

MERIDIEN CAPITAL LIMITED AND CONTROLLED ENTITY

(ABN 15 121 348 730)

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2011**

The information contained in this report is to be read in conjunction with Meridien Capital Limited's 2011 annual report and any announcements to the market by Meridien Capital Limited during the half-year period ended 31 December 2011.

Contents

Corporate directory	3
Directors' report	4
Directors' declaration	6
Auditors' independence declaration	7
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Statement of cash flows	11
Notes to the financial statements	12-17
Independent audit's review report to the members	18-20

Corporate Directory

Meridien Capital Limited is a public company incorporated in Australia.

Directors

Mr Kevin Shirlaw (Chairman)
Mr Michael Ivkovic
Mr Kevin Good

Secretary

Mr Kevin Good

**Registered Office and
Principal Place of Business**

Level 29
Chifley Tower,
2 Chifley Square
Sydney NSW 2000
Ph: (02) 9220 3581
Fax: (02) 9375 2121

Solicitors and Nominated Advisor

Whittens Lawyers & Consultants
Suite 9, Level 5
137 -139 Bathurst Street
Sydney NSW 2000
Ph: (02) 9264 2216
Fax: (02) 9283 1970

Website

www.meridiencapital.com.au

Auditors

GCC Business And Assurance Pty Ltd
Suite 807
109 Pitt Street
Sydney NSW 2000
Ph: (02) 9231 6166
Fax: (02) 9231 6155

Share Registry

Boardroom Pty Limited
Level 7, 207 Kent Street
Sydney NSW 2000
Ph: (02) 9290 9600
Fax: (02) 9279 0664

Directors' Report

Your directors submit the financial report of the Company for the half year ended 31 December 2011.

DIRECTORS

The names of directors who held the office during or since the end of the half year are:

Mr. Kevin Shirlaw

Mr. Michael Ivkovic

Mr. Kevin Good

REVIEW OF OPERATIONS

Over the past six months the Company has continued to focus on its business of identifying and assisting small cap companies list on the National Stock Exchange.

The Company holds 5.0 million ordinary shares and 2.5 million \$0.20 cent options in the ASX listed Meridien Resources Limited. The shares and options are escrowed until 7 April 2013.

Since listing on 7 April 2011 Meridien Resources shares have traded in a range between \$0.05 cents and \$0.335 cents on 31 December 2011 but have since recovered and are currently trading at 0.17 cents as at 24 July 2012.

The proposed acquisition of a South African company with major gold mining operations in the Transvaal and the joint venture development of the company's gold tailings dam at Burruga, NSW is expected to have a positive influence on Meridien Resources share price over the next six months.

Paniai Gold Limited completed the sale of its Indonesian gold interests to the ASX listed West Wits Limited in June 2011. Following completion, Meridien Capital was issued with 1.6 million shares which were subsequently sold at an average price of \$0.04 cents. Paniai gold shareholders continue to retain their original interests in the company and therefore an entitlement to performance based shares and options.

In July 2011 the Company was mandated by Cleva-Garden Pty Limited to assist that company secure an NSX listing. Cleva-Garden is involved in the design and development of a range of proprietary indoor gardening and growing systems.

Meridien Capital subsequently took up a 50% interest in Cleva-Garden and in the six months ended 31st December, 2011 invested a total of \$131,785 in the joint venture.

Clevo-Garden is now well advanced in the development of its first proto type planter with expectations that production and international commercialization will commence in the first quarter of 2013.

In October 2010 Meridien Capital acquired a 51% interest in Australian Cable Tray Systems Pty Limited (ACTS). The other 49% is owned by interests associated with Mr John Hicks who has had over 10 years' experience in the flat steel and wire mesh cable tray industry in Australia.

Meridien Capital also owns 10% of ACS Asia (1996) Co. Ltd and this initiative was part of a broader strategy to acquire both companies with the objective of integrating the businesses and moving Meridien Capital Limited's listing to the ASX during the second quarter of calendar year 2012.

Directors' Report (continued)

Despite projections that ACTS would be profitable on a monthly basis from December 2011 significant senior management issues, lack of working capital to secure new product orders from Thailand and a major delay in the delivery of the new mesh cable tray machine from Germany resulted in ACTS recording a loss of \$545,315 for the six month period. This figure brought total losses for this business to \$1,493,380 since operations commenced in October 2010. The inability of ACTS to secure additional capital to acquire and install the new machine and to pay for past due new orders of flat steel cable trays from Thailand, resulted in the cancellation of orders from major customers and the termination of the company's strategic alliance with Anixter.

