Announcement to the Market

24 February 2010

Centrepoint Announces $1.04 million Net Profit for the six months to 31 December 2009

Result

The principal activities of Centrepoint Alliance Limited (ASX Code: 'CAF') over the last six months have been to stabilise the premium funding business' position in its market place and to search for and position the company to make an appropriate acquisition.

The company has generated a net profit for the 6 months to 31st December 2009 of over $1 million.

This profit result for the period is an indication of how successfully those efforts have been, particularly given that loan volumes are down on prior periods. The reduction in volumes reflects the termination of the preferred supplier agreement with OAMPS and the disruption to other key broker relationships during the early part of this period both from uncertainties around the business and the uncertainties in the market generally.

The pursuit of acquisition opportunities has been more challenging than envisaged with a number of hurdles arising including a significant return in confidence in the market, with a consequent lift in price expectations from potential sellers, a continuing difficulty in accessing debt funding for lending businesses that are for sale and a more cautious and consequently slower approach to the transaction process that seems to be reflected in all activities in the market place.

Outlook

The nature of the premium funding business is that it writes a substantial percentage of the full year's loans in the middle of each calendar year. That means that with the relatively short term of the loans (9 or 10 month loans generally) the net interest income is greater in the first half than the second half.

So while CAF has had a good result in the first half, especially given the difficult circumstances of that period for the business, it will be targeting break-even for the second half reflecting the profit cycle of the premium funding business, the continuing process of rebuilding the loan volumes in that business and the significant cost of the ASX listed company vehicle.

We continue to talk to a number of parties about their businesses and are progressing a number of opportunities and so remain confident that we will be able to execute an appropriately priced acquisition in the near term.

Contacts

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