

20 November 2006



**DEBT FREE DIRECT GROUP PLC
INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2006**

Debt Free Direct Group (DFD), the leading debt advice and solutions company, today announces its interim results for the six months ended 31 October 2006.

Highlights for the period include :

- **Strong financial growth**
 - Turnover Up 91% to £12.24m (£6.43m in 2005)
 - Gross profit Up 110% to £9.97m (£4.74m in 2005)
 - Adjusted PBT Up 128% to £4.26m (£1.86m in 2005)
 - EPS Up 146% to 7.66p (3.11p in 2005)
 - Growth in the incremental, contracted for but not yet recognised, supervisory profits up 100% to £5.2m (£2.6m in 2005).

- **Balance sheet continues to strengthen**
 - Net assets £19.97m (£17.58m in April 2006)
 - Gross off-balance sheet, contracted for but not yet recognised, supervisory fee income up 102% to £31.4m (£15.5m in 2005).

- **Significant cash generated from trading**
 - Cash inflows from trading £1.86m (£93k in 2005)

- **Reduced advertising cost per new IVA**
 - Average cost per new IVA £640 (£850 in 2005)

- **Increased operational efficiency**
 - Annual turnover per employee Up 15% to £93k (£81k in 2005)
 - Annual adjusted PBT per employee Up 43% to £33k (£23k in 2005)

- **Significant growth in new IVA run-rate**
 - New IVA case run-rate Up 101% to 536 pm (266pm in 2005)

- **Looking ahead**
 - Anticipated profits for the financial year ended 30 April 2007 will comfortably meet market expectations.

Michael Blackburn, Chairman, said:

“This is another very impressive set of results. On the back of our strong start to the year, and with the benefit of our new premises, the Board is confident of making further considerable progress in the remainder of the year.

Having commenced dividend payments a year ago with a maiden interim distribution of 1.5p per share, I am pleased to report that the Board has declared an interim dividend of 3p per share. The board anticipates that it will be recommending a dividend of at least 6p in aggregate for the full year. The interim dividend payment will be made on 29 December 2006 to shareholders on the register on 1 December 2006.

Although legislation enabling individual voluntary arrangements has been in place since 1986, this is still a young and growing marketplace which attracts new entrants. During the year there have been many calls made for increased regulation of the sector to which we are sympathetic. Our own processes are “regulation ready” and we welcome banks and other lenders to visit our operations and witness both the consistency and rigour which we apply to each and every case. Independent research clearly demonstrates the superior returns we achieve for lenders, whilst treating over-indebted customers fairly.

Furthermore, we continue to develop new routes to market and new products in the UK and we are excited about the long term prospects of Debt Free Direct Australia, which commenced trading in August 2006 and will be fully operational by the end of this calendar year.

Personal insolvency is set to increase as more borrowers pass the point of no return insofar as their debt/income ratio is concerned. Whilst the growth in that ratio has started to slow down, nonetheless the annual growth rate of consumer credit in September 2006 was 6.3%, whereas average earnings, including bonuses, was only rising by 4.2%. Coupled with rising inflation and higher borrowing costs, the scene is inexorably set for further growth in our business.”

Andrew Redmond, Chief Executive Officer, said:

“We are delighted by the results we have achieved by doing what is right for both consumers and lenders. We have clearly demonstrated that a responsible and socially aware enterprise can compete with, and beat, those organisations more concerned with making short term profit, than in doing what is right.

We will continue to work hard to ensure that everybody else in our marketplace will either have to match the standards of the ethical organisations, or be forced to face the consequences. Compliance with ethical principles is a necessity, not a luxury.

As a result of our long term growth in IVA cases under supervision, we are delighted by the significant increase in cash generated from trading. This has allowed us to increase our interim dividend in line with the progressive policy we first announced last year.

