

ASX / MEDIA STATEMENT

Firstfolio continues growth with EBITDA of \$4.93m on back of surging first half revenues

- Revenue of \$28.1m in December half, up 32% on prior corresponding period
- Completes acquisitions of Loan Services Australia and First Chartered Capital, boosting value of mortgages under management/aggregation to \$18 billion
- Reaffirms FY 2010 guidance of EBITDA in range \$10m-\$11m

RESULTS	H1 2009	H1 2010	PCP CHANGE
Revenue	\$21.3m	\$28.1m	32%
EBITDA	\$1.06m	\$4.45m	320%
Net profit before tax	\$0.48m	\$2.2m	360%
Loans under management or aggregation (as at period end)	\$8 billion	\$18 billion	125%

Sydney, 24 February 2010: ASX-listed mortgage and financial services distribution group, Firstfolio (ASX: FFF) has defied turbulent conditions in the mortgage sector to deliver strong growth in December-half revenue and underlying earnings, in a further sign of the group's turnaround gathering pace.

Earnings before interest, depreciation and amortisation (EBITDA) of \$4.45 million in the six months to 31 December 2009, up from \$1.06 million in the prior corresponding period, was underpinned by a 32% increase in revenue to \$28.1 million. Net profit before tax was \$2.2 million for the period.

Adjusting for one off redundancies and acquisition costs and the effect of new international accounting standards (IFRS) related to the treatment of certain non-cash items underlying group EBITDA was \$4.93 million and underlying profit before tax \$3.73 million.

On the strength of the first-half result Firstfolio has reaffirmed guidance for full-year underlying EBITDA in the range \$10 million to \$11 million.

Firstfolio chief executive, Mark Forsyth, said the first-half result was pleasing as it was delivered in the face of difficult market conditions, and reflected continued momentum in the group's core operations following the maiden net profit delivered in the 2009 full year.

"Having turned the business around we are now accelerating growth across multiple fronts, based on a strategy of building distribution and leveraging scale in mortgages and financial services," Mr Forsyth said.

"Cost synergies, economies of scale and technology benefits realised from our 2008 acquisitions of online B2C mortgage platform, eChoice, and mortgage manager, Domain Financial Services, are evident in the first half result," he said.

"eChoice in particular delivered a powerful technological platform that has allowed us to seamlessly integrate our broker and partner network for the first time, and add two new corporate distribution partners– Medibank Private and AV Jennings." he said.

"Our acquisition of mortgage assets from First Chartered Capital and Loan Services Australia during the period boosted our loan book to \$18 billion, consolidating our position in the top tier of mortgage managers in Australia. The cost synergy benefits of these acquisitions will flow through early in financial year 2011," he said.

In separate transactions last December Firstfolio completed the acquisition of the \$3.5 billion mortgage loan portfolio and 40 franchised shopfronts of mortgage management and aggregation business, First Chartered Capital, and the \$2 billion mortgage-managed loan book of Loan Services Australia.

The corporate partnerships struck with AV Jennings and Medibank Private enable Firstfolio to offer mortgage finance to customers of both partners at compelling rates. Firstfolio expects to add more partners to its distribution network over the coming year.

Mr Forsyth said the group's outlook was encouraging as conditions in the economy and housing market generally improve, and the internal momentum for growth was sustained.

"We are well on track to hit the upper end of full-year guidance of underlying EBITDA in the range \$10-11 million.

"As one of the last remaining listed and independent non-bank mortgage originators in Australia, our focus remains firmly on leveraging a large-scale distribution footprint to drive volume growth in mortgages and other financial services.

"This will include investment in repositioning eChoice as the leading B2C online mortgage distribution platform in Australia," he said.

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About Firstfolio

Firstfolio is a specialist mortgage and financial services business, with a diversified distribution network through its aggregation business and Australia's leading online mortgage platform, eChoice. Firstfolio also specialises in offering property related and financial service solutions including: finance; bonds; fee funding; property investment, professional services and insurance. Firstfolio is one of Australia's top tier mortgage aggregator/referrer platforms, and has secure lines of funding through a range of wholesale providers including ING, Adelaide Bank and Origin. As at December 2009, Firstfolio's portfolio of loans under management or aggregation was more than \$18 billion. For more information visit: www.firstfolio.com.au.