

SOUTHERN EQUITY HOLDINGS LIMITED

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Companies Announcement Office
Australian Stock Exchange Limited
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LETTER OF INTENT – ALCHEMIST HEALTHCARE LIMITED

The company advises that it has entered into a Letter of Intent for the proposed merger of Southern Equity Holdings Limited ("SEQ") with Alchemist Healthcare Limited ("Alchemist"), an unlisted public company. Subject to taxation, accounting and legal advice, it is proposed that the merger will occur by means of a scheme of arrangement.

Alchemist is launching a new national health management service comprising medication management, compliance services and supply.

Key elements of Alchemist's medication management and supply service are based on the successful United States pharmaceutical benefit management businesses ("PBM's") which were first launched in the mid-1980's and which now manage or supply medication requirements for over 70% of the US population.

Alchemist has invested in or formed strategic alliances with a number of key financial and strategic alliances with compatible healthcare companies capable of contributing to the national expansion of Alchemist's business.

Alchemist's current shareholder base consists of a number of strategic investors interested in the healthcare sector including a major superannuation fund, private health insurer and other healthcare investors.

The Letter of Intent covers the principle terms of the proposed merger and is subject to due diligence by both parties, execution of formal documentation and all necessary regulatory approvals, including the requirements of the Corporations Act 2001, ASX Listing Rules and any shareholder approval required from parties other than SEQ or Alchemist.

The merger proposal provides for the reconstruction of the share capital of SEQ such that it shall have 5 million shares on issue and the recapitalisation of the merged vehicle through a capital raising of not less than \$10 million. It is proposed that the merged vehicle will be renamed Alchemist Healthcare Limited and its Board of Directors restructured to reflect the new shareholding structure.

SEQ and Alchemist are currently undertaking due diligence, working through the necessary regulatory requirements and scheduling a timetable of events.

SEQ will make further announcements as matters progress.

Neville J Bassett
Company Secretary