuring expenses	Increased	104.4%	to	14,831
Profit from ordinary activities after tax attributable to members	Increased	102.1%	to	13,596
Dividends	Amount per security		Franked amount per security at 30% tax	
Interim dividend	3.5 cents		3.5 cents	
Record date for determining entitlements to dividends:	18 March 2010			
<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 \$13.6m, is after integration and restructure expenses of \$1.2m after tax. The underlying net profit after tax, before integration and restructuring expenses was \$14.8m for the period ended 31 December 2009 compared with \$7.2m in the previous corresponding period.</p> <p>The Interim Financial Report for the half year ended 31 December 2009 dated 17 February 2010, forms 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 Interim Financial Report for the half year ended 31 December 2009.</p>				

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

**Interim Financial Report
for the half year ended
31 December 2009**

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 2009 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:

Name	Period of directorship
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

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 \$13.6 million for the half-year ended 31 December 2009, an increase of 102% compared to the previous corresponding period.

The profit arose from revenue of \$89.4m, compared with \$71.1m in the previous corresponding period.

The result was achieved after incurring \$1.2m after tax 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.

This is an all time record half year sales and profit result arising from exceptional performance of the Minelab metal detection business and continuing strong performance from Codan's HF radio products. Meeting the extraordinary demand for Minelab products was a very significant challenge for the Codan Limited's group manufacturing department and would not have been possible without the very successful restructuring activities undertaken to integrate Minelab into the Codan group.

The board has declared an interim dividend of 3.5 cents per share, an increase of 0.5 cents (16.7%) on the interim dividend from the first half of Financial Year 08/09.

Directors' report

Codan Limited and its Controlled Entities

Review and results of operations (continued)

Cash generated through operations was \$24.6m 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 has 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.

Financial and Operations

Codan Summary Financial Performance				
	Half Year ended			
	Dec-09		Dec-08	
	\$m	%	\$m	%
Revenue				
Communications Products	38.1	43%	41.2	58%
Metal Detection	45.0	50%	21.9	31%
Other	6.3	7%	8.0	11%
Total Revenue	89.4	100%	71.1	100%
Underlying business performance				
EBITDA	26.6	30%	16.8	24%
EBIT	22.3	25%	12.9	18%
Interest	(1.6)		(3.0)	
Net profit before tax	20.7	23%	9.9	14%
Underlying Net profit after tax	14.8	17%	7.2	10%
Non-recurring expenses after tax	1.2		0.5	
Net profit after tax	13.6		6.7	
Underlying earnings per share, fully diluted	8.9 cents		4.5 cents	
Dividend per share	3.5 cents		3.0 cents	

Codan Communications Products

During the period strong sales of HF radio products continued to security, protection and military markets in several countries. However Codan's market for 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. Locus Microwave Inc., located in State College Pennsylvania and acquired in May 2009, remains well positioned for sales of its satellite communications products to significant US government projects.

Minelab Metal Detectors

With the continuing high gold price, sales of detectors to gold prospectors in Australia and overseas were very strong. Sales of detectors for mine clearance, including to the Indian Army as was advised to the market in October 2009, were also strong.

Directors' report

Codan Limited and its Controlled Entities

Integration and Restructuring

Further work was done to consolidate and outsource manufacturing activities across the group, with attendant savings. Most notably, manufacturing of Minelab metal detectors in Ireland ceased during the period and was relocated to Codan Limited's outsource partner in Malaysia which is now very successfully manufacturing higher volume Codan and Minelab products. These integration activities have been essential to the company meeting the dramatic increase in demand for metal detection products.

Roll-out of the company's enterprise resource planning system to Minelab offices in Australia and overseas continued.

Outlook

The second half has commenced strongly. Whilst demand for all Minelab products is good, it remains extremely strong for gold detectors and Minelab has a very high level of orders on hand. 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 good. As is normally the case, second half sales for communications products will depend on the timing of further orders. Thus it is not yet possible to give accurate guidance on second half sales and profit, but the result is likely to be well above the previous corresponding period.

