

12 March 2008

**MOBILE CREDIT BALTIC PLC**

**First full-year results for the year ended 31 December 2007**

Mobile Credit Baltic Plc (AIM: MCRB.L) (the "Company" or "MCB"), the consumer finance provider serving the growing markets of Estonia, Latvia, Lithuania and Finland, today announces its financial results for the financial year ended 31 December 2007, its first full year of operations.

**Highlights**

- Revenue increased to €3.95m, in line with expectations
- Pro-forma net loss of €2.62m, in line with expectations
- €24m of loans made with a high percentage of returning customers
- Continued expansion in Estonia and Finland
- Successful launch of Lithuanian and Latvian operations
- Distribution agreement with Latvian Post to further expand Credit24 reach in Latvia
- Significant improvements in repayment and collection performance, underpinned by a growing proprietary customer database
- Expansion of both short-term product range and launch of larger longer-term loans
- Significant further growth expected, and on target for profitability during 2008

Bertil Rydevik, Chairman, said:

"During the past year and half the Company has progressed successfully from start-up and is now an established business in four countries, with recurring revenues, robust growth and significant opportunities for continued expansion. We will continue to develop the business during 2008 and beyond, and remain as confident as ever about our prospects."

**Mobile Credit Baltic plc:**

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## CHAIRMAN'S STATEMENT

### Business overview

MCB is a consumer finance company providing fast, convenient, easily understood and flexible credit solutions under the Credit24 brand name to retail customers in Finland and the rapidly growing Baltic countries of Estonia, Latvia and Lithuania (the Fenno-Baltic Region). The Company currently provides unsecured loans of between €100 and €2,000 to qualifying customers, with maturities ranging from one month to three years. Loan products are designed to suit customers' needs with simple and transparent terms and flexible repayment schedules.

Loans are offered online through the Company's Credit24-branded websites in Estonia, Finland, Lithuania and Latvia, as well as through certain distribution partners.

The markets for unsecured consumer credit in the countries where the Company operates are relatively under-developed and experiencing rapid growth. Since launching the business in late 2006, the Company has become one of the leading participants in the non-standard lending market. This segment is typically under-served by larger financial institutions, and attracts customers who value the flexibility and simplicity of the products offered.

### Operational update

2007 was the Company's first full year of operations following the launch of the business in Estonia and Finland in late 2006. During 2007 the Company grew its lending operations in Estonia and Finland significantly, launched its businesses in Lithuania and Latvia in January and September, respectively, expanded its product range in all markets and strengthened the organisation to support current and expected growth.

#### Lending volumes

During the year the Company extended approximately €24 million of loan principal. This is up from €1.6 million of loan principal in our launch year of 2006. During Q4 2007 alone MCB extended approximately €10 million of loan principal. A large proportion of loans were made to returning customers, which significantly reduces acquisition costs per loan and improves overall repayment performance.

#### Loan products

MCB has expanded its range of short-term loans to offer greater flexibility to customers when choosing loans size and repayment terms. Short-term loans now range between €100 and up to €800 for customers who qualify.

In addition to its short-term product range, in late 2007 the Company started introducing larger loans up to €2,000 with repayment terms up to 36 months to selected customers who qualify. The introduction of larger loans further expands Credit24's addressable market and is in line with the Company's original business strategy.

The Company takes a robust approach to credit risk. Credit extension decisions are based on MCB's proprietary credit scoring models, and underpinned by customer information verified by the Company, information sourced from local credit reference bureaus, and statistical analysis of the Company's proprietary database.

#### Organisation

The Company continued to build its organisation during the year. We established new operational teams in Lithuania and Latvia and strengthened the organisations in Estonia and Finland. At the Group level we have continued to strengthen our technology development and credit risk evaluation capabilities.

A large portion of the Company's lending and collection operations are automatically managed and monitored by MCB's proprietary credit extension and CRM systems. Additions to the Company's organisational capacity are expected to be marginal and consistent with the Company's low-cost business model.

### Other key developments

In November 2007 the Company launched a partnership with Latvian Post to distribute Credit24 loans through its network of approximately 200 branches. The distribution partnership allows the Company to reach customers who prefer a face-to-face interaction when applying for credit. Early results are encouraging and we expect to see growing lending volumes through this channel. The Company will be pursuing similar partnerships as appropriate.

