

ASX Release

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Company Announcements
Australian Securities Exchange Limited
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Sydney, NSW 2000

**FIRSTFOLIO POSTS UNDERLYING CASH PROFIT AFTER INCOME TAX OF \$2.3M FOR FIRST HALF
NEW GROWTH STRATEGY BUILDS MOMENTUM**

Firstfolio Limited (ASX: FFF) today reported a \$2.3 million underlying cash net profit¹ after income tax for the half year to 31 December 2014. This result reflects the early stages of the new growth strategy announced in November 2014 under new CEO, Peter Andronicos.

Key features of the financial half-year results include:

- **Total settlement volume steady on the prior corresponding period ('pcp') at \$1.6 billion**
- **Aggregation and broking volumes maintaining improved levels**
- **Revenue of \$35.1 million**
- **Underlying cash net profit after tax of \$2.3 million, compared to \$2.5 million in pcp**
- **Cash operating EBITDA of \$5.5 million**
- **Loan book declined by \$0.5 billion to \$17.7 billion**

Firstfolio's reported net loss after tax was \$2.6 million, which included \$4.9 million non-cash adverse movement of its NPV net asset and \$1.2 million of costs for restructuring and non-recurring items.

Mr Andronicos said the business environment continued to be challenging for the company but that it had made important progress in re-engineering the business and positioning its brands for growth, particularly the market leading eChoice online mortgage platform.

It also remained a heavyweight in the industry, with a \$17.7 billion loan book and \$3.1 billion in new loans settled in 2014.

"Our new strategy is already getting runs on the board," Mr Andronicos said.

"We have made important changes that are starting to show in improving business metrics. This builds a stronger foundation for the business heading into the remainder of 2015."

(1) Underlying cash net profit after income tax represents net profit excluding non-recurring and non-cash items including NPV adjustments, non-cash share based payments, and restructuring and non-recurring costs, as defined in Table 2 of Firstfolio Limited Appendix 4D Statement.

Particularly pleasing has been the 21.9% increase in average monthly settlements in aggregation and broking over the past 18 months, compared to the average of the preceding 18 months. “The underlying indicators in this business are positive and reflect the work we have done in the last two years,” Mr Andronicos said.

The 1H15 results reflected an important period of consolidation and transition for Firstfolio, Mr Andronicos said. Costs associated with this restructuring resulted in one-off impacts to the company’s headline result, although the bulk of these were non-recurring.

Important strategic steps during the half included:

- Appointment of CEO Peter Andronicos, previously General Manager of eChoice
- New business strategy announced at November 2014 AGM
- New GMs of Sales & Distribution and Products & Services
- Re-signed and extended lead generation partnership with Fairfax’s Domain, Australia’s premiere property website
- Launch of eChoice Broker Graduate Program
- A further 5.1% reduction in total operating expenses via operational efficiencies program

Mr Andronicos said eChoice was now positioned as the growth engine for the business and would take maximum advantage of the rapidly developing trend of online and digital distribution and marketing of mortgages and other financial products.

To reflect and reinforce this, the company will ask shareholders at a general meeting on 27 March 2015 to approve a change of name for the company from Firstfolio Limited to eChoice Limited.

Mr Andronicos said the Australian mortgage market remained highly competitive, and it was essential to stay at the cutting edge of technology and service innovation in order to remain ahead of the pack. “We recognise that the business has been challenged but the feedback we have received from the market on the new strategy and the new management team has been very positive,” he said.

“We are building a stronger and more profitable business for the benefit of our customers, our broker and lending partners and our shareholders.”

For further information:

Dustine Pang

Deputy CEO and Company Secretary



About Firstfolio Limited

Firstfolio Limited (ASX: FFF) is a mortgages and financial services distribution business which offers a diversified range of mortgage solutions through its two key businesses; eChoice and Folio Mortgage & Finance. Firstfolio also offers its customers an alternative funding option through Firstfolio Capital.

eChoice is one of Australia's most recognised online mortgage brands, using industry leading technology to provide customers with mortgage and financial product options through convenient online portals. Folio Mortgage & Finance provides mortgage products, mortgage processing and management services, personal loan products, commercial loans, as well as equipment finance and leasing. Products are provided via a national network of mortgage brokers, affiliates and industry partners.

Loans under management (LUM) were \$17.7 billion at 31 December 2014 – making it one of Australia's largest independent platforms for the delivery of financial products and services.