



Announcement to the Market

30 April 2010

CENTREPOINT ALLIANCE LIMITED ANNOUNCES INTENTION TO MERGE WITH PROFESSIONAL INVESTMENT HOLDINGS LIMITED

Centrepoint Alliance Limited today announced its intention to merge with Professional Investment Holdings Limited (PIH), Australia's leading independently-owned network of financial advisers and accountants, through an all scrip offer.

The proposed transaction is aligned with the growth strategies of both companies and on completion, would create a stronger and more diversified financial services group.

PIH currently has a national network of 1417 financial advisers and 1400 accountants. Since inception, PIH has grown rapidly in a competitive market. As at 30 April 2010, funds under administration (FUA) are in excess of \$18 billion, insurance premium in-force at \$170 million and loans under administration (LUA) at \$4 billion. The Group also attracts revenue from 168 AFSL holders that utilise dealer group services and the Group has interests in funds management companies, offshore financial planning groups and a number of administration platforms in Australia.

Post-merger, PIH would become the wealth management arm of ASX-listed Centrepoint Alliance, alongside the existing Commercial Finance division. Centrepoint Alliance will work to foster the development and growth of PIH while continuing to expand the insurance premium funding business and pursue further acquisitions.

Centrepoint Alliance and PIH today agreed to proceed with a merger that would see PIH shareholders hold 80 per cent of the post-merger entity on a fully diluted basis.

The proposed merger is conditional upon due diligence and customary regulatory approvals and would be implemented through a Scheme of Arrangement requiring the support of both companies' shareholders.

On completion of the proposed transaction, the Board of Centrepoint Alliance will comprise of an independent Chairman, and equal representation from both companies with two non-executive directors and two executive directors one of whom will be Tony Robinson who will remain as Managing Director of the merged group.

Centrepoint Alliance Chairman Rick Nelson said, "The current environment together with the benefits of being part of a broader listed business provides a strong platform for growth in the changing wealth management industry."

"Both PIH and Centrepoint are focused on opportunities to expand our businesses and we look forward to the opportunity of creating a stronger more diversified financial services group."

PIH Chairman Stephen Murphy said, "The merger is a compelling partnership between Centrepoint Alliance and PIH."

"It represents a significant step in building one of Australia's leading independently-owned financial services groups."

The merger is expected to be completed in July 2010.

Attached is a copy of the executed Heads of Agreement.

-ENDS-

For further information, contact:

Tony Robinson, Managing Director (03 9860 3035 or 0407 355 616)

Ian Magee, CFO/Company Secretary (08 9420 1203)

30 April 2010



Mr Stephen Murphy
Chairman
Professional Investment Holdings Limited
Level 14
Corporate Centre One
Cnr Bundall Rd & Slatyer Ave
Bundall QLD 4217

Dear Stephen

**Heads of Agreement
Merger of Professional Investment Holdings and Centrepoint Alliance**

I refer to our proposal to merge Professional Investment Holdings Limited (**PIH Group**) with Centrepoint Alliance Limited (**CAF**). This Heads of Agreement (**Agreement**) sets out the agreement between CAF and PIH in respect of that merger.

Key terms of merger

- 1 Subject to the conditions set out in this Agreement, CAF agrees to acquire all of the outstanding share capital of PIH via an offer of ordinary shares in CAF on the basis that current shareholders of PIH will hold 80% of the issued ordinary share capital of CAF post merger (**Merger**) on a fully diluted basis.
- 2 The merger of CAF and PIH will be effected by a scheme of arrangement under Part 5.1 of the *Corporations Act 2001* (Cth) (**Corporations Act**) between PIH and PIH shareholders (**Scheme**).
- 3 CAF shares issued to PIH shareholders under the Scheme will be fully paid ordinary shares, which rank equally in all respects with existing CAF shares.
- 4 25% of the CAF shares issued to PIH shareholders under the Scheme will be subject to escrow restrictions that prevent disposal of those CAF shares for a period of two years from the date of issue and a further 25% of the CAF shares issued to PIH shareholders under the Scheme will be subject to the same escrow restrictions for a period of three years from the date of issue.
- 5 The board of the merged entity will be made up of:
 - (a) a mutually agreed independent chairperson;
 - (b) an existing non-executive board member from the current CAF board that is agreeable to both CAF and PIH;
 - (c) an existing non-executive board member from the current PIH board that is agreeable to both CAF and PIH;
 - (d) an executive board member that is agreeable to both CAF and PIH from CAF; and
 - (e) an executive board member that that is agreeable to both CAF and PIH from PIH.

- 6 CAF will implement an equity participation plan for PIH advisers that is non-dilutive to shareholder value in the merged entity within 24 months of the Scheme being implemented.

