

7 September 2009

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Company Announcements
Australian Securities Exchange Limited

Dear Sir/Madam

We attach a series of slides, for presentation to investors and analysts, for immediate release to the market.

Yours Sincerely
CODAN LIMITED



Rick Moody
Company Secretary



Codan Limited

Full Year Results to 30 June 2009

September 2009



Mike Heard
Managing Director

Rick Moody
Chief Financial Officer



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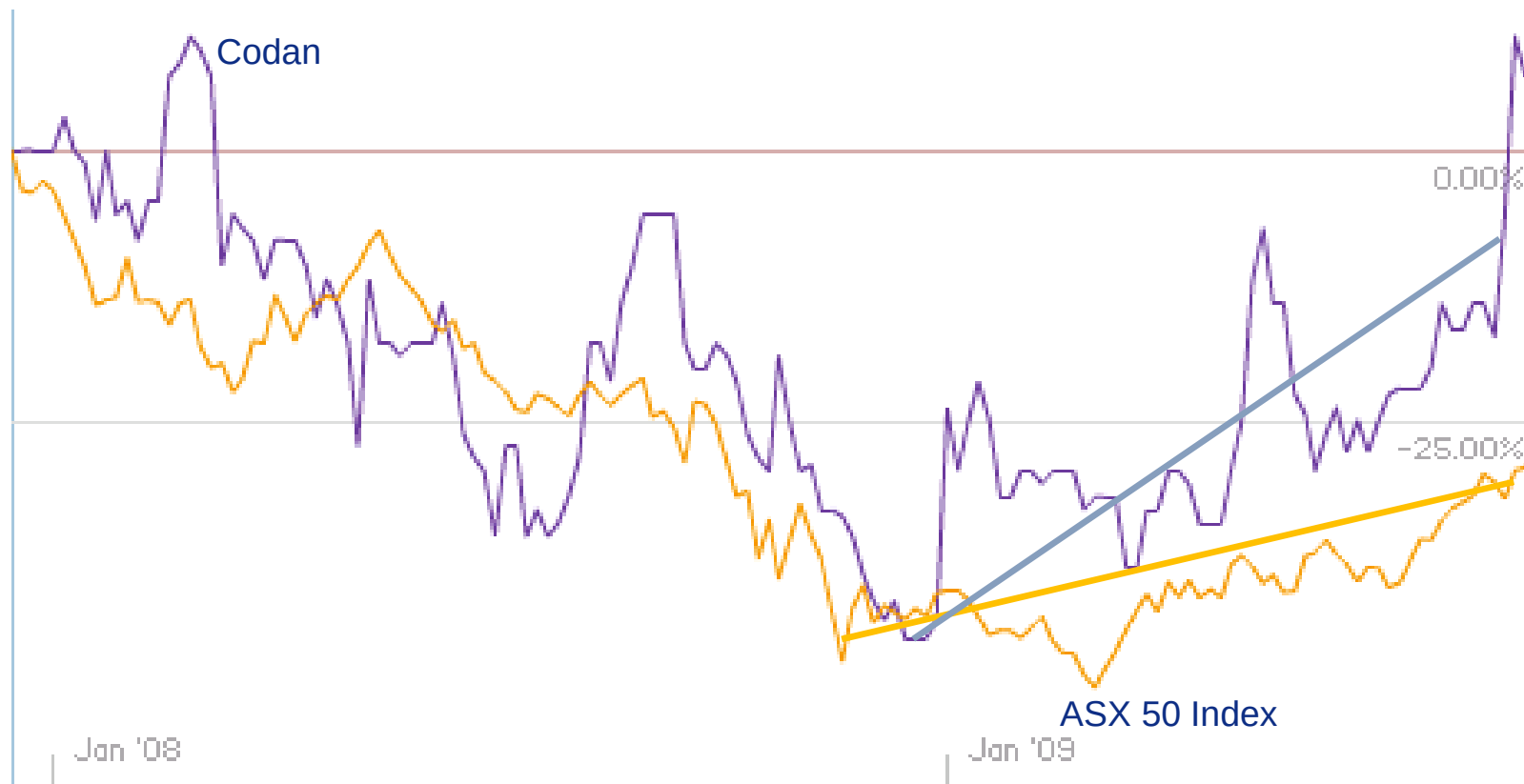


