

Meriden Group Plc

www.meriden-group.co.uk

Contacts

Investor relations and 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 504 0965 Facsimile : 0121 504 0981

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Interim results for the 6 months ended 31 January 2004



The innovative business services group



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Operating Divisions

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

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.

Operating divisions are continued on the inside back cover.

Meriden Group Plc Interim results for the 6 months ended 31 January 2004

Strategic Highlights

- New London centre performing well
- Edinburgh centre about to open
- Stable platform for future growth established
- Acquisition strategy approved
- Several targets being appraised
- Cash generative core business
- Cash balances on hand to fund acquisitions
- Dividend level maintained

Financial Highlights

- Profit before taxation of £315,057 (2003 : £306,371)
- Interim dividend of £29,000 (2003 : £29,000)
- Period end cash balances of £852,164 (2003 : £660,920)
- Earnings per share of 0.078 pence (2003 : 0.074 pence)

Commenting, Russell Stevens, Chief Executive said:

‘Since our impact on AIM in August 2001 we have experienced steady growth in difficult market conditions. The Board have now resolved to supplement this organic growth with a programme of selective acquisitions to expand existing divisions and create new ones.’



Chairman's Statement

I am pleased to present my Chairman's report for Meriden Group Plc for the six months ended 31 January 2004.

The Group has performed satisfactorily during this period, delivering a pre-tax profit of £315,057 (2003: £306,371) on a turnover of £3,009,035 (2003: £2,865,327) and having cash balances at the end of the period of £852,164 (2003: £660,920).

We are particularly pleased that the Board is recommending an interim dividend of 0.01p per share, which is maintained at the same level as 2003. The Board will review the full year's dividend when the annual results are known.

During the period our London centre has been established and is performing well, in addition a centre in Edinburgh has been targeted and will open in April 2004. Our Birmingham centre continues to trade steadily and we have a growing presence in Cardiff which at present is being run as a satellite of Birmingham.

As a result of our efforts over the last two and a half years we have established a sound financial base with good organic growth prospects. To coincide with the improvement in business confidence and general trading conditions the Board have now resolved to supplement our organic growth with a programme of acquisitions as the Board believes there are many exciting opportunities to acquire businesses at favourable values as we emerge from the economic downturn.

Derek Hall
6 April 2004

Consolidated Profit and Loss Account for the 6 months ended 31 January 2004

Note	6 months ended 31 January 2004 (unaudited) £	6 months ended 31 January 2003 (unaudited) £	Year ended 31 July 2003 (audited) £	
Turnover	3,009,035	2,865,327	5,790,628	
Cost of sales	(2,304,738)	(2,197,653)	(4,312,261)	
Gross profit	704,297	667,674	1,478,367	
Administration expenses	(395,997)	(367,129)	(785,564)	
Operating profit	308,300	300,545	692,803	
Interest receivable	6,757	5,826	12,352	
Profit on ordinary activities before taxation	315,057	306,371	705,155	
Taxation	(88,431)	(91,533)	(197,592)	
Profit for the financial period	226,626	214,838	507,563	
Dividends	(29,000)	(29,000)	(66,628)	
Retained profits	197,626	185,838	440,935	
Basic earnings per share (pence)	3	0.078	0.074	0.18
Dividend per share (pence)		0.010	0.010	0.023

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



Consolidated Balance Sheet as at 31 January 2004

	Note	As at 31 January 2004 (unaudited) £	As at 31 January 2003 (unaudited) £	As at 31 July 2003 (audited) £
Fixed assets				
Tangible assets		202,511	294,057	251,298
Fixed asset investments		177,902	177,853	177,902
		380,413	471,910	429,200
Current assets				
Stocks and work in progress		249,769	59,684	36,420
Debtors		2,821,863	1,603,309	3,407,637
Cash at bank and in hand		852,164	660,920	805,589
		3,923,796	2,323,913	4,249,646
Current liabilities falling due within one year		(2,416,561)	(1,350,281)	(2,988,824)
Net current assets		1,507,235	973,632	1,260,822
Total assets less current liabilities		1,887,648	1,445,542	1,690,022
Provisions for liabilities and charges		(59,021)	(69,638)	(59,021)
Net assets		1,828,627	1,375,904	1,631,001
Capital and reserves				
Called up share capital		290,000	290,000	290,000
Share premium		523,355	523,355	523,355
Profit and loss account		1,015,272	562,549	817,646
Equity shareholders' funds	4	1,828,627	1,375,904	1,631,001

