

RNS Number: 7597N Money Debt & Credit Group Plc 13 December 2006

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MONEY DEBT & CREDIT GROUP PLC

FIRST DAY OF DEALINGS

Money Debt & Credit Group PLC ("Money Debt & Credit" or the "Group"), the provider of Individual Voluntary Arrangements, today announces the placing of 12,000,000 new ordinary shares of £0.10 per share at a placing price of £0.25 per share raising gross proceeds of £3.0 million, and its admission to trading on AIM, under the symbol MDCG.

Money Debt & Credit's market capitalisation will be £10 million following admission at the Placing Price. The placing has raised £3 million (before expenses).

Solomon Hare Corporate Finance acts as Nominated Adviser to Money Debt & Credit and Smith & Williamson Corporate Finance Limited as Broker.

Admission Statistics

- Placing Price 25 pence
- Number of new Ordinary Shares being placed on behalf of the Group: 12,000,000
- Number of Ordinary Shares in issue immediately following Admission: 40,000,000
- Market capitalisation at the Placing Price £10 million
- Gross proceeds of Placing Shares £3 million
- Estimated net proceeds receivable by the Group £2.5 million

Commenting on the placing and admission to AIM, Money Debt & Credit's Executive Chairman, Simon Johnson, said:

"Admission to AIM is a significant and positive step for Money Debt & Credit as we seek to become a dominant brand within the UK IVA market. The funds raised put us in a strong position and allow us to actively pursue our aggressive growth strategy which is backed by a strong management team and a robust business plan."

Copies of the Admission Document will be available from the offices of Solomon Hare Corporate Finance, Money Debt & Credit's Nominated Advisor, at Oakfield House, Oakfield Grove, Clifton, Bristol, BS8 2BN, for at least one month from Admission.

Further enquiries

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Overview:

* The Group's principal business is the provision of Individual Voluntary

Arrangements ("IVAs"), an insolvency procedure administered by licensed Insolvency Practitioners.

* Introduced as part of the Insolvency Act 1986, the IVA has been designed as a practical method by which individuals struggling with debt are able to manage this burden and better manage their financial position, whilst avoiding personal bankruptcy.

* The record level of unsecured consumer borrowing in the UK has led to the creation of a new sector of debt management companies providing solutions to individuals struggling to repay their debts.

* Money Debt & Credit commenced trading in January 2006 and has rapidly grown its share of the IVA market. At 31 October 2006 the Group had 358 IVA cases under management, including 124 processed during October 2006.

* Marketing and customer service are the fundamental drivers of the Money Debt & Credit business model. The management team have backgrounds in consumer facing businesses together with extensive experience of the media and advertising industries.

* The Group's IVA cases are currently generated primarily through advertising on television, websites and in national newspapers. Significant focus has been made on creating a strong brand image with a

view to Money Debt & Credit becoming a dominant brand within the UK IVA market.

* Money Debt & Credit has also entered into a number of referral agreements with consumer facing organisations for the referral of potential IVA cases.

* The level of consumer debt in the UK is at record levels having almost doubled since 2000. Statistics released in November 2006 confirmed the level of IVAs has continued to increase rapidly. In the third quarter of 2006 in England and Wales there were 12,228 IVAs, up 118 per cent. on the same quarter in 2005.

* The Group has adopted internal compliance procedures to ensure that the business complies with current legislation, standards, guides and best practice. The Group's management has also initiated plans amongst the largest UK IVA providers to lobby for creation of a body to administer self-regulation of the sector.

* The Group's non executive directors include the current non-executive chair of the Insolvency Service Steering Board.

Market Overview

DEBT IN THE UK

The level of consumer debt in the UK is at record levels having almost doubled since 2000. At the end of 2005 debt attributed to mortgages, personal loans and credit cards stood at £1.1 trillion. Consumer debt is reported to be increasing at the rate of £1 million every four minutes. Against this backdrop the Citizens' Advice Bureau reports that consumer debt problems have doubled over the last eight years and accounted for three-quarters of the 1.25 million new debt cases dealt with by the national network in 2005.

IVA MARKET

As a consequence of this there has been a significant increase in the number of debtors entering into statutory insolvency procedures in the UK. Over 70,000 individuals in the UK entered such procedures in 2005 which is twice the level in 2000 and equates to approximately one every two minutes of the working day.

Increasing public awareness of an IVA as an alternative to bankruptcy has led to a rise in both the absolute number of IVAs and the proportion of personal insolvencies concluded by IVAs.

IVAs provide a number of advantages to debtors over alternative debt resolution procedures. These include, but are not limited, to the following:

- o avoiding bankruptcy and the perceived associated stigma and disqualifications, such as directorship;

- o reducing the amount payable. It is common for creditors to forgive an element of the debt due upon setting up an IVA. In addition, interest on outstanding balances is frozen upon approval of an IVA;

- o providing certainty to debtors regarding the level and duration of payments. Any remaining creditors upon successful completion of the IVA are legally prohibited from pursuing the debtor for the balance of the original debt; and

- o providing protection to the debtor from creditor recovery action. An approved IVA is binding on all creditors regardless of whether they voted in favour of the proposal.

