

Meriden Group Plc

www.meriden-group.co.uk

Contacts

Investor relations : Peter Tyler - petert@meriden-group.co.uk
All other enquiries : Lee Turner - leet@meriden-group.co.uk

Meriden Group Plc, Meriden House, 6 Great Cornbow,
Halesowen, West Midlands B63 3AB.
E-mail : info@meriden-group.co.uk
Telephone : 0121 585 6655
Facsimile : 0121 585 6228

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Interim results for the 6 months ended 31 January 2003



The innovative business services group



The innovative business services group

Operating Divisions

Since its incorporation, Meriden has developed eight operating divisions, delivering a broad range of business and consultancy services. The current portfolio comprises:

Management Consultancy

Meriden Management Consultancy provides strategic and business development services to clients in both the public and the private sectors. These services are delivered through a wide network of business consultants and also by utilising the consultants employed within the group's other operating divisions.

Corporate Finance

Meriden Corporate Finance provides a range of consultancy services to include acquisitions, disposals, valuations and public offerings. Through a network of contacts, capital can be sourced to meet all the needs of a growing business and where appropriate Meriden will consider taking part or all of its fees as equity. Services are offered at a number of levels from high level strategic planning through to project management of corporate finance transactions, and in certain cases, to staff secondment.

Information Technology Systems and Assurance

Meriden Systems seeks to identify the requirements of clients looking to improve efficiency and profitability in their businesses through the design and implementation of IT solutions, which are tailored to meet their needs. Clients are offered a number of consultancy services to ensure that their IT is delivered in a reliable, consistent and cost-effective manner. As organisations become increasingly dependent on IT services and IT systems become more complex, the need to ensure reliability and availability is critical to achieving success and the correct choice of advisers is critical.

Application Service Provision (ASP)

Meriden ASP offers a flexible, scalable and affordable approach to IT systems by providing access to software applications on a monthly licence basis as an alternative to outright purchase. Meriden ASP is hosted on Intel processor based servers using Microsoft SQL server database engines and is connected to the internet using dedicated British Telecom leased lines with scalable and resilient bandwidth. In addition to providing these network based services, Meriden ASP engineers also provide consultancy, together with high quality software and hardware support to clients wishing to outsource their IT needs.

Operating divisions are continued on the inside rear page.



The innovative business services group

Operating Divisions (continued)

Serviced Office Facilities

Meriden Serviced Office Facilities provides an ideal environment for companies to achieve fast-track growth without having to incur onerous or prohibitive capital costs. By utilising Meriden Serviced Office Facilities, clients are ideally situated for direct access to the group's consultants, who perform a key role in the defining and implementation of corporate strategies and ultimately, in achieving agreed business objectives. In addition, development capital is available for those clients who require an equity investment which is provided by a sister company and other third party sources with whom Meriden have close working relationships.

Marketing and Telesales

Meriden Marketing offers clients a 'full service' agency facility, helping to define and implement a focused and cost-effective marketing strategy. Meriden's consultants ensure that the design, content and message of clients' marketing material is consistent, from corporate identity implementation through to advertisement layouts, sales brochures, direct mail promotional items, websites and telemarketing campaigns.

Recruitment

Through extensive research, Meriden Recruitment has developed a range of services and guarantees for employers that are unique in a very competitive marketplace and ensure that clients receive a truly value added service. Meriden Recruitment provides quality candidates for permanent, contract and temporary positions covering a broad range of business sectors and skill sets. In addition a human resource consultancy service is also available to ensure that employers are guided through the minefield of employment legislation.

Management Development and Training

Meriden Management Development and Training builds on the established track record of three market-leading and award-winning brands of personnel development programmes. These modular suites include a series of quality led learning programmes in most functional fields of business administration and are targeted at all levels of an organisation. New products and services are continually being developed and Meriden will continue to deliver and implement programmes which are focused, specialised and to a world class standard.

Future Trading Divisions

As a broad based business services group, Meriden intends to add to its portfolio of services and as these new divisions become established they will provide further synergistic benefits for the group and will result in Meriden having the broadest and most comprehensive selection of business services available from one single source.



Chairman's Statement

I am pleased to present my Chairman's report for Meriden Group Plc for the period ended 31 January 2003.

The Group has performed satisfactorily during this period, delivering a pre-tax profit of £306,371 (2002: £253,930) on a turnover of £2,865,327 (2002: £2,678,298) and having cash balances at the end of the period of £660,920 (2002: £703,447).

We are particularly pleased that the Board is recommending an interim dividend of 0.1p per share, which represents half of the dividend voted in the last financial year. The Board will review the full year's dividend recommendation when the annual results are known.

