



Firstfolio moves back into the black



Mark Forsyth

Don't believe any CEO who tells you the biggest challenge in the business is RMBS or securitisation – the hardest thing of all is getting great people. This is the view of Mark Forsyth, ASX-listed Firstfolio's chief executive.

The mortgage and financial services company posted a net profit before tax of \$3.27m for the full year ended 30 June, compared to a \$1.1m loss recorded in the prior corresponding period.

► Key points

Firstfolio results:

- mortgage book grew by 50%
- acquisitions contribute \$3.6bn
- revenue increase to \$47.4m
- NPBT of \$3.27m
- total commissions of \$29.48m

The group said the turnaround in profitability was driven by its double-digit growth in revenue to \$47.4m, realising economies of scale, improving yield management and cost reductions.

Firstfolio's mortgage book grew by 50% in the 2009 financial year from \$8bn to \$12bn. Forsyth put this performance down to a "mixture of acquisitions and organic growth".

On 1 November, Firstfolio acquired online mortgage platform eChoice and wholesale lender Domain Financial Services, which contributed to profitability as well as adding \$3.6bn to the loan book.

Forsyth told *AB* that he was pleased with how Firstfolio had kicked off the 2010 fiscal year. "The results speak for themselves

business is really good and growing. Also, the economy is looking pretty good. I predicted it to improve in the second half of the year – and it has," he said.

Forsyth pointed to clarity on the issues of what the Reserve Bank intended to do with interest rates, as well as dealing with the practicalities of the impending regulation, as the main challenges for Firstfolio in the year ahead.

Other challenges will be dealing with "market noise from the Big Four – or more accurately the Big Two plus Two – and reacting to whether the government is going to address the lack of competition".

Forsyth took the opportunity to reaffirm his view that the broker space remained a "highly attractive" place.

"It's a great distribution channel, and brokers who professionalise their businesses, find niche markets and maintain great relationships with their customers have a great opportunity to prosper," he said.

In FY09 Firstfolio paid total commissions of \$29.48m.