In February 2008, the Company obtained the right to use the Credit24 brand in all Central and Eastern Europe and certain neighbouring countries including Czech Republic, Slovakia, Hungary, Poland, Romania, Slovenia, Croatia, Serbia, Macedonia, Montenegro, Bosnia, Albania, Kosovo, Bulgaria, Moldova, Ukraine and Belarus (the "Territory"). In return MCB relinquished the right described in the Admission Document to subscribe for shares in companies established by MC Global outside the Territory.

While we believe substantial benefit can be realised from further geographic expansion, the Board, in keeping with its robust attitude to risk management and its continuing adherence to sound business principles, will carefully assess all opportunities.

### **Financials**

Revenues for the full year totalled €3,950,724, which is in line with expectations. Direct operating costs which include provisions and variable costs related to the Company's lending operations, were €2,430,012. Administrative expenses were €4,464,092. Net finance costs were €132,674. The net loss for the year was €3,076,054.

Direct operating costs include a one-off non-cash impairment charge of €117,980 related to the write-down of certain legacy software systems and administrative expenses include a €332,799 non-cash reserve arising on employee share options granted during the year. Excluding these charges, the Company's pro-forma net loss for the year was €2,625,275, in line with expectations.

Credit loss provisioning for the year totalled €1,386,782. Provisions for the second half-year of 2007 were lower than in the first half, reflecting improved repayment trends as the Company establishes itself in its markets and refines its credit scoring models. The sale of certain aged receivables during the second half of the year has allowed the Company to validate its levels of provisioning.

Estonia and Finland, the Company's largest markets, have reached operational profitability on a monthly unallocated basis, excluding central overhead costs. Estonia and Finland were the first two countries to be launched, and we expect MCB's operations in Lithuania and Latvia to show similar trends during 2008.

Overall the Company's financial performance trends are positive and we expect the Company to reach break-even during 2008.

### **Funding**

MCB strengthened its financial position during the year to ensure it has the resources to support its operations and the rapid growth of its customer loan book.

In January 2007 the Company floated on the AIM market of the London Stock Exchange, raising €5.7 million (gross) of equity financing. The flotation raised the profile of the Company as a reliable and transparent provider of credit solutions, and has facilitated further financings.

In February 2008 the Company raised a further €5.1 million equity through a placing to both current shareholders and new investors. The placing secures the equity financing required to support the Company's planned growth in the Fenno-Baltic markets during 2008 and represents a strong endorsement of MCB's underlying business and development plans. We are delighted to have completed the placing despite the very difficult recent market conditions.

MCB finances a large portion of its outstanding loan receivables through a €10 million credit facility secured in August 2007 with Rietumu Bank, the Riga-based commercial bank. The establishment of this credit line, from one of the Baltic region's leading financial institutions, was an important step in our development. Most of this facility remains undrawn and will be used to finance the continued expansion of our lending activities in the region.

MCB maintains good relationships with a number of potential financing providers, and believes it is in a strong position to take advantage of the significant opportunities we continue to see in the consumer credit markets.

**Current trading and outlook**

Lending volumes have remained strong since the completion of the equity financing in mid-February. The Company expects significant further growth in 2008 driven by the continued growth of its short-term loan business and the roll-out of its larger loans across all markets.

Constraints in the wholesale credit markets have resulted in a tightening in the availability of consumer loans by traditional financial institutions. We expect this trend to continue for the foreseeable future, benefiting financially robust, focused consumer-credit providers with a good understanding of their target markets.

During the past year and half the Company has progressed successfully from start-up and is now an established business in four countries, with recurring revenues, robust growth and significant opportunities for continued expansion. We will continue to develop the business during 2008 and beyond, and remain as confident as ever about our prospects.