Meridien Capital advanced a further \$200,000 to ACTS in the three months from 1st January, 2012 to 31st March, 2012 whilst efforts continued to raise new capital in ACTS and to secure leasing for the mesh machine.

Despite these efforts ACTS was placed in a creditors' voluntary liquidation on 31st May, 2012. A provision for the loss of \$638,600 in respect of the Company's investment in ACTS has been reflected in the Company's accounts for the six month period ended 31st December, 2011. A further provision of up to \$200,000 will be required for the full financial year ending 30th June, 2012.

FINANCIAL POSITION

The net equity (deficiency) of the consolidated group as at 31 December 2011 (\$838,621) compared to (\$281,812) as at 30 June 2011.

A re-assessment of the Company's listed share portfolio and the significant further losses recorded by ACTS were the major contributing factors.

AFTER BALANCE DATE EVENTS

For detailed information on after balance date events, refer to note 6 on page 17.

FUTURE DEVELOPMENTS & BUSINESS STRATEGIES

The Company will continue to operate as an investment holding company with a particular focus on assisting small cap companies list on the National Stock Exchange of Australia and the Australian Securities Exchange. It is expected that over time this strategy will result in significant growth of the capital value of the Company's investment portfolio and also generate sustainable dividend income from these investments.

The Company is planning to move its listing from the NSX to the ASX in the fourth quarter of calendar year 2012. The Company has identified a significant resource based opportunity and the proposed acquisition strategy would provide the pathway to the ASX.

The Company's ability to secure an underwriting commitment of at least \$2,000,000 is key to the success of this initiative.

Kevin Shirlaw



Chairman
Sydney
26 July 2012

Directors' Declaration

The directors of the Company declare that:

- (a) The financial statements and notes, as set out on pages 8 to 17 are in accordance with the *Corporations Act 2001*, including:
 - Complying with Accounting Standard AASB 134: Interim Financial Reporting; and
 - Giving a true and fair view of the entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
- (b) In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

This declaration is made in accordance with a resolution of the Board of Directors.

Kevin Shirlaw



Chairman
Sydney,
26 July 2012

AUDITOR'S INDEPENDENCE DECLARATION

MERIDIEN CAPITAL LIMITED

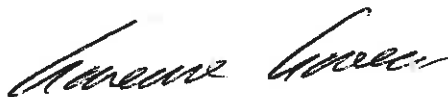
ABN 15 121 348 730

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Meridien Capital Limited.

I declare that, to the best of my knowledge and belief, during the year ended 31 December, 2011, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

GCC Business & Assurance Pty Ltd
GCC Business and Assurance Pty Ltd
(Authorised Audit Company)



Graeme Green
Director

Signed in Sydney on ...15... July, 2012

**Statement of Comprehensive Income
For the Half Year ended 31 December 2011**

		Consolidated Group	
	Notes	31 Dec 2011	31 Dec 2010
		\$	\$
Revenue		1,152,010	43,832
Other income		194,063	-
Employee benefits expenses		(392,724)	(235,570)
Depreciation expenses		(16,090)	(10,747)
Finance costs		(189,290)	(5,282)
Impairment expenses		-	(7,503)
Occupancy expense		(164,763)	(53,014)
Raw Materials & Consumables used		(1,159,865)	(1,832)
Professional Fees		(94,407)	(60,773)
Marketing Expenses		(10,280)	(600)
Other expenses		(153,110)	(51,323)
Profit(Loss) before income tax	2	(834,456)	(382,812)
Income tax expenses		-	-
Profit(Loss) from continuing operations	2	(834,456)	(382,812)
Profit(Loss) for the period		(834,456)	(382,812)
Other comprehensive income for the period		3,705	-
Total Comprehensive income for the period		(830,751)	(382,812)
Profit(Loss) attributable to:			
Members of the parent company		(567,251)	(239,027)
Non-controlling interest		(267,205)	(143,785)
		(834,456)	(382,812)
Total comprehensive income (loss) attributable to:			
Members of the parent company		(563,546)	(239,027)
Non-controlling interest		(267,205)	(143,785)
		(830,751)	(382,812)
Earnings per share			
From continuing operations:			
Basic earnings (losses) per share (cents)		(0.28)	(7.6)
Diluted earnings (losses) per share (cents)		(0.17)	(7.6)

