

25 May 2009

**Codan Limited**  
81 Graves Street  
Newton SA 5074  
Australia

PO Box 96  
Campbelltown SA 5074  
Australia

Company Announcements  
Australian Securities Exchange Limited

Dear Sir/Madam

Codan Limited announced on 18 May 2009 that a Share Purchase Plan (SPP) would be offered to eligible shareholders. The SPP offer opens today.

We lodge the attached documents, being the Chairman's Letter, Terms and Conditions and a sample Application Form. These documents are in the process of being sent to shareholders.

Yours sincerely  
CODAN LIMITED



Michael Barton  
Company Secretary

25 May 2009

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

PO Box 96  
Campbelltown SA 5074  
Australia

Dear Shareholder,

**INVITATION TO PARTICIPATE IN CODAN LIMITED SHARE PURCHASE PLAN**

Your Board is pleased to invite you to subscribe for additional shares in Codan Limited (Codan) under a Share Purchase Plan (SPP).

The SPP offers eligible shareholders the opportunity to increase their shareholding by purchasing up to \$5,000 worth of fully paid ordinary shares at a discounted price of 62 cents per share. Shares purchased through the SPP will not be subject to brokerage or any other transaction costs. The SPP is open to shareholders registered at 5pm Adelaide time on 14 May 2009 with a registered address in Australia or New Zealand (Eligible Shareholders).

Eligible Shareholders may subscribe for a parcel of shares priced at either \$1,000 (1,613 shares), \$2,000 (3,226 shares), \$3,000 (4,839 shares), \$4,000 (6,452 shares) or \$5,000 (8,065 shares) under the SPP. The issue price of 62 cents represents a 16% discount to the volume weighted average price of shares traded in the ordinary course on ASX in the five trading days up to and including 15 May 2009.

Shareholders should be aware that there is a risk that the market price of the shares may fall between the date of announcement or making of this offer and the issue date.

In February, Codan reported net profit after tax of \$6.7m for the half year ending 31 December 2008 – an increase of 44% on the previous corresponding period. The increase reflected the acquisition of leading metal detection and electronics business Minelab Electronics Pty Ltd in early 2008. Codan has also recently announced the acquisition of Pennsylvania based Locus Microwave Inc on 1 May 2009. Locus is a strategic investment that positions the Company well to capitalise on a growing segment of the satellite communications market. The acquisition will broaden the global reach for the Group's already extensive international satellite communications business. Locus is expected to deliver significant profits from the third year of operation within the Codan Group.

Codan has sufficient banking facilities to fund the Locus transaction, however, as announced recently and as part of prudent capital management, Codan is pursuing a program to strengthen its balance sheet. Raising funds through this SPP, in conjunction with an employee share plan, is the equity raising part of that program.

Codan remains a sound, profitable business. Your Board provided guidance to the market in February that underlying net profit after tax for the year to 30 June 2009 will be approximately 20% greater than the \$10.5 million achieved in financial year 2008. Your Board confirms that previous guidance.

The SPP will open on 25 May 2009 and close at 5.00pm Adelaide time on Friday, 12 June 2009.

Full details of the SPP are set out in the attached Terms and Conditions. I recommend that you read the Terms and Conditions before making a decision regarding your participation in the SPP. Participation in the SPP is optional and I encourage you to contact your professional advisor if you are uncertain as to what action you should take.

If you have any questions in relation to the SPP, please call Codan's share registry, Computershare on 1300 556 161 or email [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au).

Yours sincerely



**Dr David Klingner**  
Chairman



5<sup>th</sup>  
CODAN  
ANNIVERSARY 1959-2009

# 2009 Share Purchase Plan



*Parketronics*



# CODAN LIMITED

ABN 77 007 590 605

## Share Purchase Plan (SPP) Terms and Conditions

### Offer

The Share Purchase Plan (**SPP**) offers shareholders the opportunity to subscribe for fully paid ordinary shares in Codan Limited ABN 77 007 590 605 (**Codan**) at \$0.62 per share up to the maximum subscription of A\$5,000 without incurring brokerage or other transaction costs.