Highlights

- **Growth of 22% in underlying earnings per share despite the global recession**
- **Underlying profit as per guidance**
- **Strong net cash flow from operating activities of \$25.7m, up from \$17m last year**
- **Strengthened balance sheet**
- **Full year dividend maintained at 6.5 cents per share**
- **Maintained or improved EBITDA, EBIT and NPAT margins**
- **Strong growth in HF radio sales from penetration of new markets**
- **Minelab metal detection performance exceeded expectations in the first full year of ownership**
- **Strategic expansion of satellite communications operations by the acquisition of US based Locus Microwave Inc**
- **Integration and restructuring projects well advanced**

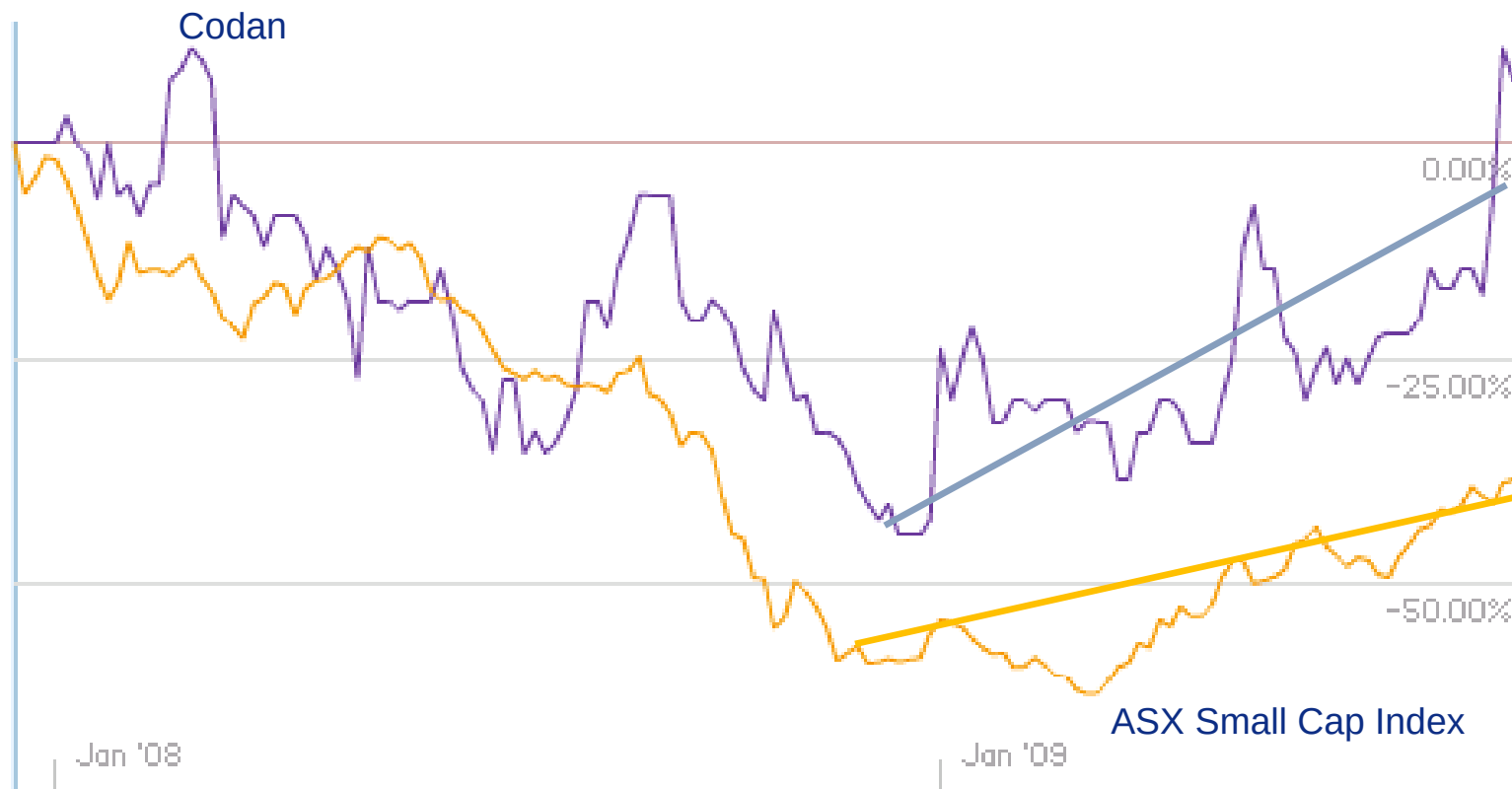
Share price development 18 months

ASX 50 Index



Share price development 18 months

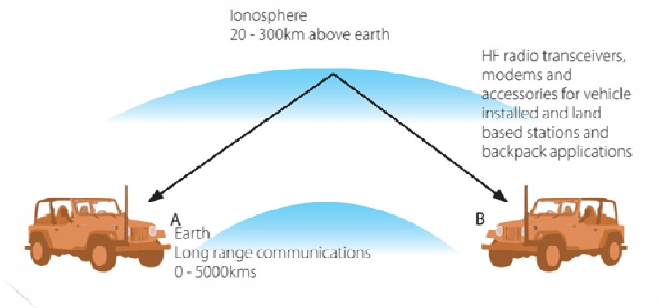
ASX Small Cap Index



What are Codan's Current Business Segments and Product Groups?

Communication Products – High Frequency (HF) Radio

- Products and systems for remote area long distance radio communications
- Used for:
 - rapid network deployment
 - communications without the need for transmission infrastructure
 - back-up emergency communications



- End user organisations:

- aid and humanitarian (UN and NGOs)