Meridien Capital Limited (ABN 15 121 348 730) and Controlled Entities

**Statement of Financial Position
As at 31 December 2011**

	Notes	Consolidated Group	
		31 Dec 2011	30 June 2011
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents		337	86
Inventory		815,696	564,362
Trade and Other Receivables		738,010	341,923
Other Financial asset		18,014	21,586
TOTAL CURRENT ASSETS		1,572,057	927,957
NON-CURRENT ASSETS			
Other financial asset		753,931	561,791
Property, plant and equipment		207,405	172,900
TOTAL NON-CURRENT ASSETS		961,336	734,691
TOTAL ASSETS		2,533,393	1,662,648
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		2,269,536	1,070,198
Borrowings		82,392	203,490
Other financial liabilities		998,458	659,595
Provisions		21,628	11,177
TOTAL CURRENT LIABILITIES		3,372,014	1,944,460
NON-CURRENT LIABILITIES			
Other financial liabilities		-	-
TOTAL NON-CURRENT LIABILITIES		-	-
TOTAL LIABILITIES		3,372,014	1,944,460
NET ASSETS (DEFICIENCY)		(838,621)	(281,812)
EQUITY			
Issued Capital		1,185,684	1,010,184
Convertible notes		136,127	135,685
Reserves		249,961	246,279
Accumulated losses		(2,410,393)	(1,673,960)
TOTAL EQUITY (DEFICIENCY OF SHAREHOLDERS FUNDS)		(838,621)	(281,812)

Meridien Capital Limited (ABN 15 121 348 730) and Controlled Entities

**Statement of Changes in Equity
for the half year ended 31 December 2011**

	Issued capital ordinary \$	Options Reserves \$	Asset Revaluation Reserve	Accumulated losses \$	Non- controlling interest \$	Total equity \$
Consolidated Group						
Balance at 1 July 2010	861,684	116,999		(336,886)		641,797
Loss attributable to members of the parent entity	-	-		(239,027)		(239,027)
Recognition of non-controlling interest of ACTS	-	-		-	392,000	392,000
Loss attributable to non-controlling interest	-	-		-	(143,785)	(143,785)
Shares issued during the period (net of issue costs)	82,000			-	-	82,000
Balance at 31 December 2010	943,684	116,999		(575,913)	248,215	732,985
Consolidated Group						
Balance at 1 July 2011	1,145,869	116,999	129,279	(1,601,397)	(72,562)	(281,812)
Loss attributable to members of the parent entity	-	-		(567,251)		(567,251)
Other comprehensive income			3,683	22		3,705
Recognition of non-controlling interest of ACTS	-	-		-	98,000	98,000
Equity component of Convertible Notes	442					442
Loss attributable to non-controlling interest	-	-		-	(267,205)	(267,205)
Shares issued during the period (net of issue costs)	175,500	-		-		175,500
Balance at 31 December 2011	1,321,811	116,999	132,962	(2,168,626)	(241,767)	(838,621)

Meridien Capital Limited (A B N 15 121 348 730) and Controlled Entities

**Statement of Cash Flows
for the half year ended 31 December 2011**

	Consolidated Group	
	31 Dec 2011	31 Dec 2010
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	913,143	15,873
Payments to suppliers and employees	(1,221,155)	(282,572)
Interest received	171	17
Interest paid	(1,963)	(3,717)
Income tax paid	-	(6)
Net cash (outflow) from operating activities	(309,804)	(270,406)
CASH FLOW FROM INVESTING ACTIVITIES		
Payment for property, plant and equipment	(50,595)	(52,043)
Purchase of investments	(122,948)	-
Proceeds from sale of investments	34,653	-
Net cash (outflow) from investing activities	(138,890)	(52,043)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issues of shares and other equity securities	273,500	217,796
Borrowed fund	-	104,680
Finance costs	(187,326)	-
Proceeds from borrowings	286,219	-
Repayment of borrowings	(55,620)	-
Loans from related parties:		
Payments made	(21,626)	-
Proceeds from borrowings	153,788	-
Net cash inflow from financing activities	448,945	322,476
Net decrease in cash and cash equivalents	251	27
Cash and cash equivalents at the beginning of period	86	3
Cash at the end of the reporting period	337	30