### Eligibility

Except as provided below, all shareholders in Codan who were registered shareholders at 5pm Adelaide time on 14 May 2009 (**Record Date**) with a registered address in Australia or New Zealand (**Eligible Shareholders**), are offered participation in the SPP.

Codan has determined that it is unlawful and impractical for the SPP to be offered to a shareholder whose address on the register of members is a country outside of Australia or New Zealand.

Participation in the SPP by acceptance of the offer:

- (a) is optional for Eligible Shareholders;
- (b) is subject to these Terms and Conditions.

### Offers Non-renounceable

Offers made under the SPP are non-renounceable. Eligible Shareholders cannot transfer to other parties their right to subscribe for shares under the SPP. Acquisition by an Eligible Shareholder of additional shares or a new separate holding of shares before the Closing Date will not give rise to any additional right to subscribe for shares under this SPP offer.

### Subscription

Under the SPP, Eligible Shareholders may apply for a parcel of shares priced at:

Number of Shares	Price
1,613	A\$1,000
3,226	A\$2,000
4,839	A\$3,000
6,452	A\$4,000
8,065	A\$5,000

The number of shares specified above is calculated on the basis of the maximum number of shares that may be issued at the offer price for the relevant parcel price, rounded up to the nearest whole share.

No Eligible Shareholder may be issued with shares with an application price totalling more than A\$5,000, irrespective of the number of Codan shares that an Eligible Shareholder holds on the Record Date. The maximum value of A\$5,000 will apply even if a shareholder receives more than one offer from Codan under the SPP (for example, as a result of holding more than one shareholding under separate share accounts).

Codan reserves the right to reject any application for shares to the extent it considers that the application (whether alone or in conjunction with other applications) does not comply with these Terms and Conditions or any statute, law, regulation, statutory instrument or the Listing Rules of ASX Limited.

## Issue Price and Price Risk

The price per share under the SPP (**SPP Price**) is A\$0.62, being a 16% discount to the volume weighted average price of shares traded in the ordinary course on ASX in the five trading days up to and including 15 May 2009.

However, before deciding whether to accept the offer, you should consider the current market price of Codan shares, which can be obtained from daily newspapers, stockbroker, financial adviser or the ASX.

Shareholders should be aware that there is a risk that the market price of the shares may fall between the date of announcement or making of this offer and the issue date. This means that for the same aggregate application amount, the number of shares acquired by the Eligible Shareholder under this SPP could be lower than the number of shares that may be acquired on the market on the date that the shares are issued.

Finally, it should be noted that as the offer is not made under a prospectus or other disclosure document, it does not require the type of disclosure required under the Corporations Act 2001. Accordingly, shareholders must rely on their own knowledge of Codan and previous disclosures made by Codan on the ASX.

You should consult with your professional adviser when deciding whether or not to accept the offer and participate in the SPP.

## Issue of Shares

Shares issued under the SPP will rank equally in all respects with all other fully paid ordinary shares in Codan on the date of issue. Codan will, at the appropriate time, make application to ASX for the quotation of shares issued under the SPP.

The shares are scheduled to be issued on or after 22 June 2009. Codan expects to dispatch holding statements for shares issued under the SPP by 25 June 2009. Applicants should confirm their holding prior to trading any shares that they believe they have been issued under the SPP.

## Acceptance

If you would like to apply for shares under the SPP, you can either:

- complete the enclosed application form and return it together with your cheque, bank draft or money order made payable to “Codan Limited SPP” in accordance with the instructions on the application form; or
- make a BPAY® payment by using the personalised reference number shown on your application form. If you make your payment using BPAY®, you do not need to return your application form.

Applications will only be open for acceptance on and from 25 May 2009 (**Opening Date**). To be valid, application forms or BPAY® payments must be received by Codan's share registry, Computershare Investor Services Pty Limited (**Computershare**) before 5pm Adelaide time on 12 June 2009 (**Closing Date**). Applications received after that time will not be accepted.