- law enforcement, protection, security and military
- other government departments
- commercial e.g. mining and resources exploration, forestry, long distance transport



What are Codan's Current Business Segments and Product Groups?

Communication Products - Satellite Communications RF Subsystem (Satcom)

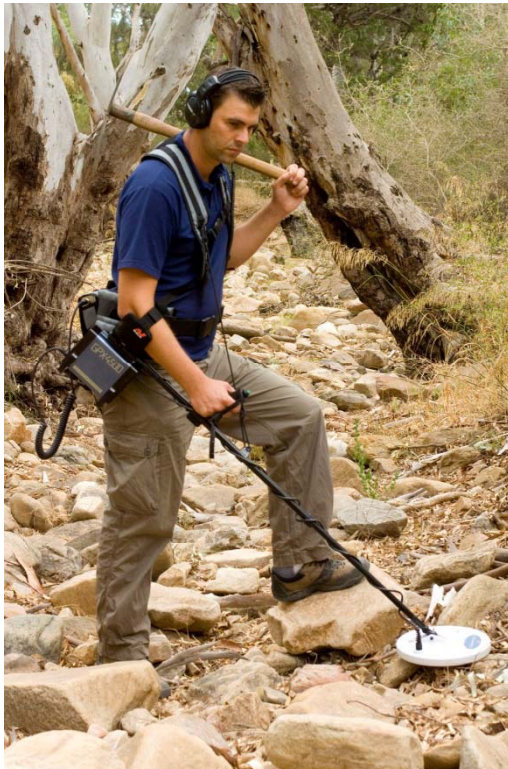
- RF Subsystem portion of satellite communications earth stations
- Used in networks for telecommunications over satellite; for public infrastructure and private networks for government and business
- Fixed station and transportable “rapid deploy” networks
- Sold to organisations that integrate the Codan product into earth stations
- Codan specialises in C and Ku frequency bands; most commonly used bands today



What are Codan's Current Business Segments and Product Groups?

Minelab Metal Detection

Metal detection products and systems for Consumer and Countermine markets

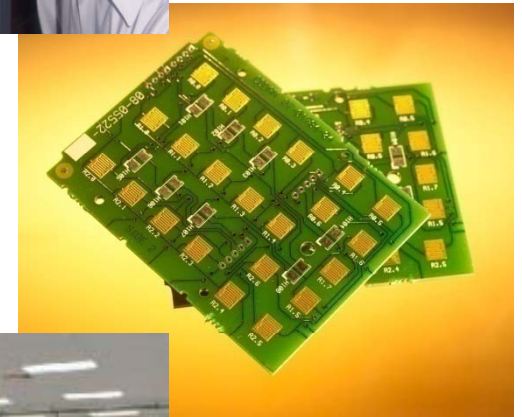


- Consumer: Detection of gold nuggets, coins, treasure and artefacts by serious hobbyists, semi-professional prospectors and archaeologists
- Countermine: Detection of land mines and unexploded ordnance by government and NGO demining organisations and the military

What are Codan's Current Business Segments and Product Groups?