The Group was admitted to the Alternative Investment Market in August 2001 and has continued to follow the strategy set out in the Admission Document. We have consolidated on the good start we made last year and have eight operating divisions delivering a wide range of services to the business and public service communities. The composition of the divisions has evolved during the period as a consequence of the Group's policy to continually review the performance of each division and to streamline or divest as appropriate. Our attractive performance-driven remuneration packages and dynamic business environment means that we are able to attract high calibre individuals to senior positions in the divisions. This divisional structure and scope of the services provided will continue to evolve as the demands of the market place change. The Group will maintain its policy of taking a cautious approach to the establishment of new divisions.

While the Group's progress has been satisfactory, the adverse market conditions have meant that we have made less progress than planned in opening additional operating centres. We have established one Centre in London which is initially concentrating on delivering our marketing services and we will continue to search for suitable opportunities across the country. However, we will only act if we are confident that the proposed Centre will deliver robust earnings growth for the Group and enhance the brand.

My fellow Board members and I continue to be grateful for the high levels of competence and commitment from all members of the Meriden team. We are confident of further satisfactory progress in the next six months.

Derek Hall
24 March 2003

Consolidated Profit and Loss Account for the 6 months ended 31 January 2003

Note	6 months ended 31 January 2003 (unaudited) £	Period ended 31 January 2002 (unaudited) £	Period ended 31 July 2002 (audited) £	
Turnover	2,865,327	2,678,298	5,511,923	
Cost of sales	2,197,653	2,242,539	4,101,319	
Gross profit	667,674	435,759	1,410,604	
Administration expenses	367,129	188,673	809,421	
Operating profit	300,545	247,086	601,183	
Interest receivable	5,826	6,844	8,106	
Profit on ordinary activities before taxation	306,371	253,930	609,289	
Taxation	91,533	76,179	174,578	
Profit for the financial period	214,838	177,751	434,711	
Dividends	29,000	-	58,000	
Retained profits	185,838	177,751	376,711	
Basic earnings per share (pence)	3	0.74	1.04	2.05
Earnings per share in trading period (pence)	3	0.74	0.61	1.50
Dividend per share (pence)		0.10	-	0.20

The company has no recognised gains or losses other than the profit for the period, which has been derived from continuing operations.

The company was incorporated on 15th February 2001 and commenced trading on 14th August 2001. The periods ended 31 January 2002 and 31 July 2002 therefore represent a trading period of 170 and 351 days respectively.



Consolidated Balance Sheet as at 31 January 2003

Note	As at 31 January 2003 (unaudited) £	As at 31 January 2002 (unaudited) £	As at 31 July 2002 (audited) £	
Fixed assets				
Tangible assets	294,057	381,282	364,731	
Fixed asset investments	177,853	-	177,853	
	471,910	381,282	542,584	
Current assets				
Stocks and work in progress	59,684	185,389	67,228	
Debtors	1,603,309	192,799	1,287,120	
Cash at bank and in hand	660,920	703,447	538,817	
	2,323,913	1,081,635	1,893,165	
Current liabilities falling due within one year	1,350,281	409,610	1,168,414	
Net current assets	973,632	672,025	724,751	
Total assets less current liabilities	1,445,542	1,053,307	1,267,335	
Provisions for liabilities and charges	69,638	-	77,269	
Net assets	1,375,904	1,053,307	1,190,066	
Capital and reserves				
Called up share capital	290,000	290,000	290,000	
Share premium	523,355	585,556	523,355	
Profit and loss account	562,549	177,751	376,711	
Equity shareholders' funds	4	1,375,904	1,053,307	1,190,066

Consolidated Cash Flow Statement for the 6 months ended 31 January 2003

Note	6 months ended 31 January 2003 (unaudited) £	Period ended 31 January 2002 (unaudited) £	Period ended 31 July 2002 (audited) £	
Net cash inflow from operating activities	5	152,179	220,999	331,171
Return on investments				
Interest received		5,826	6,844	8,106
Net cash inflow from returns on investments and servicing of finance		5,826	6,844	8,106
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(18,199)	(399,952)	(436,169)
Payments to acquire fixed asset investments		-	-	(177,853)
Receipts from the sale of tangible fixed assets		40,297	-	207
Net cash inflow / (outflow) from capital expenditure and financial investment		22,098	(399,952)	(613,815)
Dividend paid		(58,000)	-	-
Net cash inflow / (outflow) before financing		122,103	(172,109)	(274,538)
Financing				
Issue of ordinary share capital		-	1,250,000	1,250,000
Share issue costs		-	(374,444)	(436,645)
Net cash inflow from financing		-	875,556	813,355
Increase in cash	6	122,103	703,447	538,817



Notes to the Interim Results for the period ended 31 January 2003

1. Basis of preparation

The interim report does not represent statutory accounts within the meaning of section 240 Companies Act 1985. The interim report has not been audited or reviewed but was approved by the board on 24 March 2003.