Applications may only be made for parcels of shares in the amounts designated on the application form. If you tender the exact amount of application money for one of the five parcels of shares designated, the number of shares issued to you under the SPP will be the maximum number of shares that may be issued for that parcel at the SPP Price, rounded up to the nearest whole share. If the exact amount of application money is not tendered with the application form or BPAY® payment, Codan reserves the right to reject the application. Alternatively, Codan may accept the application on the basis that the applicant is taken to have applied for the largest parcel of shares that could be funded through the tendered application money, and will refund any excess application money to you. No interest will be paid on application money held by Codan.

Once an application is received, the application and associated payment under the SPP may not be withdrawn and the interest (if any) accruing on the money will accrue and be payable to Codan.

## Agreement

By completing the application form and providing a cheque or bank draft in payment, in Australian Dollars, or by effecting payment by BPAY® of the application money, each Eligible Shareholder:

- (a) agrees that the application is only effective as of the later of receipt of funds and the date on which the application is received by Codan's share registry, Computershare if not using BPay® (**Effective Date**);
- (b) certifies with effect on and from the Effective Date that the aggregate of the application price for the shares the subject of the application and any other shares applied for by the shareholder under the SPP or any other similar arrangement in the 12 months before the Effective Date, does not exceed A\$5,000;
- (c) agrees to otherwise be bound by these Terms and Conditions;
- (d) agrees to be bound by the constitution of Codan; and
- (e) confirms that they are an Eligible Shareholder.

## Joint shareholders; Nominee/trustee shareholders

If two or more persons are recorded in the register of members as jointly holding shares in Codan, they are taken to be a single registered holder and the above certification by any of them is taken to be a certification by all of them.

If on the Record Date a trustee or nominee is expressly noted on the register of members as holding shares or interests on account of another person (**Beneficiary**), for the purposes of these Terms and Conditions:

- (a) the Beneficiary is taken to be the registered holder in regard to those shares; and
- (b) any application for the issue of shares, the above certification, and any issue of shares to the trustee or nominee, is taken to be an application or certification by, or an issue to, the Beneficiary.

## Costs of Participation

No brokerage, commissions or other transaction costs will be payable by Eligible Shareholders in respect of the application for, and issue of shares under, the SPP.

## Broker stamping fee

A stamping fee of 1.00% (including GST) of the value of successful applications will be paid by Codan to stockbrokers (being those entities named as full service (advisory) brokers or non-advisory brokers on the ASX website) where a stockbroker procures that application and submits a valid claim for a broker stamping fee for successful applications.

## General

Codan may determine, in any manner it thinks fit, any disputes or anomalies which arise in connection with or by reason of the operation of the SPP, whether generally or in relation to any applicant or application for shares. The decision of Codan will be conclusive and binding on all persons to whom the determination relates.

Codan reserves the right to waive compliance with any provision of these Terms and Conditions.

Codan reserves the right to amend or vary these Terms and Conditions, and suspend, withdraw or terminate the SPP at any time. Any such amendment, variation, suspension, withdrawal or termination will be binding on all Eligible Shareholders even if Codan does not notify you.

Codan may at any time irrevocably determine that an application is valid, in accordance with these Terms and Conditions, even if the application form is incomplete, contains errors or is otherwise defective. Codan and its officers and agents are authorised to correct any error in, or omission from, an application form by the insertion of any missing details.

This offer of shares under the SPP is made in accordance with ASIC Class Order 02/831. That Class Order grants relief from the requirement to prepare a prospectus or other disclosure document for the offer of shares under the SPP.

## Indicative Timetable

Record date	14 May 2009
Announcement of SPP	18 May 2009
Offer opens	25 May 2009
Offer closes	12 June 2009
	To be valid, application forms and application monies or BPAY® payments must be received by Codan's share registry, Computershare, before 5pm Adelaide time
Allotment of shares under the SPP	22 June 2009
Quotation of shares issued under the SPP (normal settlement basis)	23 June 2009
Dispatch of holding statements	25 June 2009

The above timetable is indicative only and is subject to change as determined by Codan.