Other

- **Codan Broadcast** – Signal routers and signal management products for TV broadcast studios
- **IMP Printed Circuits** – Manufacture and importing of bare printed circuit boards for Australian and NZ electronics manufacturers
- **Parketronics** – Contract electronics manufacture (mainly loading PCBs) for Australian electronics manufacturers





Financial overview

Sales

Full year results	FY09		FY08	
	\$m	%	\$m	%
Revenue				
Communication Products	\$77.3	58%	\$83.4	76%
Metal Detection	\$41.7	32%	\$16.2*	15%
Other	\$13.3	10%	\$10.3**	9%
Total revenue	\$132.4	100%	\$109.9	100%

* Includes 4 months of Metal Detection

** Includes 4 months of Parketronics

Key highlights:

- HF Radio performed strongly:
 - Further penetration new markets for global security, protection and military applications.
 - This more than offsets the continued reduction in our traditional aid and humanitarian and other government markets.
- Satellite communications had as expected a difficult year mainly due to the global financial crisis.
- Metal Detection's overall sales contributed additional \$25.5m in revenue:
 - Countermine business is very much dependent on contract activity.
 - Consumer business performed exceptionally well off the back of product releases of gold, and coin and treasure applications.

Financial overview

P&L

Full year results	FY09		FY08	
	\$m	%	\$m	%
Total revenue	\$132.4	100%	\$109.9	100%
Underlying business performance				
EBITDA	\$29.4	22.2%	\$24.3	22.2%
EBIT	\$21.5	16.2%	\$17.0	15.4%
Interest	(\$4.6)		(\$2.2)*	
Net profit before tax	\$16.9	12.8%	\$14.8	13.4%
Net profit after tax	\$12.8	9.7%	\$10.5	9.6%
Non-recurring expenses after tax	\$0.8**		\$9.5	
Net profit after tax	\$12.0		\$1.0	

* Includes 4 months interest of the Minelab and Parketronics acquisition.

** Principally integration and restructuring expenses following the acquisition of Minelab

Key highlights:

- EBITDA increased \$5.1m
- Full year interest (\$2.4m) to funding of Minelab and Locus Microwave acquisitions
- Excellent operating cash flows



Financial overview

Ratios

	FY09	FY08
Return on net operating assets (average)	17.5 %	20.5 %*
Return on equity (average)	20.9 %	15.8 %
Underlying earnings per share	7.9 cents	6.5 cents
Earnings per share	7.4 cents	0.6 cents

* Includes 4 months net operating assets of the Minelab and Parketronics acquisition.

Definitions

- Return on net operating assets: $\text{EBIT} / \text{average net operating assets}$
- Return on equity: $\text{NPAT} / \text{average equity}$
- Earnings per share: $\text{NPAT} / \text{no. of shares}$



Financial overview

Ratios

	FY09	FY08
Interim dividend per ordinary share	3.0 cents	3.0 cents
Final dividend per ordinary share	3.5 cents	3.5 cents
Total dividend per ordinary share	6.5 cents	6.5 cents
Franking	100 %	100 %

Record date
Payment date

16 September 2009
1 October 2009



Financial overview

Historical performance

\$m, operating performance

	FY05	FY06	FY07	FY08*	FY09*
Sales	125.4	117.3	121.6	109.9	132.4
EBITDA	30.7	20.0	24.2	24.3	29.4
Profit after tax	16.2	8.5	11.2	10.5	12.8

*Underlying profit



Balance sheet

- Current initiatives (prudent capital management)

- Share Purchase Plan and Employee Share Plan (raised \$1.3m).
- Reduction in inventory levels by \$4.2m.

- Realise the value of surplus assets:

Land and buildings surplus to Codan group's medium term requirements will be sold or leased:

- Surplus land at Torrensville and Cavan in Adelaide has been sold – \$1.5m.
- Assessing the potential to subdivide and sell part of the Minelab Adelaide premises post the move of Minelab's manufacturing to Codan's principal Adelaide factory.
- Announced recently the planned closure of and intention to sell Minelab's Irish manufacturing facility.