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 3.5 cents per share, payable on 1 April 2010. This is an increase of 0.5 cents (16.7%) on the interim dividend from the first half of Financial Year 08/09.

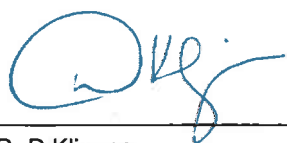
Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

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 2009.

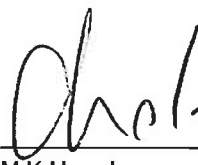
Rounding off

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 17th day of February 2010.



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 2009 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

KPMG


N T Faulkner
Partner

Adelaide

17 February 2010

Consolidated interim income statement for the half year ended 31 December 2009

Codan Limited and its Controlled Entities

		Half - Year Ended 31 December 2009 \$'000	Consolidated Half - Year Ended 31 December 2008 \$'000
	Note		
Revenue		89,427	71,130
Cost of goods sold		<u>(43,212)</u>	<u>(36,270)</u>
Gross profit		46,215	34,860
Other operating income		486	792
Administrative expenses		(7,132)	(5,013)
Sales and marketing expenses		(14,937)	(12,446)
Engineering expenses		(3,584)	(3,730)
Financing costs	3	<u>(2,072)</u>	<u>(5,320)</u>
Profit before income tax expense		18,976	9,143
Income tax expense		<u>(5,380)</u>	<u>(2,414)</u>
Profit for the period attributable to equity holders of the parent		<u>13,596</u>	<u>6,729</u>
 Earnings per share	 5		
Basic earnings per share		8.3 cents	4.2 cents
Diluted earnings per share		8.2 cents	4.2 cents

The income statement is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 14.

Consolidated interim statement of comprehensive income for the half year ended 31 December 2009

Codan Limited and its Controlled Entities

	Consolidated	
Note	Half - Year Ended 31 December 2009 \$'000	Half - Year Ended 31 December 2008 \$'000
Profit for the period	13,596	6,729
Other comprehensive income		
Changes in fair value of cash flow hedges, net of income tax	933	(3,982)
Exchange differences on translation of foreign operations, net of income tax	<u>(566)</u>	<u>589</u>
Other comprehensive income for the period, net of income tax	367	(3,393)
Total comprehensive income for the period	<u>13,963</u>	<u>3,336</u>

The statement of comprehensive income is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 14.

Consolidated interim balance sheet as at 31 December 2009

Codan Limited and its Controlled Entities

	Note	31 December 2009 \$'000	Consolidated 30 June 2009 \$'000
CURRENT ASSETS			
Cash and cash equivalents		16,577	13,895
Trade and other receivables		18,298	16,094
Inventories		16,520	14,230
Current tax assets		-	577
Other		3,920	2,097
TOTAL CURRENT ASSETS		55,315	46,893
NON-CURRENT ASSETS			
Other financial assets		50	50
Property, plant and equipment		22,448	23,222
Product development		17,175	15,205
Intangible assets		76,575	77,168
Deferred tax assets		13	26
TOTAL NON-CURRENT ASSETS		116,261	115,671
TOTAL ASSETS		171,576	162,564
CURRENT LIABILITIES			
Trade and other payables		25,518	17,479
Loans and borrowings		-	10
Current tax payable		2,251	163
Provisions		4,441	3,914
TOTAL CURRENT LIABILITIES		32,210	21,566
NON-CURRENT LIABILITIES			
Loans and borrowings		61,624	72,997
Deferred tax liabilities		2,429	1,031
Provisions		3,123	2,998
TOTAL NON-CURRENT LIABILITIES		67,176	77,026
TOTAL LIABILITIES		99,386	98,592
NET ASSETS		72,190	63,972
EQUITY			
Share capital		24,849	24,849
Reserves		1,102	735
Retained earnings		46,239	38,388
TOTAL EQUITY		72,190	63,972

The balance sheet is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 14.