The last six months have seen significant progress, both operationally and financially, and it has also been a critical period in the company’s development. We have relocated and recruited to give us the capacity to grow significantly in the future. These steps have been successfully completed in the period and the benefits will be seen in performance in the latter part of the financial year.”

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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, based in Chorley, Lancashire and admitted to AIM in December 2002, 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.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
PERIOD FROM 1 MAY 2006 TO 31 OCTOBER 2006**

	Period from 1 May 06 to 31 Oct 06	Period from 1 May 05 to 31 Oct 05	Year from 1 May 05 to 30 Apr 06
		Restated	Restated
	Unaudited	Unaudited	Audited
	£'000	£'000	£'000
TURNOVER	12,235	6,427	16,230
Cost of sales	(2,264)	(1,683)	(3,938)
GROSS PROFIT	9,971	4,744	12,292
Administrative expenses	(5,645)	(2,982)	(7,290)
EBITDA	4,326	1,762	5,002
Depreciation	(170)	(94)	(208)
Goodwill amortisation	(156)	(156)	(312)
OPERATING PROFIT	4,000	1,512	4,482
Interest receivable	105	158	289
Interest payable and similar charges	(4)	(6)	(16)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4,101	1,664	4,755
Tax on profit on ordinary activities	(1,237)	(512)	(1,553)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	2,864	1,152	3,202
Dividends	(561)	0	(558)
RETAINED PROFIT FOR THE YEAR	2,303	1,152	2,644
Profit per share - basic	7.66p	3.11p	8.62p
Profit per share - diluted	7.38p	3.03p	8.39p
Profit per share - diluted and adjusted	7.68p	3.35p	9.29p

The group has no recognised gains or losses other than the results for the period as set out above.
All of the activities of the group are classed as continuing.

**CONSOLIDATED BALANCE SHEET
AS AT 31 OCTOBER 2006**

	As at 31 Oct 06	As at 31 Oct 05	As at 30 Apr 06
		Restated	Restated
	£000	£000	£000
FIXED ASSETS			
Intangible assets	1,804	2,096	1,942
Tangible assets	2,339	738	928
	4,143	2,834	2,870
CURRENT ASSETS			
Debtors	15,566	8,369	11,964
Cash at bank	3,996	6,966	5,367
	19,562	15,335	17,331
CREDITORS: Amounts falling due within one year	(3,702)	(2,079)	(2,559)
NET CURRENT ASSETS	15,860	13,256	14,772
TOTAL ASSETS LESS CURRENT LIABILITIES	20,003	16,090	17,642
CREDITORS: Amounts falling due after more than one year	(11)	(51)	(25)
PROVISION FOR LIABILITIES AND CHARGES	(21)	(64)	(39)
	19,971	15,975	17,578
CAPITAL AND RESERVES			
Called-up equity share capital	374	372	373
Share premium account	13,644	13,489	13,577
Capital reserve on share options	86	42	64
Profit and loss account	5,867	2,072	3,564
SHAREHOLDERS' FUNDS	19,971	15,975	17,578

**CONSOLIDATED CASH FLOW STATEMENT
PERIOD FROM 1 MAY 2006 TO 31 OCTOBER 2006**

	Period from 1 May 06 to 31 Oct 06 £'000	Period from 1 May 05 to 31 Oct 05 £'000	Year from 1 May 05 to 30 Apr 06 £'000
		Restated	Restated
NET CASH INFLOW FROM OPERATING ACTIVITIES	1,857	93	565
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received	105	158	288
Interest element of finance lease rental payments	(4)	(6)	(11)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	101	152	277
TAXATION	(1,022)	0	(1,202)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets	(1,750)	(68)	(481)
Payments to acquire intangible fixed assets	(28)	0	(4)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE	(1,778)	(68)	(485)
ACQUISITIONS			
Acquisition of DFD Limited preference shares and loan notes	0	0	(68)
EQUITY DIVIDENDS PAID	(561)	0	(558)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING	(1,403)	177	(1,471)
FINANCING			
Issue of equity share capital	67	35	124
Capital element of finance lease rental payments	(35)	(28)	(69)
NET CASH INFLOW FROM FINANCING	32	7	55
(DECREASE)/INCREASE IN CASH	(1,371)	184	(1,416)

