

assumed the role as acting Chairman following his resignation, but would like to thank Derek for his services to the Group and the contribution he made during this time.

With the winding up petition being held in court I proposed that the Group should attempt to enter into a Creditors Voluntary Arrangement ("CVA") between all of the creditors. I entered into discussions with the major creditors in order that this could be agreed in order to avoid the Company from being wound up. To facilitate this I agreed to loan £30,000 to Meriden Group Plc so that this would enhance the funds available for the CVA. I am pleased to say that my discussions with the creditors were successful and the CVA proposal was passed on 13 December 2006. Following this the petition for winding up of the Company was subsequently dismissed by the court.

Following the successful approval of the CVA the decision was made that that the year end should be extended to 31 December 2006 in order to prepare a 17 month period set of accounts. The extended set of accounts will therefore incorporate the CVA and I believe that these will provide a more informative current situation of the Company to shareholders, following the CVA proposal.

With the trading of the shares having been suspended on 7 September 2006 these extended set of accounts were required to be announced by 8 March 2007 in order to retain the status of the AIM listing. Therefore I have personally financed the costs of the Group since the CVA such as the audit, court fees and other costs to ensure that this deadline could be met.

Having reviewed the potential opportunities for the remaining listed shell of Meriden Group Plc I have been actively searching for businesses which will relaunch the Company as a broad based business services group. I am hopeful that my discussions will be successful having had a significant amount of positive feedback from these. Should suitable opportunities be found then this will enable the Company to continue into the foreseeable future and hopefully provide an increase in value for shareholders, having seen the investment values dramatically drop over the last 18 months.

Appropriate announcements will hopefully be made in due course following the outcome of my discussions, but in the meantime I would like to thank all of our former staff for their hard work during the difficult times that the Group has incurred.

R W Stevens
9 March 2007

Profit and Loss Account for the period ended 31 December 2006

	Note	Period ended 31 December 2006 £	Year ended 31 July 2005 £
Turnover		-	153,000
Administrative expenses - continuing - exceptional		(185,166) (1,231,973)	(145,442) -
		-----	-----
Operating (loss)/profit		(1,417,139)	7,558
Amounts written off investments		(167,953)	-
		-----	-----
Loss before interest and taxation		(1,585,092)	7,558
Interest receivable		7,741	33
Interest payable		(7)	-
		-----	-----
(Loss)/profit on ordinary activities before taxation		(1,577,358)	7,591
Taxation		-	-
		-----	-----
(Loss)/profit on ordinary activities after taxation		(1,577,358)	7,591
Dividends paid and proposed		-	(49,700)
		-----	-----
Retained (loss)/profit for the year		(1,577,358)	(42,109)
		-----	-----
Basic and diluted (loss)/earnings per share (pence)	2	(0.46)	(0.29)
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Balance Sheet as at 31 December 2006

	Note	As at 31 December 2006 £	As at 31 July 2005 £
Fixed Assets			
Fixed asset investments		-	167,953
Current assets			
Debtors		1,164	1,385,857
Cash at bank and in hand		2,725	182
		-----	-----
		3,889	1,386,039
Creditors: amounts falling due within one year		(51,094)	(84,947)
		-----	-----
Net current (liabilities)/assets		(47,205)	1,301,092
		-----	-----
Total assets less current liabilities		(47,205)	1,469,045
		-----	-----
Capital and reserves			
Called up share capital		345,000	345,000
Share premium		1,110,263	1,049,155
Profit and loss account		(1,502,468)	74,890
		-----	-----
Equity shareholders' funds	3	(47,205)	1,469,045
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Cash Flow Statement for the period ended 31 December 2006

	Notes	Period ended 31 December 2006 £	Year ended 31 July 2005 £
Net cash outflow from operating activities	4	(31,639)	(525,810)
Return on investments and servicing of finance			
Interest received		7,741	33
Interest payable		(7)	-
		-----	-----
Net cash inflow from returns on investments and servicing of finance		7,734	33
Taxation			
Payments of taxation		(4,800)	-
Amounts eliminated under CVA arrangement		(9,450)	-
Capital expenditure and financial investment			
Receipt from disposal of intangible fixed assets		-	5,468
		-----	-----
Net cash inflow from capital expenditure and financial investment		-	5,468
Dividends paid		(20,410)	(66,421)
		-----	-----
Net cash outflow before financing		(58,565)	(586,730)
		-----	-----
Financing			
Issue of ordinary shares for cash		-	580,800
Refund of VAT on flotation costs		61,108	-
		-----	-----
Net cash inflow from financing		61,108	580,800
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Increase/(decrease) in cash	5	2,543	(5,930)
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Notes to the Preliminary Results for the period ended 31 December 2006

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. The principal accounting policies of the Company have remained unchanged from those set out in the Company's 2005 annual report and financial statements.

