

**ASX announcement: Calliden Group Limited (CIX)**

20 May 2008

**LEGAL PROCEEDINGS**

On Monday, Calliden issued proceedings in the Commercial Division of the Supreme Court of New South Wales against Australian Unity Limited (**Australian Unity**).

On 6 July 2007 Calliden and Australian Unity entered into a Share Sale Deed (**Deed**). The Deed contains the terms on which Calliden agreed to buy the general insurance business of Australian Unity, operated by Australian Unity General Insurance Limited (**AUGIL**) and Mansions of Australia Limited (**Mansions**).

The Deed provides for a post-completion adjustment of the purchase price. In summary, if the combined net tangible assets of AUGIL and Mansions as at the date of completion was different to the combined net tangible assets of AUGIL and Mansions upon which the purchase price was based, there would be an adjustment to the purchase price.

The Deed also provides a procedure for the calculation of the combined net tangible assets as at the date of completion.

Calliden believes that it has complied with the procedure thus far and that the procedure should continue. Based on actuarial advice it has received to date, Calliden believes that the purchase price should be adjusted in its favour by between \$3-4 million. Calliden's financial statements as at the year end 2007 did not take this potential adjustment into account.

Australian Unity does not agree with Calliden's position, disputes Calliden's interpretation of the relevant provisions of the Deed and has refused to continue the procedure for the calculation of the adjustment of the purchase price.

The proceedings allege that Australian Unity has breached the Deed by its conduct (including the conduct described above). Calliden seeks orders for specific performance and/or damages.

Australian Unity is the parent company of Australian Unity Strategic Holdings Pty Limited, which has a 13% shareholding in Calliden and a nominated casual director of Calliden, Anthony Connon.

Mr Connon was involved, on behalf of Australian Unity, in the negotiation of the Deed (including the terms which are now in dispute) and as a consequence has not involved himself in any consideration by the board of the dispute or the proceedings.

The proceedings have been commenced following unsuccessful attempts to resolve the dispute and upon receipt of legal advice, including from senior counsel.

**ENDS**

For further information please contact:

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