**RECONCILIATION OF OPERATING PROFIT TO
NET CASH INFLOW FROM OPERATING ACTIVITIES**

Operating profit	4,000	1,512	4,482
Amortisation	156	156	312
Depreciation	170	94	289
Loss on disposal of fixed assets	0	0	1
Increase in debtors	(3,602)	(1,700)	(5,305)
Increase/(decrease) in creditors	1,111	(11)	722
Share option charge (FRS 20)	22	42	64
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Net cash inflow from operating activities	1,857	93	565
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RECONCILIATION OF NET CASH FLOW

(Decrease)/Increase in cash in the period	(1,371)	184	(1,416)
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	(1,371)	184	(1,416)
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CONSOLIDATED ACCOUNTS FOR THE PERIOD FROM 1 MAY 2006 TO 31 OCTOBER 2006

NOTES

1. BASIS OF PREPARATION

The group profit and loss accounts, balance sheets and cash flow statements for the six month periods ended 31 October 2006 and 31 October 2005 have been prepared on a basis consistent with the accounting policies disclosed in the group's annual report for the year ended 30 April 2006, with the exception of the adoption of FRS 20, Share based payments, which has been applied from 1 May 2006.

2. EARNINGS PER SHARE

The earnings per share (basic) has been calculated using the profit for the financial period and a weighted average number of ordinary shares in issue during the six month period to 31 October 2006 of 37,373,577, 37,019,872 for the period ended 31 October 2005 and 37,143,181 for the year ended 30 April 2006.

The diluted EPS number takes the weighted average number of ordinary shares in issue during the six month period to 31 October 2006 and increases this to take account of the dilutive share options existing at this date, resulting in a denominator of 38,894,179, 38,021,058 for the period ending 31 October 2005 and 38,185,719 for the year ended 30 April 2006.

The diluted and adjusted EPS number uses the same number of shares as above, but is based on profits before tax with amortisation charges added back, with the new profit number then subjected to a 30% tax charge

3. SHARE BASED PAYMENTS

The group has applied the requirements of FRS20 to all grants of equity instruments after 7 November 2002 that were unvested at 1 May 2006.

This has resulted in the figures for the six months ended 31 October 2005 and the year ended 30 April 2006 being restated as shown below.

	Six months ended 31-Oct 2006	Six months ended 31-Oct 2005	Year ended 30-Apr 2006
	Unaudited	As restated Unaudited	As restated Audited
	£'000	£'000	£'000
Profit for the financial period under previous accounting policies	2,325	1,194	2,708
FRS 20 Share based payments	-22	-42	-64
Restated profit	2,303	1,152	2,644

4. COMPARATIVE FIGURES

The comparative figures represent the 6 month period to 31 October 2005 and the year from 1 May 2005 to 30 April 2006.

5. STATUS OF FINANCIAL INFORMATION

The accounts of the Group for the six months to 31 October 2006 were approved by the Board on 17th November 2006.

The interim financial statements have not been audited and do not constitute statutory accounts as defined under s.240 of the Companies Act 1985.

The interim financial statements have been prepared in accordance with applicable accounting standards and are consistent with those adopted and disclosed in the Group's statutory accounts for the year ended 30 April 2006. Those accounts, upon which the auditors issued an unqualified opinion, have been delivered to the Registrar of Companies.

6. DISTRIBUTION OF THE INTERIM REPORT

Copies of the Interim Report are being sent to shareholders. Further copies of the Interim and Annual Report and Accounts may be obtained from the Company's Registered Office, Cloth Hall Court, Infirmary Street, Leeds. In addition, an electronic version will be available on the Company's website, www.debtfreedirect.co.uk