Bertil Rydevik  
Chairman  
12 March 2008

**CONSOLIDATED INCOME STATEMENT**  
**For the year ended 31 December 2007**

	<b>Year from 1 January 2007 to 31 December 2007</b>	Period from 18 December 2006 to 31 December 2006
	€	€
		(As restated)
<b>Revenue</b>	<b>3,950,724</b>	42,821
Impairment charge relating to legacy systems	(117,980)	-
Other direct operating expenses	(2,312,032)	(15,436)
Direct operating expenses	(2,430,012)	(15,436)
Cost of employee share options	(332,799)	-
Other administrative expenses	(4,131,293)	(78,914)
Administrative expenses	(4,464,092)	(78,914)
Interest payable and similar charges	(146,713)	(2,107)
Interest receivable	14,039	635
<b>Loss on ordinary activities before taxation</b>	<b>(3,076,054)</b>	(53,001)
Taxation	-	-
<b>Loss on ordinary activities after taxation attributable to the equity shareholders of the parent company</b>	<b>(3,076,054)</b>	(53,001)
	<b>2007</b>	2006
	€	€
Basic and diluted loss per Ordinary share	<b>(0.220)</b>	(0.005)

All of the activities of the Group during the year are classed as continuing.

There are no recognised gains or losses except as included in the consolidated income statement, and therefore a consolidated statement of recognised income and expense has not been prepared.

**CONSOLIDATED BALANCE SHEET**  
**As at 31 December 2007**

	€	2007 €	€	2006 €
<b>ASSETS</b>				
<b>Non-current assets</b>				
Goodwill	737,723		737,723	
Intangible assets	24,736		180,734	
Property, plant and equipment	66,779		8,265	
		829,238		926,722
<b>Total non-current assets</b>				
<b>Current assets</b>				
Trade and other receivables	8,187,738		1,177,413	
Cash and cash equivalents	506,093		273,549	
		8,693,831		1,450,962
<b>Total current assets</b>				
		9,523,069		2,377,684
<b>Total assets</b>				
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Issued share capital	2,095,567		1,712,610	
Share premium account	3,965,831		-	
Equity-settled employee benefits reserve'	332,799		-	
Retained earnings	(3,129,055)		(53,001)	
		3,265,142		1,659,609
<b>Total equity</b>				
<b>Current liabilities</b>				
Trade and other payables	1,707,927		459,702	
Short-term borrowings	4,550,000		258,373	
		6,257,927		718,075
<b>Total current liabilities</b>				
		9,523,069		2,377,684
<b>Total equity and liabilities</b>				

**CASH FLOW STATEMENT**  
For the year ended 31 December 2007

	<b>Year from 1 January 2007 to 31 December 2007</b>	Period from 18 December 2006 to 31 December 2006
	€	€
<b>Cash flow used in operating activities</b>	(8,302,563)	(92,018)
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment	(69,304)	(7,218)
Purchase of intangible assets	(36,004)	-
Purchase of subsidiary undertaking	-	372,785
<b>Cash flow from investing activities</b>	(105,308)	365,567
<b>Cash flow from financing activities</b>		
Issue of share capital	5,744,361	-
Expenses relating to the issue of shares	(1,395,573)	-
Receipt of short-term borrowing	4,550,000	-
Intercompany loans	-	-
Repayment of short-term borrowing	(258,373)	-
<b>Cash flow from financing activities</b>	8,640,415	-
<b>Increase in cash and cash equivalents</b>	232,544	273,549
Cash and cash equivalents at 1 January	273,549	-
Cash and cash equivalents at 31 December	506,093	273,549

## 1 STATUTORY ACCOUNTS

The preliminary results for the year ended 31 December 2007 are unaudited. The financial information included in this statement does not constitute the Group's statutory accounts within the meaning of Section 240 of the Companies Act 1985 for the year ended 31 December 2007. The Independent Auditors' report on the statutory accounts for the year ended 31 December 2007 has not yet been signed. Those accounts are expected to be sent to shareholders during April 2008 and will be delivered to the Registrar of Companies after the Company's Annual General Meeting. The Group's auditors have made a report on the statutory accounts of the Group in respect of the financial period ended 31 December 2006 which was unqualified and did not contain a statement under Section 237(2) or Section 237(3) of the Act

## 2 BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with, and comply with, International Financial Reporting Standards ("IFRS"), as adopted by the European Union. The financial information is presented in euros and has been prepared under the historical cost convention and on a going concern basis. The consolidated financial statements have been prepared on a consistent basis with the consolidated financial statements for the period ended 31 December 2006, except for the presentation of certain costs as detailed below.

