



16 December 2013

Ms Shannon Hong
Adviser, Listings Compliance
ASX Compliance Pty Limited
20 Bridge Street
SYDNEY NSW 2000

By Email: shannon.hong@asx.com.au

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

PO Box 96
Campbelltown SA 5074
Australia

Dear Shannon

RE: ASX QUERY

This letter is in response to your letter dated 12 December 2013 concerning the company's release of its announcement titled "Business Update and Profit Guidance" on Thursday 12 December 2013.

In response to your queries we respond as follows:

- 1. Does the Company consider the update on the first half of FY2014 profit guidance in the Business Update Announcement to be material to the Company for the purposes of listing rule 3.1?**

Yes.

- 2. If the answer to question 1 in "no", please advise the basis on which the Company does not consider the update on the first half of FY2014 profit guidance to be material. In answering this question, reference should be made to the Share Price Fall after the release of the Business Update Announcement?**

Not applicable.

- 3. If the answer to question 1 is "yes", when did the Company first become aware that its guidance on underlying net profit was likely to vary by a material amount from the guidance provided in the Chairman's Address Announcement?**

Wednesday 11 December 2013, being the date that management completed its assessment of the profit guidance for the half year ending 31 December 2013.

- 4. If this was before the Trading Halt, please identify any earlier announcement from the Company which disclosed the update on the first half of FY2014.**

Not applicable.

- 5. If there was no earlier announcement, and the Company became aware of the update on the first half of FY2014 prior to the Trading Halt, why was the information not released by the Company to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.**

Not applicable.

- 6. Please confirm that the Company is in compliance with listing rule 3.1.**

The Company can confirm that it is in compliance with listing rule 3.1.

Yours sincerely


Michael Barton
Company Secretary



12 December 2013

Mr. Michael Barton
Company Secretary
Codan Limited
81 Graves Street
Newton SA 5074

By Email

Dear Michael

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Codan Limited (the “Company”)

ASX Limited (“ASX”) refers to the following:

1. The announcement made by the Company titled “Business Update and Profit Guidance” released on ASX at 08:53 AM AEDT on Thursday, 12 December 2013, disclosing the Company’s “revised profit guidance to be in the range of \$4 million to \$5 million for the first half of FY14” (“Business Update Announcement”) and the announcement titled “Chairman & CEO’s Address to Shareholders” released on ASX at 11:20 AM AEDT on Wednesday, 23 October 2013, disclosing that “the first half of FY14...with an underlying net profit likely to be in the order of \$10 million...the actual underlying profit in the first half could vary either way by up to \$3 million...” (“Chairman’s Address Announcement”).
2. The Company’s conversation with ASX with regards to the price query at approximately 04:09 PM on Monday, 9 December 2013 (the “Price Query”), the proposed trading halt request on 10 December 2013 at approximately 04:58 PM AEDT on Monday, 9 December 2013 and formal request for a trading halt at approximately 09:18 AM AEDT on Tuesday, 10 December 2013 (the “Trading Halt”).
3. The drop in the Company’s share price from a close of \$1.58 on 2 December 2013 to \$1.345 at the time of the Price Query, a decline of approximately 14.87% (the “Share Price Fall”).
4. Listing rule 3.1, which requires an entity, once it becomes aware of any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities, to immediately tell ASX that information.
5. The definition of “aware” in Chapter 19 of the listing rules. This definition states that:

“an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity.”
6. Paragraph 18 of Guidance Note 8 which states:

“Once a director or executive officer becomes aware of information, he or she must immediately consider whether that information should be given to ASX. An entity cannot delay giving information to ASX pending formal sign-off or adoption by the board, for example.”

7. Listing rule 3.1A, which sets out an exception from the requirement to make immediate disclosure, provided that each of the following are satisfied.
- “3.1A.1 A reasonable person would not expect the information to be disclosed.
- 3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential.
- 3.1A.3 One or more of the following applies.
- It would be a breach of a law to disclose the information.
 - The information concerns an incomplete proposal or negotiation.
 - The information comprises matters of supposition or is insufficiently definite to warrant disclosure.
 - The information is generated for the internal management purposes of the entity.
 - The information is a trade secret.”
8. ASX’s policy position on the concept of “confidentiality” which is detailed in paragraphs 33 to 39 of Guidance Note 8. In particular, paragraphs 34 and 35 of the Guidance Note state that:
- “Confidential’ in this context has the sense of ‘secret’...” and “Loss of confidentiality may be indicated by otherwise unexplained changes to the price of the entity’s securities, or by reference to the information in the media or analysts reports”.*
- Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.
1. Does the Company consider the update on the first half of FY2014 profit guidance in the Business Update Announcement to be material to the Company for the purposes of listing rule 3.1?
 2. If the answer to question 1 is “no”, please advise the basis on which the Company does not consider the update on the first half of FY2014 profit guidance to be material. In answering this question, reference should be made to the Share Price Fall after the release of the Business Update Announcement.
 3. If the answer to question 1 is “yes”, when did the Company first become aware that its guidance on underlying net profit was likely to vary by material amount from the guidance provided in the Chairman’s Address Announcement?
 4. If this was before the Trading Halt, please identify any earlier announcement from the Company which disclosed the update on the first half of FY2014.
 5. If there was no earlier announcement, and the Company became aware of the update on the first half of FY2014 prior to the Trading Halt, why was the information not released by the Company to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.
 6. Please confirm that the Company is in compliance with listing rule 3.1.

Your response should be sent to me by e-mail. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (i.e., **before 9.30 a.m. A.E.D.T.**) on **Monday, 16 December 2013.**

If you are unable to respond by the time requested, you should consider a request for a trading halt in the Company's securities. As set out in listing rule 17.1 and Guidance Note 16 - Trading Halts, we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we may ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely,

(Sent electronically without signature)

Shannon Hong
Adviser, Listings Compliance