The principal advantage of IVAs to creditors is that they offer the opportunity for higher levels of debt recovery compared to alternative procedures such as bankruptcy.

Strategy

Marketing

The Group's IVA cases are currently generated primarily through advertising on television, websites and in national newspapers. Significant focus has been made on creating a strong brand image with a view to Money Debt & Credit becoming a dominant brand within the UK IVA market.

Customer Service

The Group's initial contact with potential customers is generally through customers making a telephone enquiry to its dedicated call centre team. The Directors believe that this provides the key opportunity for the Group to differentiate itself from its competitors and significant investment has been made in both staff resource and training to ensure high levels of customer service in this area.

Members of the management team have considerable experience of managing large and successful call centres, including through periods of rapid growth.

Referral agreements

In addition to leads generated through the media, Money Debt & Credit has entered into a number of referral agreements with consumer facing organisations for the referral of potential IVA cases. The first such scheme commenced in July 2006 with Central Trust PLC, a leading UK loan broker. Similar agreements or relationships have subsequently been

entered into with three other organisations, including The White Ensign Association for Navy personnel.

Such referral agreements are expected to become an important source of the Group's future IVA cases, with a view to reducing the dependency on media spend to increase market share. Furthermore, the Directors believe the existing agreements endorse their strategy of providing a high quality, low cost service to customers and enhance the Group's reputation as it seeks new referral agreements.

ENDS

This announcement does not constitute, or form any part of, any offer or invitation to sell, allot or issue, or any solicitation of any offer to purchase or subscribe for, any securities, nor shall it (or any part of it) or the fact of its distribution form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment for securities, which should only be made on the basis of information contained in the admission document issued in connection with the Placing.

DIRECTORS

Simon Johnson (Executive Chairman, aged 38)

Simon Johnson is the founder of Money Debt & Credit. Prior to this he was the founder and majority shareholder of Data Locator, a company specialising in the acquisition and supply of lifestyle data to the direct marketing sector. Under his management Data Locator delivered rapid and profitable growth and was ranked 15th in the 2004 Sunday Times Fast Track 100. The company was sold in early 2006 to Promethean Investments plc for £23.5 million.

Simon Johnson has considerable experience within sales and marketing organisations and prior to setting up Data Locator was sales director of ICD Marketing, now part of Experian.

Jonathan Bartman (Managing Director, aged 33)

Jonathan Bartman was recruited by Simon Johnson to run Money Debt & Credit having previously been sales director of Data Locator's call centre business. Whilst at Data Locator he was instrumental in growing the size of its call centre activities to 650 employees. Jonathan Bartman has extensive experience of sales and marketing organisations having previously been employed at News International, Conduit and ICD Marketing.

Gerard Kelly (Finance Director, aged 43)

Gerard Kelly joined Money Debt & Credit in November 2006. He has over 12 years' experience as a finance director in a range of sectors. Most recently he was finance director of Aventi Holdings plc, a pan European consumer electronics and entertainment distribution company. Prior to

this he held management positions at Lloyds TSB and at Nordbanken in corporate banking and financial systems.

Gerard Kelly is an associate of the Chartered Institute of Bankers and a member of the Association of Chartered Certified Accountants. He has a degree in financial services.

Ian Holland (Insolvency Director, aged 57)

Ian Holland is a Chartered and Certified Accountant and licensed Insolvency Practitioner. He has specialised in insolvency for over 30 years during which time he has been partner in a number of specialist practices and has successfully run his own insolvency practice for the last 12 years. Ian Holland sits on many industry committees and is a respected authority in the corporate and personal insolvency sectors.

Barry Gold (Non-Executive Director, aged 59)

Barry Gold is a solicitor with experience of acting for and being a director of fully listed and AIM quoted companies. He was the senior partner of Gold Mann & Co, a city firm of solicitors, from its founding in 1975 until he retired in 1998, remaining as a consultant for a further three years. He is currently a consultant at Manches LLP, a commercial law firm operating in London.

Barry Gold is also the Chairman of Premier Management Holdings plc and a director of Venture Six plc which are quoted on AIM and PLUS respectively. He was also non-executive chairman of Cannon Avent Group plc at the time of its £300 million acquisition by a private equity purchaser during 2005.

Graham Oates (Non-Executive Director, aged 56)

Graham Oates is a former managing partner and board member with KPMG Consulting UK and has over 20 years' experience of consulting with a wide range of global organisations on major systems' integration and business transformation programmes. He is currently non-executive chair of the Insolvency Service Steering Board.

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