## For more information

If you have any questions in relation to the SPP, please call Codan's share registry, Computershare, on 1300 556 161 or email [web.queries@computershare.com.au](mailto:web.queries@computershare.com.au).

## Joint Lead Arrangers

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**Comm**Sec



**TAYLOR COLLISON**

Sharebrokers and Investment Advisers  
[www.taylorcollison.com.au](http://www.taylorcollison.com.au)



**Please return completed form to:**  
Computershare Investor Services Pty Limited  
GPO Box 2987 Adelaide  
South Australia 5001 Australia  
Enquiries (within Australia) 1300 556 161  
(outside Australia) 61 3 9415 4000  
web.queries@computershare.com.au  
www.computershare.com

Securityholder Reference Number (SRN)

000001  
000  
SAM  
MR JOHN SAMPLE  
FLAT 123  
SAMPLE STREET  
SAMPLE STREET  
SAMPLE STREET  
SAMPLETOWN VIC 3030



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For your security keep your SRN/HIN confidential.

Entitlement Number:  
Record Date: 14 May 2009  
Offer Closes: 5pm (Adelaide time) 12 June 09  
Price per Security: A\$0.62

## SHARE PURCHASE PLAN APPLICATION FORM

This personalised form can only be used in relation to the securityholding represented by the SRN or HIN printed above. This is an important document and requires your immediate attention. If you are in doubt about how to deal with this document, please consult your financial or other professional adviser.

Pursuant to the terms and conditions of the Codan Limited Share Purchase Plan (SPP) contained in the letter to Codan Limited securityholders dated 25 May 2009, Codan Limited is offering eligible securityholders the opportunity to purchase shares up to a maximum value of A\$5,000 per eligible securityholder, subject to a minimum application of A\$1,000.

If you do not wish to purchase additional shares under this offer there is no need to take action.

By making your payment, you agree to be bound by the Constitution of Codan Limited and agree that the submission of this payment constitutes an irrevocable offer by you to Codan Limited to subscribe for Codan Limited Shares on the terms of the SPP.

In addition, you certify that you have not applied for more than A\$5,000 of shares in Codan Limited in aggregate under this Share Purchase Plan and any other similar Codan Limited arrangement in the 12 months prior to your application, even though you may have received more than one offer, or offers in more than one capacity (Codan Limited has not conducted a similar arrangement in the last 12 months).

### METHOD OF ACCEPTANCE

You can apply for shares and make your payment utilising one of the payment options detailed overleaf.

Codan Limited may make determinations in any manner it thinks fit, in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the SPP whether generally or in relation to any participant or application. Any determinations by Codan Limited will be conclusive and binding on all eligible securityholders and other persons to whom the determination relates. Codan Limited reserves the right to waive strict compliance with any provision of the terms and conditions of the SPP, to amend or vary those terms and conditions and to suspend or terminate the SPP at any time. Any such amendment, variation, suspension or termination will be binding on all eligible securityholders even where Codan Limited does not notify you of that event.

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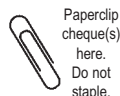
S P R B

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▼ PLEASE DETACH HERE ▼

Please see overleaf for Payment Options



Paperclip  
cheque(s)  
here.  
Do not  
staple.



Billers Code: 534164

Ref No: 123412341234123412

I/We wish to purchase:

☐ 1,613 shares or A\$1,000 or ☐ 3,226 shares or A\$2,000 or ☐ 4,839 shares or A\$3,000 or ☐ 6,452 shares or A\$4,000 or ☐ 8,065 shares or A\$5,000

\* These share amounts may be subject to scale-back in accordance with the terms of the SPP.

Payment Details – Please note that funds are unable to be directly debited from your bank account

Drawer	Cheque number	BSB number	Account number	Cheque amount
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	A\$ <input type="text"/>

Make your cheque or bank draft payable to Codan Limited SPP

### Contact Details

Please provide your contact details in case we need to speak to you about this slip

Name of contact person

Contact person's daytime telephone number

# How to accept the Share Purchase Plan

## Payment Details

You can apply for shares by utilising the payment options detailed below. There is no requirement to return the slip below if you are paying by BPAY®.