Consolidated interim statement of changes in equity for the half year ended 31 December 2009

Codan Limited and its Controlled Entities

	Share Capital	Translation	Consolidated Hedging	Retained	Total
	Reserve	Reserve	Reserve	Earnings	
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance as at 1 July 2009	24,849	(108)	843	38,388	63,972
Change in fair value of cash flow hedges	-	-	933	-	933
Exchange differences on translation of foreign operations	-	(566)	-	-	(566)
Transfer from reserves	-	-	-	-	-
Profit for the period	-	-	-	13,596	13,596
Dividends recognised during the period	-	-	-	(5,745)	(5,745)
Balance at 31 December 2009	24,849	(674)	1,776	46,239	72,190

The statement of changes in equity is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 14.

Consolidated interim statement of cash flows for the half year ended 31 December 2009

Codan Limited and its Controlled Entities

		Consolidated	
	Note	Half - Year Ended 31 December 2009 \$'000	Half - Year Ended 31 December 2008 \$'000
Cash flows from operating activities			
Cash receipts from customers		89,624	74,088
Cash paid to suppliers and employees		<u>(61,465)</u>	<u>(56,650)</u>
		28,159	17,438
Interest received		155	179
Interest paid		(1,720)	(3,176)
Income taxes paid		(1,965)	(2,749)
Net cash from operating activities		<u>24,629</u>	<u>11,692</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		200	7
Acquisition of property, plant and equipment		(1,344)	(1,217)
Payments for capitalised product development		(3,519)	(3,297)
Payments for intellectual property		(509)	(490)
Final payment for the acquisition of Minelab Electronics Pty Limited		-	(1,418)
Net cash used in investing activities		<u>(5,172)</u>	<u>(6,415)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	1,418
Repayment of borrowings		(11,010)	(10)
Dividends paid	4	(5,745)	(5,672)
Net cash provided by / (used in) financing activities		<u>(16,755)</u>	<u>(4,264)</u>
Net increase (decrease) in cash held		2,702	1,013
Cash and cash equivalents at the beginning of the financial year		13,895	5,417
Effect of exchange rate changes on cash held in foreign currencies		(20)	124
Cash and cash equivalents at the end of the financial year		<u>16,577</u>	<u>6,554</u>

The statement of cash flows is to be read in conjunction with the notes to the interim financial statements set out on pages 10 to 14.

Condensed notes to the consolidated interim financial statements for the half year ended 31 December 2009

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 2009 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 Group as at and for the year ended 30 June 2009.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2009 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 17 February 2010.

(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 2009.

Changes in accounting policy

The Group has changed some of its accounting policies as the result of new or revised accounting standards which became operative for the annual reporting period commencing on 1 July 2009.

The affected policies and standards are:

- Principles of consolidation - revised AASB 127 *Consolidated and Separate Financial Statements* and changes made by AASB 2008-7 *Amendments to Australian Accounting Standards - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*
- Business combinations - revised AASB 3 *Business Combinations*
- Segment reporting - new AASB 8 *Operating Segments*

Principles of consolidation

AASB 127 (revised) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses.

AASB 127 also specifies the accounting when control is lost. Any remaining interest in the entity must now be remeasured to fair value and a gain or loss is recognised in profit or loss.

Dividends received from investments in subsidiaries, jointly controlled entities or associates after 1 July 2009 are recognised as revenue even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a result of the dividend payment. Under the Group's previous policy, these dividends would have been deducted from the cost of the investment.

The changes were implemented prospectively from 1 July 2009.

Condensed notes to the consolidated interim financial statements for the half year ended 31 December 2009

Codan Limited and its Controlled Entities

NOTE 1: STATEMENT OF ACCOUNTING POLICY (continued)

(c) Significant accounting policies (continued)

Business combinations

AASB 3 (revised) applies the acquisition method to business combinations, but with some significant changes.

