

CENTREPOINT ALLIANCE LIMITED

ABN 72 052 507 507

Announcement to the Market

27 August 2008

MEDIA RELEASE

CENTREPOINT ALLIANCE DEMONSTRATES RESILIENCE

Revenue	\$45.8m	(- 7%)
EBITDA (Before Goodwill Impairment)	\$19.0m	(- 6%)
PBT (Before Goodwill Impairment)	\$3.4m	(- 45%)
Goodwill Impairment	\$11.8m	
Loss before tax	\$(9.5)m	
NTA	23.2 cents	(+ 2%)

Centrepont Alliance Limited (ASX : CAF) today reported an operating profit before tax and impairment of goodwill of \$3.4m. However this translated to a net loss after tax of \$9.5m after the company booked an \$11.8m provision for goodwill impairment on its commercial finance business.

Managing Director, Richard Cawsey, commented that the operating result was in line with previous guidance and incorporates a strong and resilient profit performance from CAF's insurance premium funding (IPF) business, which was partially offset by a trading loss from the Commercial Finance segment.

"Overall the Group's Financial Year 2008 results have clearly been adversely affected by the downturn in the Australian financial sector, which has flowed from the sub-prime crisis in the U.S.A. and the associated 'Credit Crunch'. The main effects of this credit tightening have been a marked contraction in CAF's brokerage business levels and margins, particularly in the residential mortgage sector, and a series of increases in interest rates and borrowing costs." said Mr Cawsey.

Mr Cawsey continued, "In the current environment it is particularly pleasing to have strengthened our capital position both in terms of cash position and tangible assets per share."

Despite the challenging finance sector conditions, CAF's IPF business has delivered a strong performance with a profit before tax of \$4 million. This was achieved in an environment of falling insurance premiums, rising borrowing costs and increasing competition.

“The outlook for CAF’s insurance premium funding business appears to be improving with most forecasters predicting interest rate falls and the economy continuing to show resilience. In addition, insurance premiums appear to have bottomed and increases are being forecast for later in the financial year. The work being undertaken to secure and broaden funding sources has the potential to further improve profitability and reduce risk. The directors are therefore optimistic for the future of this business segment. We are among the largest IPF funders in Australia and are continuing to gain market share and benefit from a growth in the market use of premium funding.” said Mr Cawsey.

Conversely, the net loss before goodwill impairment of \$500k for the commercial finance segment is primarily due to the effects of the ‘Credit Crunch’. A 16% fall in brokerage volume was exacerbated by a reduction in commission levels leading to a 22% decline in segment revenue.

Mr Cawsey stated that “Business conditions for this segment remain challenging in the current climate across global finance markets, and we expect these to impact our trading performance for this financial year.”

The deterioration of the profitability of the broking businesses, and the suspension of the small on-balance-sheet equipment lending operations, led to an impairment of \$11.8 million representing the entire value of goodwill attributed to the commercial finance segment.

As part of a current strategic review (announced to the market in May 2008), management is focussing on achieving full value from the Commercial Finance business segment; the value driven by its deep and long-lived customer and funder relationships, its significant financing volumes and high quality staff. The review is looking structure and operations of the Commercial Finance business, focusing on driving shareholder value. The directors expect to be in a position to announce the future direction and strategy for this business during the coming month.

Mr Cawsey added, “Overall a good foundation has been built in terms of capital, and risk management, and operations with improvements continuing. As a consequence the Group is well positioned to ride out the continued difficult trading conditions and to take advantage of other opportunities to grow and improve shareholder returns as they arise.”

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