Going concern

The Company has net current liabilities of £47,205 and total liabilities of £47,205 therefore there may be some concern of its ability to continue in the foreseeable future.

However, after making enquiries, the director has a reasonable expectation that the Company can continue in operational existence for the foreseeable future under the assumption that a reverse takeover opportunity can be sought for the AIM listing and support from the director, Mr Russell Stevens. For this reason the board continues to adopt the going concern basis in preparing the financial statements

Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value to the current market value.

Accounting period

The comparative trading period runs from 1 August 2004 to 31 July 2005 and following an extension of the year end accounting reference date the current period runs from 1 August 2005 to 31 December 2006.

2 Earnings per share

The calculation of the basic earnings per share is based on the profit on ordinary activities after taxation and on the weighted average number of shares in issue during the period. The profit and weighted average number of shares used in the calculations are set out below:

	(Loss)/ profit £	Weighted average number of shares	Basic (loss)/ Earnings per share (pence)
Basic and diluted earnings per share:			
Period ended 31 December 2006	(1,577,358)	345,000,000	(0.46)
Year ended 31 July 2005 (Consolidated accounts)	(885,810)	301,000,000	(0.29)
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3 Reconciliation of movements in shareholders' funds

	Period ended 31 December 2006 £	Year ended 31 July 2005 £
(Loss)/profit on ordinary activities after taxation	(1,577,358)	7,591
Dividend	-	(49,700)
Share subscription	-	605,000
Share subscription costs	-	(24,200)
Refund of VAT on flotation costs	61,108	-
	-----	-----
(Decrease)/increase in shareholders funds	(1,516,250)	538,691
Opening shareholders' funds	1,469,045	930,354
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Closing shareholders' funds	(47,205)	1,469,045
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4 Reconciliation of operating profit with net cash inflow from operating activities

	Period ended 31 December 2006 £	Year ended 31 July 2005 £
Operating (loss)/profit	(1,417,139)	7,558
Decrease/(increase) in debtors	1,384,693	(561,653)
Increase in creditors	807	28,285
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Net cash (outflow)/inflow from operating activities	(31,639)	(525,810)
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5 Analysis of changes in net funds

	1 August 2005 £	Cash Flow in Year £	Other Changes £	31 December 2006 £
Cash at bank and in hand	182	2,543	-	2,725
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	182	2,543	-	2,725
	-----	-----	-----	-----

6 Publication of non-statutory accounts

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The summarised balance sheet at 31 December 2006 and the summarised profit and loss account, summarised cashflow statement and associated notes for the period then ended have been extracted from the Company's 2006 statutory financial statements upon which the auditors opinion is unqualified and does not contain any statement under section 237 of the Companies Act 1985. Statutory accounts for the period ended 31 December 2006 will be delivered to the Registrar in due course. The comparative financial information is based on the statutory accounts for the financial year ended 31 July 2005. Those accounts on which the auditors issued an unqualified opinion have been delivered to the Registrar of Companies.

7 Availability of Annual Report and AIM Trading

The Annual Report will be posted to shareholders shortly and copies will be available from the registered office of the Company or as a download from the Company's website at www.meridengroup.co.uk. As a result, trading in the Company's shares on AIM will now be restored.

8 Further information

The Company intends to send a circular to shareholders shortly to seek ratification by shareholders for a new investing strategy at an extraordinary general meeting in accordance with AIM Rule 15. Thereafter, the Company will need to undertake a reverse takeover or otherwise implement its investing strategy within a year of shareholder approval, or otherwise trading on AIM will be suspended then cancelled after six months of suspension.