### Presentation of prior year costs

In the financial statements for the prior period all of the Group's expenses were classified under a single heading of "Administrative expenses". In order to enhance the presentation of the Group's results costs have been split between either "direct operating costs", comprising those expenses that are directly related to the Group's lending operations including credit loss provisioning and costs related to loan processing and monitoring, or "administrative expenses" comprising overhead, marketing and other expenses related to Group's business. This change in presentation has no impact on the result for either period or the net assets of the Group.

## 3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging:

	<b>Year from 1 January 2007 to 31 December 2007</b>	<b>Period from 18 December 2006 to 31 December 2006</b>
	€	€
Staff costs	1,754,158	27,744
Credit losses	1,386,782	70,949
Operating leases	48,260	-
Net foreign exchange losses (gains)	(3,606)	-
Auditors' remuneration:		
- Audit work	118,865	20,140
- Tax services	-	1,530
Amortisation of intangible fixed assets	74,022	1,729
Impairment of intangible fixed assets	117,980	-
Depreciation of property, plant and equipment	10,790	16

**4 LOSS PER ORDINARY SHARE**

The calculation of basic loss per ordinary share is based on:

	<b>Year from 1 January 2007 to 31 December 2007</b>	Period from 18 December 2006 to 31 December 2006
	<b>Number</b>	Number
The weighted average number of Ordinary shares in issue during the period	<b>13,994,436</b>	10,644,449
The loss for the period (€)	<b>(3,076,054)</b>	(53,001)

There were no dilutive effects from the share option schemes as the Group was loss-making.

**5 TRADE AND OTHER RECEIVABLES**

	2007	2006
	€	€
Customer loan receivables	7,995,514	1,111,542
Amounts due from group undertakings	-	-
Other receivables	192,224	65,871
	<b>8,187,738</b>	1,177,413

Customer loan receivables are stated net of bad debt provisions of €1,301,403 (2006: €70,949).

**6 CALLED UP SHARE CAPITAL**

	2007		2006	
	Number of 10p shares	€	Number of 10p shares	€
<b>Authorised</b>				
Ordinary shares of 10p each	<b>20,000,000</b>	<b>2,970,320</b>	20,000,000	2,970,320
<b>Issued and fully paid</b>				
Ordinary shares of 10p each	<b>14,063,815</b>	<b>2,095,567</b>	11,531,486	1,712,610

The Group has one class of ordinary share which carry no right to fixed income.

On 4 January 2007 the Company re-registered as a public limited company with the name Mobile Credit Baltic Plc. On 10 January 2007 the Company issued 2,532,329 shares, raising €4.3m (net of expenses), and its shares were admitted to trading on the AIM market of the London Stock Exchange.

## 7 STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Equity-settled employee benefits reserves	Profit & loss account	Total
	€	€	€	€	€
On incorporation	-	-	-	-	-
Arising on share issues	1,712,610	-	-	-	1,712,610
Loss for the financial period	-	-	-	(53,001)	(53,001)
<b>At 1 January 2007</b>	1,712,610	-	-	(53,001)	1,659,609
Loss for the financial year	-	-	-	(3,076,054)	(3,076,054)
Arising on share issues	382,957	3,965,831	-	-	4,348,788
Arising on employee share options	-	-	332,799	-	332,799
<b>At 31 December 2007</b>	2,095,567	3,965,831	332,799	(3,129,055)	3,265,142

## 8 SHORT TERM BORROWINGS

	Group		Company	
	2007	2006	2007	2006
	€	€	€	€
Bank loans and overdrafts	4,550,000	158,373	-	-
Other borrowings	-	100,000	-	-
	<b>4,550,000</b>	<b>258,373</b>	<b>-</b>	<b>-</b>

## 9 SUBSEQUENT EVENTS

On 14 January 2008 the Company held an EGM to increase the authorised share capital to £3,000,000.

On 19 February 2008 the Company placed 3,330,432 new ordinary shares ("Placing Shares") of 10 pence each at 115p per share to raise gross proceeds of £3.8 million (€5.1 million). The Placing Shares have been allotted from the Company's existing share allotment authorities. The placing secured the equity financing required to support the Company's expected further growth for 2008 in the Fenno-Baltic markets. Investors included both current shareholders and new investors, which further expanded the Company's shareholder base.

Following the issue of the Placing Shares, the Company's issued share capital consists of 17,394,247 Ordinary Shares with a nominal value of 10 pence each.