Balance sheet

	FY09	FY08	
\$m			
Working Capital			
Receivables	\$15.3	\$18.3	
Inventories	\$14.2	\$18.4	
Accounts Payable	(\$17.5)	(\$18.1)	
Total Working Capital	\$12.1	\$18.6	
Property, Plant & Equipment	\$23.2	\$25.0	Systematically targeted effort
Product Development	\$15.2	\$12.5	
Intangible Assets	\$77.2	\$73.2	
Other	\$3.5	\$4.0	
Total Assets	\$131.2	\$133.3	
Other liabilities	(\$8.1)	(\$9.1)	
Net Operating Assets	\$123.1	\$124.2	
Net debt	(\$59.1)	(\$62.2)	Decrease in debt despite acquisition
Net Assets	\$64.0	\$62.0	
Shareholders Equity			
Share Capital	\$24.8	\$23.7	Successful Share Purchase Plan
Reserves	\$0.7	\$1.4	
Retained Profits	\$38.4	\$36.9	
Total Shareholders Equity	\$64.0	\$62.0	



Balance sheet

Funding

Funding:

- 3 year evergreen
- Negative pledge
- Covenants
- Closing net debt \$59.1m

Bank covenants	FY09	FY08
Net debt / EBITDA* (shall not exceed 3.0 times)	2.1x	2.1x
EBIT / Net Interest** (shall exceed 2.5 times)	4.4x	7.7x

Key ratio	FY09	FY08
Net Debt / (Net Debt + Equity)	50 %	50 %

* Excluding impairment write downs in FY08.

** Only 4 months interest in FY08.



Key Initiatives in FY09

Summary

- **Strengthening market positions in all products**

- HF radio growth from new Codan markets
- Consolidation of Satellite Communications
 - *Imminent launch of important new products*



- **Consolidating outsourcing to Malaysia**

- Significant cost reductions on outsourced communications products
- Extend outsourcing to other parts of the business where appropriate



- **Synergies from Minelab acquisition**

- Leveraging the best of Codan's and Minelab's manufacturing and distribution capabilities
- Streamlining systems and support functions





HF Achievements

Created the foundation for growth

- Codan has maintained global market leadership in its traditional HF markets:
 - Aid
 - Humanitarian
 - Government and Business
- Supplemented by an aggressive Push into New Markets:
 - Military and security
 - Protection and peacekeeping
- Market launch completed
- Compelling value proposition for our new markets
- Well positioned against competitors

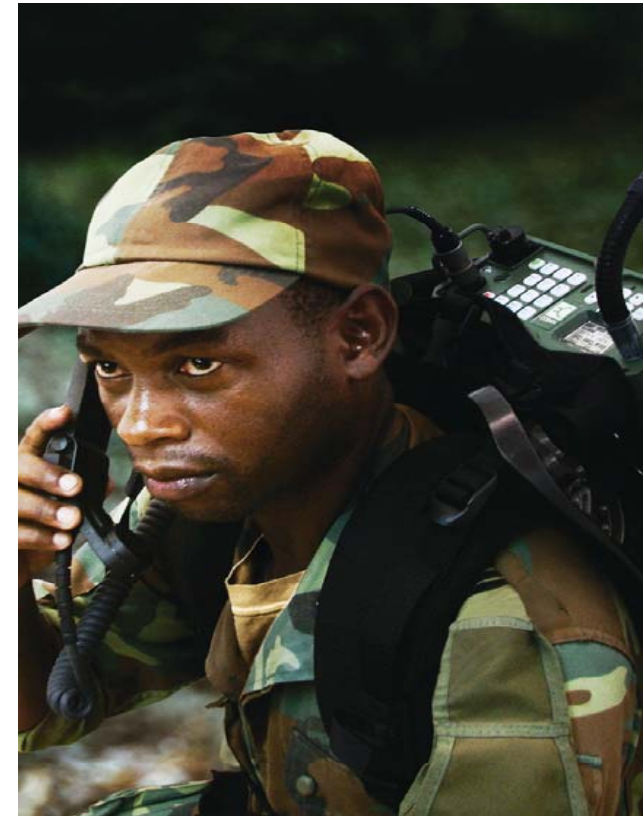




HF Achievements

Significant Success in FY09 from the new markets

- A very compelling Value Proposition:
 - The right products
 - The right channels, influencers and teaming partners
 - The right pricing strategy
 - The right culture
- Have been very well received and accepted by new customers
- Received a substantial level of new market orders in FY09
- Will continue to grow HF revenue from new markets





Minelab Integration Update

Strategic fit

- Strategic fit exceeds expectations:
 - Both design, manufacture and market internationally high value added products into global niche markets
 - Both have world leading technology and invest 6 – 8% of turn-over into R&D
 - Strongly culturally aligned; both South Australian!
 - Minelab fits exactly into Codan's strategy of developing "clever" products for global niche markets

CULTURAL INTEGRATION DIFFICULTIES MINIMISED!