By making your payment using either BPAY® or by cheque, bank draft or money order, you confirm that you:

- agree to all of the terms and conditions of the Share Purchase Plan as enclosed with this Application Form;

Your cheque, bank draft or money order should be made payable to Codan Limited SPP in Australian currency and crossed Not Negotiable. Your cheque or bank draft must be drawn on an Australian branch of a financial institution. Please ensure you submit the correct amount. Incorrect payments may result in your application being rejected. Complete cheque details in the boxes provided. **Please note that funds are unable to be directly debited from your bank account.**

**If paying by cheque, return the slip below and Cheque, Bank Draft or money order in the envelope provided.**

**Cheques will be processed on the day of receipt. Sufficient cleared funds must be held in your account, as cheques returned unpaid may not be re-presented and may result in your Application being rejected. Paperclip (do not staple) your cheque(s) to the slip below where indicated. Cash will not be accepted. A receipt for payment will not be forwarded.**

## Contact Details

Enter the name of a contact person and telephone number. These details will only be used in the event that the registry has a query regarding the slip below.

## Lodgement of Application

If you are applying for shares and your payment is being made by BPAY®, you do not need to return the slip below. Your payment must be received by no later than 5.00pm (Adelaide time) on 12 June 2009. Applicants should be aware that their own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. It is the responsibility of the applicant to ensure that funds submitted through BPAY are received by this time.

If you are paying by cheque, bank draft or money order, the slip below must be received by Computershare Investor Services Pty Limited (CIS) by no later than 5.00pm (Adelaide time) on 12 June 2009. You should allow sufficient time for this to occur. A reply paid envelope is enclosed for securityholders in Australia. New Zealand holders will need to affix the appropriate postage. Return the slip below with cheque, bank draft or money order attached.

Neither CIS nor Codan Limited accepts any responsibility if you lodge the slip below at any other address or by any other means.

## Privacy Statement

Personal information is collected on this form by CIS, as registrar for securities issuers ("the issuer"), for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal information may be disclosed to our related bodies corporate, to external service companies such as print or mail service providers, or as otherwise required or permitted by law. If you would like details of your personal information held by CIS, or you would like to correct information that is inaccurate, incorrect or out of date, please contact CIS. In accordance with the Corporations Act 2001, you may be sent material (including marketing material) approved by the issuer in addition to general corporate communications.

You may elect not to receive marketing material by contacting CIS. You can contact CIS using the details provided on the front of this form or by e-mailing [privacy@computershare.com.au](mailto:privacy@computershare.com.au)

**If you have any enquiries concerning this form or your entitlement, please contact CIS on 1300 556 161.**

This form may not be used to notify your change of address. For information, please contact CIS on 1300 556 161 or visit [www.computershare.com](http://www.computershare.com) (certificated/issuer sponsored holders only).

**CHESS holders must contact their Controlling Participant to notify a change of address**

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## Payment Options:



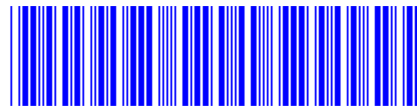
**Bill Code:** 534164  
**Ref No:** 123412341234123412

Telephone & Internet Banking – BPAY

Call your bank, credit union or building society to make this payment from your cheque or savings account. More info: [www.bpay.com.au](http://www.bpay.com.au)



**By Mail**  
**Codan Limited**  
**Computershare Investor**  
**Services Pty Limited**  
**GPO Box 2987**  
**Adelaide, South Australia 5001**  
**AUSTRALIA**



Entitlement Number: <xxxxxxxxxx>

**SAMPLE CUSTOMER**  
**SAMPLE STREET**  
**SAMPLE STREET**  
**SAMPLE STREET**  
**SAMPLE STREET**  
**SAMPLETOWN TAS 7000**

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