Conditions

- 7 CAF and PIH agree to negotiate in good faith the terms of a merger implementation agreement (**MIA**) that sets out the parties' agreement to implement the Scheme.
- 8 The obligation in clause 7 to negotiate the terms of the MIA is conditional on CAF being satisfied with the outcome of its financial, legal and operational due diligence enquiries of PIH and PIH being satisfied with the outcome of its financial, legal and operational due diligence enquiries of CAF, which due diligence will commence as soon as practicable after the date of this Agreement.
- 9 The obligation to proceed with the Scheme will be conditional on:
- (a) execution of a MIA in a form satisfactory to both parties;
 - (b) the ASX All Ordinaries Index at the close of any trading day between the date of this Agreement and the date on which the Court approves the Scheme under section 411(4)(b) of the Corporations Act being not more than 15% below the level of that index as at the close of trading on the date of this Agreement;
 - (c) the independent expert appointed by PIH concluding that the Merger is in the best interests of and fair and reasonable to PIH shareholders;
 - (d) if CAF determines that it requires an independent expert's report, the independent expert concluding that the Merger is in the best interests of and fair and reasonable to CAF shareholders;
 - (e) PIH shareholders approving the Scheme by the requisite majority under section 411(4)(a)(ii) of the Corporations Act;
 - (f) CAF shareholders approving the Merger, including for the purposes of ASX Listing Rule 11.1, if required;
 - (g) receipt of any regulatory approvals that are necessary or desirable to implement the Scheme;
 - (h) receipt of relief from ASIC to allow CAF to enter into escrow restrictions over 50% of the CAF shares to be issued to PIH shareholders;
 - (i) no orders or injunction by a Court or other legal restraint preventing the Scheme from being implemented;
 - (j) representations and warranties given in the MIA remaining true and correct;
 - (k) obtaining any third party consents required under material agreements that CAF and PIH have entered into, to be identified in due diligence;
 - (l) no prescribed occurrences (such as restrictions on both PIH and CAF issuing shares) or material adverse changes occurring in respect of PIH or CAF;

- (m) a competitor of PIH or its subsidiaries does not acquire a substantial holding (as defined in the Corporations Act) in CAF at any time between the date of this Agreement and the date on which the Court approves the Scheme under section 411(4)(b) of the Corporations Act; and
 - (n) the Court approving the Scheme,
10. and such other conditions as are customary for a scheme of arrangement or which are otherwise agreed by CAF and PIH.
 11. During the period from the date of this Agreement until the earlier of the date the MIA is executed or the condition in clause 8 becomes incapable of being satisfied, neither party will, directly or indirectly, encourage or initiate any negotiations or discussions which could lead to an expression of interest, offer or proposal by any person to acquire the shares in CAF or PIH, other than as set out in this Agreement.
 12. For 9 months from the date of this Agreement, PIH will not acquire any shares in CAF and CAF will not acquire any shares in PIH other than in accordance with this Agreement or the MIA.

Other terms in the MIA

13. The MIA will contain such other terms as are customary for a scheme of arrangement or which are otherwise agreed by CAF and PIH, including:
 - (a) representations and warranties given by each of CAF and PIH;
 - (b) an obligation on CAF and PIH to procure that their respective boards recommend the Scheme, in the absence of a superior proposal;
 - (c) exclusivity obligations, such as no shop and no talk obligations and a requirement to notify the other party of third party approaches;
 - (d) an obligation on PIH to prepare a scheme booklet and to commission an independent expert's report in relation to the Merger; and
 - (e) a general obligation on CAF and PIH to take all necessary steps to implement the Scheme and promote the Merger.
14. The MIA will stipulate that a break fee is payable should the Scheme not be implemented within 9 months of the date of this Agreement where:
 - (a) the PIH shareholders do not approve the Scheme by the requisite majority under the Corporations Act or the Scheme is not implemented for any reason solely attributable to the actions of PIH or its board (including where PIH breaches the MIA), in which case PIH must pay CAF \$500,000;
 - (b) the circumstance set out in paragraph (a) exists and PIH enters into a control transaction (meaning one in which the business of PIH or a substantial part of it, changes hands) with another party within 9 months of the date of this Agreement, in which case PIH must pay CAF a further \$500,000; and
 - (c) the CAF shareholders do not approve the Scheme or for any reason solely attributable to the actions of CAF or its board (including where CAF breaches the MIA), in which case CAF must pay PIH \$300,000.
15. No break fee is payable if:

- (a) either party decides not to proceed with the merger as a result of their due diligence enquiries; or
- (b) the independent expert appointed by PIH or CAF concludes that the Scheme is not in the best interests of and fair and reasonable to PIH shareholders or CAF shareholders (as applicable).

Announcement

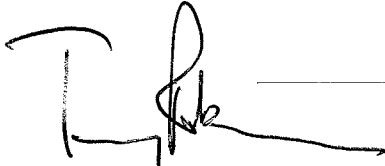
16 As soon as this Agreement is executed, CAF will make the announcement to ASX in the form annexed to this Agreement or as otherwise agreed by the parties.

Due diligence

17 Each of CAF and PIH agree to use best endeavours to complete the due diligence by Monday, 31 May 2010.

Would you please execute this Heads of Agreement to indicate PIH's acceptance of the above terms. I look forward to working with you to progress the Merger.

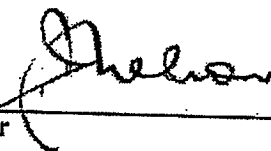
Your faithfully



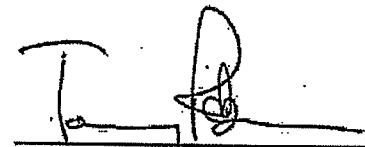
Tony Robinson
Managing Director
Centrepoint Alliance Limited

Executed as an agreement

Executed by
Centrepoint Alliance Limited ACN 052 507
507 by:

A 
Director

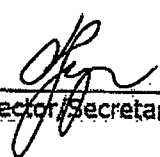
A Richard John NELSON
Full name of Director

A 
Director/Secretary

A ANTONY DAVID ROBINSON
Full name of Director/Secretary

Executed by
Professional Investment Holdings Limited
ACN 074 949 429 by:

A 
Director

A 
Director/Secretary

A ROBERT JOHN BENNETTS
Full name of Director

A LISA SAWYER
Full name of Director/Secretary

Annexure – Merger Announcement



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