**Notes to the financial statements
for the half year ended 31 December 2011**

Note 1: Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements for the interim half-year reporting period ended 31 December 2011 have been prepared in accordance with requirements of the Corporations Act 2001 and Australian Accounting Standards including AASB 134: Interim Financial Reporting.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Meridien Capital Limited and its controlled entities (referred to as the Consolidated Group or the Group). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2011, together with any public announcements made during the half-year.

Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to the matters discussed below.

Critical Accounting Estimates and Judgments

The critical estimates and judgments are consistent with those applied and disclosed in the June 2011 annual report, except in relation to the following matter:

Impairment – carbon price

There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. The carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The consolidated entity has not incorporated the effect of any carbon price implementation in its impairment testing at 31 December 2011.

New and Revised Accounting Requirements Applicable to the Current Half-year Reporting Period

For the half-year reporting period to 31 December 2011, a number of new and revised accounting Standard requirements became mandatory for the first time, some of which are relevant to the group. A discussion of these new and revised requirements that are relevant to the Group is provided below:

- AASB 124: related party Disclosures (December 2009)

AASB 124 (December 2009) introduces a number of changes to the accounting treatment of related parties compared to AASB 124 (December 2005, as amended), including the following:

- The definition of a “related party” is simplified, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
 - The definition now identifies a subsidiary and an associate with the same investor as related parties of each other;
 - Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other;
 - The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other; and

**Notes to the financial statements
for the half year ended 31 December 2011**

Note 1: Summary of Significant Accounting Policies (continued)

- The definition now clarifies that a post-employment benefit plan and an employer sponsor of such a plan are related parties of each other.

- A partial exemption is provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

Application of AASB 124 (December 2009) did not have a significant impact on the financial statements of the Group.

- AASB 2010-4: Further Amendments to Australian Accounting Standards arising from the annual Improvements Project [AASB 1, AASB 7, AASB 101 & AASB 134 and Interpretation 13]

This Standard details numerous non-urgent but necessary changes to accounting standards arising from the IASB's annual improvements project. Key changes include:

- Clarifying the application of AASB 108 prior to an entity's first Australian-Accounting-Standards financial statements;
 - Adding an explicit statement to AASB 7 that qualitative disclosures should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments;
 - Amending AASB 101 to clarify that disaggregation of changes in each component of equity arising from transactions recognized in other comprehensive income is required to be presented, but is permitted to be presented in the statement of changes in equity or in the notes;
 - Adding a number of examples to the list of events and transactions that require disclosure under AASB 134; and
 - Making sundry editorial amendments in AASB 2010-4 did not have a significant impact on the financial statements of the Group.
- AASB 1054; Australian Additional Disclosures and AASB 2011-1; Amendments to Australian accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132 & AASB 134 and Interpretations 2, 112 & 113]

AASB 1054 sets out the Australian-specific disclosures that are additional to IFRS disclosure requirements. The disclosure requirements in AASB 1054 were previously located in other Australian Accounting Standards.

Application of AASB 1054 did not have a significant impact on the financial statements of the Group.

Meridien Capital Limited (A B N 15 121 348 730) and Controlled Entities

Notes to the financial statements for the half year ended 31 December 2011

Note 1: Summary of Significant Accounting Policies (continued)

(b) Going concern

The Company made a loss for the half year of \$830,751 (2010; loss \$382,812) and a net cash outflow from operating activities \$309,804 (2010; outflow \$270,406). As at the 31 December 2011 the consolidated Group's net equity was negative \$838,621 (2010; negative \$281,812).

The Company has minimal cash reserves to satisfy current debts, future operating costs, interest payable on convertible notes and convertible notes redemption's which creates a significant uncertainty in relation to going concern. Under the requirements of the Australian Accounting Standards, the directors have reviewed whether the entity can continue as a going concern by assessing its ability to raise funds, realise its assets and settle liabilities in the normal course of business and for at least the amount stated.