2. Basis of consolidation

The Consolidated Profit and Loss Account, Balance Sheet and Cash Flow Statement consolidates those of the Company and its subsidiary undertakings as at 31 January 2003. Intra-group transactions have been eliminated in full.

3. Basic 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:

	Profit £	Weighted average number of shares	Average number of shares in trading period	Basic earnings per share (pence)	Earnings per share in trading period (pence)
6 months ended 31 January 2003	214,838	29,000,000	29,000,000	0.74	0.74
Period ended 31 January 2002	177,751	17,119,659	29,000,000	1.04	0.61
Period ended 31 July 2002	434,711	21,154,136	29,000,000	2.05	1.50

The earnings per share in trading period is based on the number of shares in issue in the trading period and not from the date of incorporation as with the basic earnings per share. The directors believe this provides a more accurate basis in the initial years on which to monitor the progress of the group.

4. Reconciliation of movements in shareholders' funds

	6 months ended 31 January 2003 (unaudited) £	Period ended 31 January 2002 (unaudited) £	Period ended 31 July 2002 (audited) £
Profit on ordinary activities after taxation	214,838	177,751	434,711
Dividend	(29,000)	-	(58,000)
Profit of ordinary activities after taxation and dividends	185,838	177,751	376,711
Issues of ordinary share capital	-	875,556	813,355
Opening shareholders' funds	1,190,066	-	-
Closing shareholders' funds	1,375,904	1,053,307	1,190,066

Notes to the Interim Results for the period ended 31 January 2003 (continued)

5. Reconciliation of operating profit with net cash flow from operating activities

	6 months ended 31 January 2003 (unaudited) £	Period ended 31 January 2002 (unaudited) £	Period ended 31 July 2002 (audited) £
Operating profit	300,545	247,086	601,183
Depreciation	48,576	18,670	71,231
Decrease / (increase) in stocks and work in progress	7,544	(185,389)	(67,228)
(Increase) in debtors	(316,189)	(192,799)	(1,287,120)
Increase in creditors	111,703	333,431	1,013,105
Net cash inflow from operating activities	152,179	220,999	331,171

6. Analysis of changes in net funds

	As at 1st August 2002 £	Cash flow in period £	31 January 2003 £
Cash at bank and in hand	538,817	122,103	660,920

7. Key financial information in Euros

Set out below is an indicative summary of our key financial information converted into Euros which is based on the exchange rate prevailing on 31 January 2003 of €1.53 : £1

	€
Turnover	4,383,950
Gross profit	1,021,541
Operating profit	459,834
Earnings per share (cents)	1.13 c
Cash reserves at 31 January 2003	1,011,208
Equity shareholders' funds at 31 January 2003	2,105,133



Notes to the Interim Results for the period ended 31 January 2003 (continued)

8. Enquiries

Trevor Phillips
Holborn Public Relations
020 7929 5599
trevor.phillips@holbornpr.co.uk

Hugh Oram
Nabarro Wells & Co.Limited
020 7710 7400
hughoram@nabarro-wells.co.uk

9. Shareholder Information

Registered Office

Meriden House
6 Great Cornbow
Halesowen
West Midlands
B63 3AB

Officers

Derek Gordon Hall (Non-Executive Chairman)
Russell Warren Stevens (Chief Executive)
Keith Stokes-Smith (Secretary)

Registered Number

4160983

Website

www.meriden-group.co.uk

Contact

Telephone: 0121 585 6655
Facsimile: 0121 585 6228
E-mail: info@meriden-group.co.uk

Listing

London Stock Exchange AIM
Ordinary Shares
Symbol MRD

Notes to the Interim Results for the period ended 31 January 2003 (continued)

10. Advisors

Nominated Advisor

Nabarro Wells & Co. Limited
Saddlers House
Gutter Lane
London
EC2V 6HS

Broker

Hoodless Brennan & Partners Plc
40 Marsh Wall
Docklands
London
E14 9TP

Solicitors

Eversheds
115 Colmore Row
Birmingham
B3 3AL

Bankers

Bank of Scotland Plc
55 Temple Row
Birmingham
B2 5LS

Auditors

PKF
New Guild House
45 Great Charles Street
Queensway
Birmingham
United Kingdom
B3 2LX

Public Relations

Holborn Public Relations Limited
12 Nicholas Lane
London
EC4N 7BN