Minelab Integration Update

Key synergies

Our Achievements in FY09

- Manufacturing

- Codan was manufacturing in 6 different sites

Minelab Torrensville manufacturing site has been consolidated into Codan's Newton manufacturing site ✓

Minelab Ireland manufacturing site will be outsourced by December 2009 ✓

- Management & Board

- One Board and Executive team ✓
- Head office support functions serving a larger group

Have leveraged management talent across the group ✓

Support functions have been consolidated ✓



Minelab Integration Update

Key synergies

Our Achievements in FY09

- Finance / IT / Commercial
 - Leverage Codan's investment in Enterprise Resource Planning (ERP) system to Minelab
 - Restructure Head Office / Divisional back-office functions

ERP system has been implemented into Parketronics ✓

ERP system implemented in Minelab with completion by 30 June 2010 ✓
- Parketronics supply loaded PCB assemblies to the broader Codan group
- IMP supply of bare PCBs to Minelab and Parketronics
 - Increased internal supply from Parketronics and IMP ✓
 - IMP and Parketronics are marketing together ✓



Minelab Integration Update

Key synergies

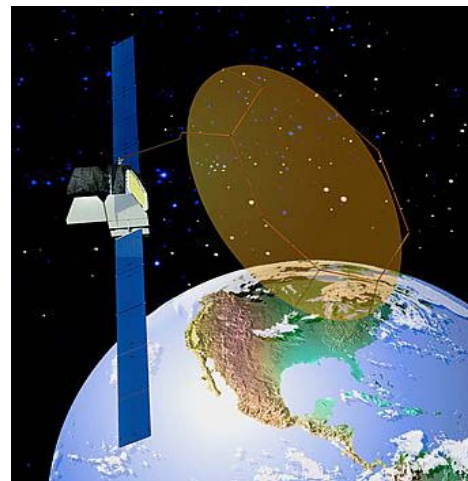
Our Achievements in FY09

- Sales & Marketing
 - Leverage common marketing services across the larger group ✓
 - Leverage common aid/humanitarian and military markets
 - In progress. Several customers are buying both metal detectors and HF radios ✓
- Military marketing
 - In progress. Increased cooperation between Minelab countermine and HF ✓



Satellite Communications

- Telecommunications is provided over fibre optic cable and copper wire, terrestrial wireless (e.g. mobile phones) and satellite
- Satellite communications requires communication between earth stations and a satellite





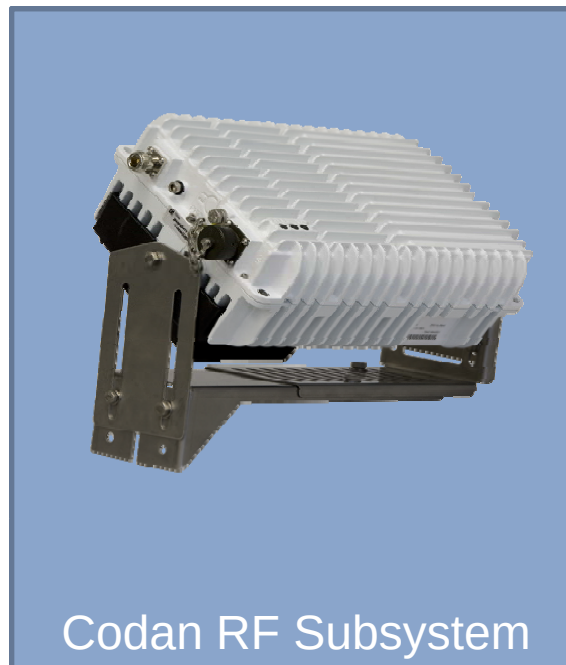
Locus Acquisition

Satellite Communications

- Earth stations are made up of modems, RF Subsystems and antennas
- Codan supplies the RF Subsystem portion of earth stations



Modems (Indoor)



Codan RF Subsystem



Antenna
(With RF Subsystem mounted)



Locus Acquisition

Codan's Business in C & Ku Band

- Commercial and government satellite communications typically occurs over two frequency bands, C and Ku-band
- Codan is a market leader for RF Subsystems in these frequency bands