Consolidated Cash Flow Statement for the 6 months ended 31 January 2004

	Note	6 months ended 31 January 2004 (unaudited) £	6 months ended 31 January 2003 (unaudited) £	Year ended 31 July 2003 (audited) £
Net cash inflow from operating activities	5	77,985	152,179	422,683
Return on investments				
Interest received		6,757	5,826	12,352
Net cash inflow from returns on investments and servicing of finance		6,757	5,826	12,352
Tax paid		-	-	(97,309)
Capital expenditure and financial investment				
Payments to acquire tangible fixed assets		(467)	(18,199)	(24,274)
Payments to acquire fixed asset investments		-	-	(49)
Receipts from the sale of tangible fixed assets		-	40,297	40,297
Net cash inflow / (outflow) from capital expenditure and financial investment		(467)	22,098	15,974
Dividend paid		(37,700)	(58,000)	(86,928)
Increase in cash	6	46,575	122,103	266,772



Notes to the Interim Results for the 6 months ended 31 January 2004

1. Basis of preparation

The interim report does not represent statutory accounts within the meaning of section 240 Companies Act 1985. Comparative figures for the year ended 31 July 2003 are an abridged version of the Group's full accounts which carries an unqualified audit report and have been delivered to the Registrar. The interim report has not been audited or reviewed but was approved by the Board on 6 April 2004.

2. Basis of consolidation

The Consolidated Profit and Loss Account, Balance Sheet and Cash Flow Statement consolidate those of the Company and its subsidiary undertakings as at 31 January 2004. 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	Basic earnings per share (pence)
6 months ended 31 January 2004	226,626	29,000,000	0.078
Period ended 31 January 2003	214,838	29,000,000	0.074
Year ended 31 July 2003	507,563	29,000,000	0.18

4. Reconciliation of movements in shareholders' funds

	6 months ended 31 January 2004 (unaudited) £	6 months ended 31 January 2003 (unaudited) £	Year ended 31 July 2003 (audited) £
Profit on ordinary activities after taxation	226,626	214,838	507,563
Dividend	(29,000)	(29,000)	(66,628)
Net addition to shareholders' funds	197,626	185,838	440,935
Opening shareholders' funds	1,631,001	1,190,066	1,190,066
Closing shareholders' funds	1,828,627	1,375,904	1,631,001

Notes to the Interim Results for the 6 months ended 31 January 2004 (continued)

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

	6 months ended 31 January 2004 (unaudited) £	6 months ended 31 January 2003 (unaudited) £	Year ended 31 July 2003 (audited) £
Operating profit	308,300	300,545	692,803
Depreciation	49,254	48,576	97,410
(Increase) / Decrease in stocks and work in progress	(213,349)	7,544	30,808
(Increase) / Decrease in debtors	585,774	(316,189)	(2,120,517)
(Increase) / Decrease in creditors	(651,994)	111,703	1,722,179
Net cash inflow from operating activities	77,985	152,179	422,683

6. Analysis of changes in net funds

	As at 1st August 2003 £	Cash flow in period £	31 January 2004 £
Cash at bank	805,589	46,575	852,164

7. Interim Dividend

The interim dividend of 0.010 pence per share will be available to shareholders on the register at the close of business on 16 April 2004 ('the Record Date') and will be paid on 17 May 2004.

8. Enquiries

Russell Stevens
Chief Executive

07860 562621
russell@meriden-group.co.uk

Ewan Leggat
Seymour Pierce Limited

020 7107 8000
ewanleggat@seymourpierce.com



Notes to the Interim Results for the 6 months ended 31 January 2004 (continued)



The innovative business services group

Operating Divisions (continued)

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.

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.

Future Trading Divisions

As a broad based business services group, Meriden intends to continually 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.



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 504 0965
Facsimile: 0121 504 0981
E-mail: info@meriden-group.co.uk

Listing

London Stock Exchange AIM
Ordinary Shares
Symbol MRD

10. Advisors

Auditors

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

Bankers

Bank of Scotland Plc
55 Temple Row
Birmingham
B2 5LS