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the profit and loss. Under the Group's previous policy, contingent payments were recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and included in goodwill.

If the Group recognises acquired deferred tax assets after the initial acquisition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Group's net profit after tax.

The changes were implemented prospectively from 1 July 2009.

Segment reporting

AASB 8 requires a 'management approach' under which segment information presented on the same basis as that used for internal reporting purposes. This has not resulted in a change to reportable segments.

AASB 8 *Operating Segments* has been applied from 1 July 2009.

(d) Presentation of financial statements

The Group applies revised IAS 1 *Presentation of Financial Statements* (2007), which became effective as of 1 January 2009. As a result, the Group presents in the consolidated interim statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated interim statement of comprehensive income. This presentation has been applied in these interim financial statements as of and for the six months period ended 31 December 2009.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

(e) 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 2009.

Condensed notes to the consolidated interim financial statements for the half year ended 31 December 2009

Codan Limited and its Controlled Entities

NOTE 2: SEGMENT REPORTING

The Group is comprised 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 2009 \$'000	Consolidated Half - Year Ended 31 December 2008 \$'000
Segment revenue		
Communications Products	38,156	41,177
Metal Detection	44,974	21,951
Other	6,297	8,002
	<u>89,427</u>	<u>71,130</u>
Segment result		
Communications Products	8,690	10,408
Metal Detection	18,436	7,798
Other	342	559
	<u>27,468</u>	<u>18,765</u>
Unallocated revenues and expenses	(8,492)	(9,622)
Profit for the period before income tax expense	<u>18,976</u>	<u>9,143</u>

NOTE 3: NET FINANCING COSTS

Net financing costs:		
Interest income	(155)	(179)
Net foreign exchange (gain) / loss	507	2,323
Interest expense	1,720	3,176
	<u>2,072</u>	<u>5,320</u>

Condensed notes to the consolidated interim financial statements for the half year ended 31 December 2009

Codan Limited and its Controlled Entities

NOTE 4: DIVIDENDS

Half - Year Ended 31 December 2009 \$'000	Half - Year Ended 31 December 2008 \$'000
---	---

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 2009	5,745	
- final fully franked dividend of 3.5 cent per share on ordinary shares paid on 1 October 2008		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 2010. The financial impact of this interim dividend (\$5,745,109) has not been brought to account in the Group financial statements for the half year ended 31 December 2009 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 2009 was based on the profit attributable to ordinary shareholders of \$13,596,000 (six months ended 31 December 2008 \$6,729,000) and the issued capital of the company outstanding during the period. The weighted average number of shares outstanding was 164,145,980 for the half year period ending 31 December 2009 and 162,045,454 for the half year period ending 31 December 2008.

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 1,397,585 performance rights granted to employees.

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 Group since this date.

Condensed notes to the consolidated interim financial statements for the half year ended 31 December 2009

Codan Limited and its Controlled Entities

	Half - Year Ended 31 December 2009 \$'000	Consolidated Year Ended 30 June 2009 \$'000
--	---	---

NOTE 7: CAPITAL COMMITMENTS

The aggregate amount of contracts for capital expenditure on property, plant and equipment	203	20
--	-----	----

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 Group, the results of those operations, or the state of affairs of the Group, 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 2009 annual financial report.

NOTE 11: NET TANGIBLE LIABILITY PER SHARE

	Half - Year Ended 31 December 2009	Consolidated Year Ended 30 June 2009
Net tangible liability per share	11.6 cents	16.6 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 14, 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 2009 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 17th day of February 2010.

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 (the Company), which comprises the consolidated balance sheet as at 31 December 2009, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the interim period ended on that date, a statement of accounting policies and other explanatory notes 1 to 11 and the directors' declaration, set out on pages 5 to 15 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 2009 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 2009 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

N T Faulkner
Partner

Adelaide

17 February 2010