The Directors concluded it appropriate that the finance report be prepared on a going concern basis because:

- 1) The Company is in the process of raising a total of \$800,000 by way of share placements over the coming months from the date of this report. The Capital 19 group has confirmed in writing that they have secured firm commitments to raise this equity capital for Meridien Capital Ltd.
- 2) There are currently \$728,000 of convertible notes overdue for conversion or repayment by the Company. On 29 June 2012 the largest convertible note holder advised the Company of its intention to convert all \$200,000 of convertible notes held, which will save the Company an equivalent amount of redemption disbursement.

Note 2: Loss for the Period

	Consolidated Group	
	31 Dec 2011	31 Dec 2010
	\$	\$
The following significant revenue and expense items are relevant in explaining the financial performance for the interim period:		
Accounting Fees	17,767	27,158
Audit Fees	50,117	
Borrowing Costs	189,290	318
Legal Costs	26,523	18,746

Note 3: Dividends

No dividend has been paid or declared in this financial period or the previous financial period.

Meridien Capital Limited (A B N 15 121 348 730) and Controlled Entities

**Notes to the financial statements
for the half year ended 31 December 2011**

Note 4: Operating Segment

(i) Segment performance

Six months ended 31 December 2011	Investing	Consolidated Group Manufacturing	Total
Revenue			
External sales	-	1,152,010	1,152,010
Intersegment sales	-	-	-
Other sales	-	-	-
Interest revenue	-	171	171
Total segment revenue	-	1,152,181	1,152,181
 Reconciliation of segment revenue to group revenue:			
Other revenue	101,062	221,601	322,663
Intersegment elimination		(128,600)	(128,600)
Total group revenue			1,346,244
 Segment net profit from continuing operations before tax	101,062	74,865	175,928
 Reconciliation of segment result to group net profit/loss before tax:			
 i. Amounts not included in segment result but reviewed by the Board:			
- depreciation and amortisation	(5,712)	(10,378)	(16,090)
 ii. Unallocated items:			
- employee benefits expense			(392,724)
- finance costs			(189,290)
- occupancy			(164,763)
- professional fees			(94,407)
- other expense			(153,110)
 Net (losses) before tax from continuing operations			(834,456)

Meridien Capital Limited (ABN 15 121 348 730) and Controlled Entities

**Notes to the financial statements
for the half year ended 31 December 2011**

Note 4: Operating Segment (cont'd)

i) Segment performance

	Investments	Service	Distribution	Total
	\$	\$	\$	\$
Six months ended 31 December 2010				
Revenue				
External sales	-	39,273	-	39,273
Interest revenue	4,557	-	2	4,559
Total Segment revenue	4,557	39,273	2	43,832
Segment net profit/(loss) before tax	\$4,557	\$39,273	(\$293,438)	(\$249,608)

Reconciliation of segment result to group net profit/loss before tax:

Amounts not included in segment result but reviewed by the Board:

Employee benefits expense	(72,541)
Depreciation expense	(5,712)
Impairment	(7,503)
Occupancy	(9,868)
Other expense	(33,945)
Finance costs	(3,635)

Net profit/(loss) before tax from continuing operations	(\$382,812)
--	--------------------

(ii) Segment assets

	Investing	Consolidated Group Manufacturing	Total
	\$	\$	\$
31 December 2011			
Opening balance 1 July 2011	970,233	971,286	1,941,519
Additions	192,230	648,633	840,863
Write off investment	(408,000)	-	(408,000)
Closing balance 31 December 2011	754,463	1,675,442	2,429,905

Reconciliation of segment assets to group assets:

Unallocated assets:

- Motor vehicle	77,124
- Other receivables	26,364

Total group assets	2,533,393
---------------------------	------------------

Meridien Capital Limited (ABN 15 121 348 730) and Controlled Entities

Notes to the financial statements for the half year ended 31 December 2011

Note 5: Contingent Liabilities

There has been no change in contingent liabilities since the last annual reporting period.