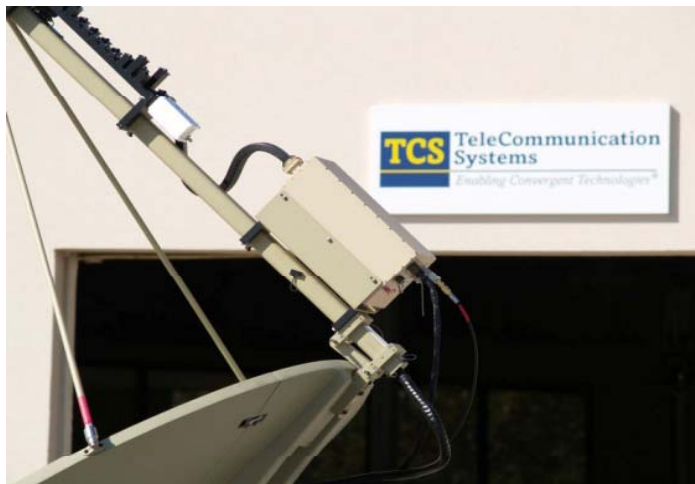




Locus Acquisition

Locus - X-Band

- Another frequency band, X-band, has long been reserved for military applications
- X-band is now being opened up for general government as well as military applications, and is a significant growth area for satellite communications
- Locus has products, technology and US market presence in X-band





Locus Acquisition

Overview of Locus

- US private company located in State College Penn
- Annual revenue approx. US\$2 million; 17 staff
- Three founders each with in excess of 25 years' experience in RF and microwave engineering products for the satellite communications industry

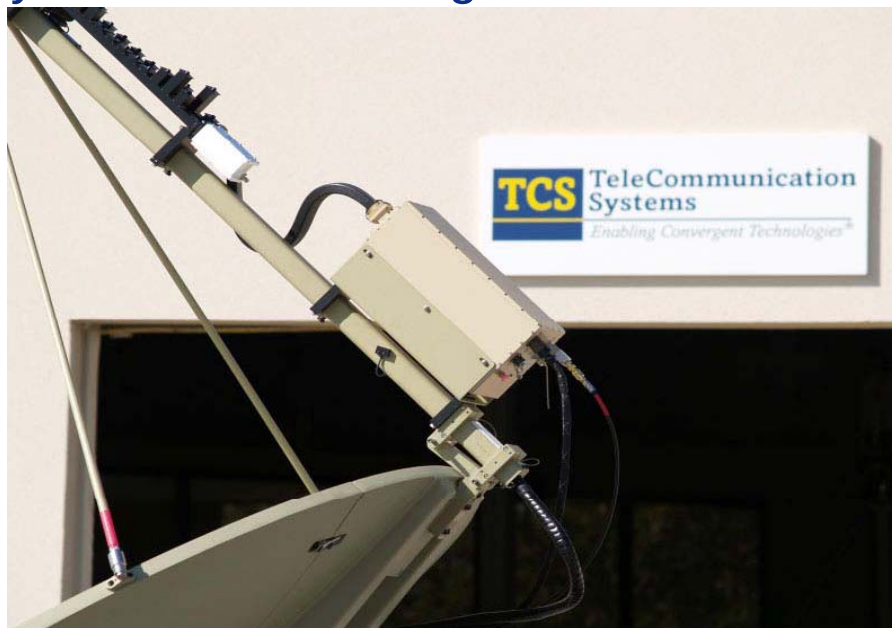




Locus Acquisition

Overview of Locus

- Supplies X-band microwave products targeted at US government satellite communications systems
- Locus has already been selected as a preferred supplier to US organisations that have been appointed to establish X-band satellite communications systems for the US government





The Strategic Fit of Locus

- Immediate entry into global X-Band BUC market
→ the same System Integrators (our customers) will sell X band as C and Ku band
- Leverage to maximise market share of Ku-Band sales in Government markets globally, and the entire North American market
- Diversification & globalisation of microwave engineering capability
- Opportunity to address new growth opportunities in non-satcom areas of core technical/product competence



Key Initiatives

- HF growing: protection, security and military markets
- Strategies in place for Satcom growth in continuing difficult market
- Minelab metal detection growing
- Global recession causes short term uncertainty
- Exposure to USD being structurally managed (e.g. outsourcing of manufacture to Asia converts costs to USD) to maximise natural hedge
- Expected net exposure to USD in FY10 hedged at 77.4US cents
- Balance sheet well managed; future acquisitions will require equity
- Further clever products business acquisitions will be important for sustained long-term growth.