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COMPANY ANNOUNCEMENTS PLATFORM
AUSTRALIAN SECURITIES EXCHANGE

**CODAN LIMITED BUSINESS UPDATE:
STRONG SALES CONTINUE**

Summary

- Gold detector sales into Africa in the second half have continued to be strong
- Total group sales for the ten months to 30 April were \$191 million, 33% higher than for the same period last year
- Full year underlying net profit after tax is now expected to be in the region of \$44 million
- Strong balance sheet – \$20 million net cash position at 30 April

Metal Detection

The most significant growth in our gold detector sales continues to come from our African markets, where demand for gold detectors is being driven by the superior performance of our products rather than gold surges in isolated markets. The increased demand is primarily the result of customers upgrading their GPX gold detecting equipment.

With our established trading hub in Dubai, we are well connected into the African market and continue to benefit from improved market intelligence.

The strong demand in Africa so far in FY17 has pushed metal detection sales for the ten months ended 30 April 2017 to \$124 million, 52% higher than sales for the same period in FY16.

In addition to the strong gold detector sales, it is pleasing to note that our established consumer markets around the world have also performed well during this period.

Radio Communications

Sales of our Land Mobile Radio (LMR) products have recovered in recent months and we are on track to deliver a stronger second half for this product range. We continue to invest heavily to expand our LMR product suite and remain on target to release the first of our new Cascade product solutions to the market in the first quarter of FY18.

Radio Communications sales for the ten months ended 30 April 2017 were around \$61 million, up 6% on the same period in FY16.

Corporate

Continuing strong cash generation resulted in a net cash position of \$20 million after payment of the interim and special dividends.

Outlook

As gold detector sales in the second half have exceeded the levels achieved in the first half, our previous earnings guidance of \$35 million net profit after tax will be exceeded. While African demand for gold detectors can be variable, the Board now expects full year underlying net profit after tax to be in the order of \$44 million.

Codan's base business remains strong at circa \$160 million to \$180 million per annum and at these sales levels we expect to generate net profit after tax in the range of \$20 million to \$25 million. In addition to the base business, our revenues each year may be influenced by increased demand for gold detectors and large project wins for our Radio Communications products, both of which can be unpredictable.

We continue to focus on broadening our business in order to grow our addressable markets and increase our base level earnings.

On behalf of the Board



Michael Barton
Company Secretary

Codan is a technology company that provides robust technology solutions that solve customers' communications, safety, security and productivity problems in some of the harshest environments around the world. Our customers include United Nations organisations, mining companies, security and military groups, government departments, major corporates as well as individual consumers and small-scale miners.

FOR ADDITIONAL INFORMATION, PLEASE CONTACT:-

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