



14 February 2005

Debt Free Direct Group PLC

Placing by Teather and Greenwood of 6,000,000 new Ordinary Shares at 142 pence per share

Debt Free Direct Group PLC ("Debt Free Direct" or the "Company"), the leading debt advice and solutions company, announces that it has placed, conditional on admission to trading on AIM, which is expected to be 16 February 2005, 6,000,000 new Ordinary Shares of 1 pence each, at 142 pence per share, to raise approximately £8.5 million, before expenses. The funds raised will provide working capital to allow the Company to increase the rate of organic growth above that previously planned and to pursue potential acquisitions that will enable it to broaden its business model.

The Placing

The Placing, equivalent to approximately 19 per cent. of the Existing Ordinary Shares, is being priced at a discount of approximately 4 per cent. to the closing mid-market price of 148 pence per Ordinary Share on 11 February 2005.

The Placing Shares have been conditionally placed with institutional investors. Application has been made for the 6,000,000 new Ordinary Shares of 1p each to be admitted to trading on AIM with effect from 16 February 2005. The new Ordinary Shares will rank *pari passu* in all respects with the existing Ordinary Shares in issue.

Background to the Placing

As reported previously, Debt Free Direct has enjoyed considerable success in securing media buying deals at advantageous rates. The benefits of this will be felt over the forthcoming months. In particular, these savings will allow the Company to continue its growth through increased advertising spend in the more expensive, high volume media areas, whilst still maintaining overall gross margin. The funds raised will provide working capital to take advantage of this, and allow the Company to increase the rate of organic growth above that previously planned.

In addition, as part of the ongoing strategy to broaden the business model, the Company has been actively analysing the benefits of introducing either new solutions into existing markets or existing solutions into new markets. The funds raised will allow Debt Free Direct to fully capitalise on its strategy in this area through appropriate acquisitions.

Andrew Redmond, Chief Executive Officer, commented:

"Debt Free Direct is a rapidly expanding, ethical player in a substantial and growing market. This placing will allow the Company to continue its mission of raising awareness, giving ethical advice and providing appropriate solutions to an ever-increasing number of over-indebted consumers."



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Note to Editors

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.