

27 June 2006

DEBT FREE DIRECT GROUP PLC
LAUNCH OF DEBT FREE DIRECT AUSTRALIA

Debt Free Direct Group Plc (“Debt Free Direct”) announces today that it intends to launch a new business venture in Australia in the third quarter of 2006, which is expected to be fully operational by late 2006.

Outline

Debt Free Direct Group Plc will ultimately own 75% of an Australian subsidiary (Debt Free Direct Australia Pty Limited).

Debt Administrator services (the Australian equivalent of the services provided by an Insolvency Practitioner) will be provided by experienced local management, based in Sydney, Australia. Anthony John Warner and Clifford John Sanderson have between them over 35 years of debt advisory experience (see further details below).

Debt Free Direct will provide technical, IVA systems and marketing expertise, as well as the Debt Free Direct brand and registered trademark in Australia.

Operational details and timescale

Operations will commence in the third quarter of 2006 with a view to the business being fully operational by late 2006, in anticipation of the busy post-Christmas period.

Premises have been identified in Sydney, Australia and a recruitment campaign is under way. UK based DFD staff will be seconded to assist in the start-up process on a limited basis.

The Australian market

The Australian population is approximately 20 million, representing one third of the UK. Australian consumers’ levels of over-indebtedness are running at record levels, and now exceed 150% of annual disposable household income (only 40% in 1980), an historical high.

Many observers believe that Australia is overdue for an economic downturn. Any sort of macro-economic shock will materially increase the number of personal insolvencies.

Debtors are largely uninformed about their options, as is the case in the UK, and will benefit from a Best Advice driven approach, which has been the cornerstone of Debt Free Direct’s success to date in the UK market. In consequence, there is great scope to increase the proportion of Debt Agreements (the Australian equivalent of IVAs) compared to Bankruptcies.

Scale of opportunity

The new business is targeted to grow to represent in excess of 20% of the Australian Debt Agreements (IVAs) market over the next 2 – 3 years. We anticipate that this would represent a monthly run-rate of new Debt Agreements of in excess of 200 cases per month.

We anticipate that the business will be profit-neutral for the first 2 years of operation. Ultimately, we believe that the potential value of the investment we are making will be proportional to that demonstrated previously in the UK market.

Andrew Redmond, CEO, commented “We are excited about the long term prospects in the Australian market. We believe that our ethical approach, proven marketing know-how and proven systems expertise, combined with our focus on providing the consumer with best advice, will prove to be a great success in Australia. We are confident in the management team we have chosen, and look forward to Debt Free Direct Australia emulating the success of Debt Free Direct in the UK.”

Cliff Sanderson ACA

Qualified as a Chartered Accountant at Ernst & Young in 1986 and in 1999 became a partner of Ernst & Young Australia in the Corporate Restructuring Division. From 1998 to 2005 he led Ernst & Young’s Transaction Advisory Services practice in Indonesia. He returned to Australia in 2005 and is a founding partner of a specialist debt advisory practice, CRS Warner Sanderson. In late June 2006 he was appointed as a Director and Chief Executive Officer of Debt Free Direct Australia. He has over 20 years of debt advisory experience in Australia and internationally.

Anthony Warner ACA

Qualified as a Chartered Accountant in 1996 whilst at Ernst & Young. He spent 9 years within Ernst & Young’s Corporate Restructuring Division in Sydney and London. In 2003 he established the Sydney insolvency practice for Worrells Solvency and Forensic Accountants and was appointed as the Managing Partner. In 2005 he co-founded a specialist debt advisory practice, CRS Warner Sanderson. In late June 2006 he was appointed as a Director of Debt Free Direct Australia. He has over 15 years of debt advisory experience in Australia and internationally.

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Notes

Debt Free Direct helps individuals find the best solution to their debt problems, based upon an analysis of their particular financial circumstances. Financial information on an individual is processed through a computer model (the Best Advice Model) developed by Debt Free Direct in order to recommend a solution suitable for that individual's particular financial circumstances. The solutions offered range from basic advice, such as simply destroying credit cards and curbing unnecessary expenditure, to the following solutions:

- consolidation loan
- re-mortgage
- informal arrangement
- individual voluntary arrangement (IVA)
- bankruptcy

Debt Free Direct is unique in the marketplace in that, unlike most of its competitors who sell specific products, Debt Free Direct looks to provide the best advice to the consumer and recommends them the most appropriate service.

Debt Free Direct is based in Chorley, Lancashire, and was admitted to AIM in December 2002.