Note 6: Events after the End of the Interim Period

The following are events that have occurred subsequent to 30 December 2011:

- ❖ Australian Cable Tray Systems Pty Limited (ACTS) was placed in voluntary liquidation on 31st May 2012. During the period to 31st March 2012 the Company advanced loan funds of \$200,000 to ACTS. These funds are not expected to be recovered from the liquidators and a provision for this amount will be set aside at 30th June 2012. Consequent to ACTS being in liquidation the Company will not be required to consolidate this entity in its annual accounts for the year ended 30 June 2012.
- ❖ In the six month period from 1 January to 30 June 2012, the Company has raised a further \$215,000 by way of the issue of 614,286 ordinary shares at \$0.35.
- ❖ In the six month period from 1 January to 30 June 2012 the Company has raised a further \$257,500 by way of a twelve month convertible note issue. The notes carry an interest rate of 10% and are convertible at \$0.45.
- ❖ On 28 June 2012, Capital 19 Pty Limited confirmed that it had secured firm commitment to raise equity capital for the Company over a 3 month period totaling \$800,000 at a price of 80% of the 5 days VWAP of the Company's securities immediately preceding the issue of shares but at a price not less than \$0.25 per share.
- ❖ On 27 June 2012 the Company entered into an agreement with Elsmore Resources Limited (Elsmore) to facilitate discussions regarding the terms of a possible transaction whereby the Company would acquire a substantial equity interest in Elsmore. The Company has paid a \$20,000 fee in return for a ten week period of exclusivity to complete further evaluation and due diligence.

Elsmore has acquired an option from ASX listed Malachite Resources Limited to mining tenements EL6196 and EL7177 located in the tin rich Emmaville Inverell Glen Innes region of NSW.
- ❖ The Meridien Resources share price has recovered significantly in recent weeks and is currently trading at \$0.17.

**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
MERIDIEN CAPITAL LIMITED AND CONTROLLED ENTITY**

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Meridien Capital Limited, which comprises the consolidated condensed statement of financial position as at 31 December, 2011, the consolidated condensed statement of comprehensive income, consolidated condensed statement of changes in equity, and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' Responsibility for the Half-year Financial Report

The directors of Meridien Capital Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of Meridien Capital Limited's financial position as at 31 December, 2011 and its performance for the half – year ended on that date, and complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Meridien Capital Limited, ASRE2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

G. C. C. Business & Assurance Pty Ltd

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MERIDIEN CAPITAL LIMITED AND CONTROLLED ENTITY (cont)

Independence

In conducting our review, we have complied with the independence requirements of the Corporations Act. 2001. We confirm that the independence declaration required by the Corporations Act. 2001, which has been given to the directors of Meridien Capital Limited, would be in the same terms if provided to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half – year financial report of Meridien Capital Limited is not in accordance with the Corporations Act 2001 including:

- i. Giving a true and fair view of Meridien Capital Limited 's financial position as at 31 December, 2011 and of its performance for the half-year ended on that date; and
- ii. Complying with AASB 134: Interim Financial Reporting and the Corporation Regulations 2001.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 (b) "Going Concern" and Note 6 "Events after the End of the Interim Period" in the financial report. Note 1 (b) "Going Concern" discloses that the consolidated group has incurred a loss for the half year of \$830,751 (2010-loss, \$382,812) and had a net outflow from operating activities of \$309,804 (2010 outflow - \$270,406). A deficiency of shareholders' funds of \$838,621 (2010 deficiency - \$281,812) has been reported at 31 December, 2011. Also convertible notes on issue at 31 December, 2011 totalling \$728,000 are now overdue for conversion or repayment by the company. However the Board of Directors believe that the financial report should still be prepared on the going concern basis of accounting because:

- i. The company is in the process of raising a total of \$800,000 by way of share placements over the coming three month period from the date of this report. The Capital 19 group has confirmed in writing that they have secured firm commitments to raise this equity capital for Meridien Capital Ltd.
- ii. There is currently \$728,000 of convertible notes overdue for conversion or repayment by the company. On 29 June, 2012 the largest convertible note holder advised the company of its intention to convert all \$200,000 of convertible notes held, which will save the company an equivalent amount of disbursement.

G. C. C. Business & Assurance Pty Ltd

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF MERIDIEN CAPITAL LIMITED AND CONTROLLED ENTITY (cont)

Material Uncertainty Regarding Continuation as a Going Concern (cont)

The financial conditions and other matters outlined above along with the consolidated group's dependence on the successful raising of sufficient further funding to ensure that the consolidated group can pay its debts, commitments and contingent liabilities (if any) as they become due and payable indicates the existence of a material uncertainty which casts significant doubt about the consolidated group's ability to continue as a going concern.

Should the going concern basis of accounting not prove to be appropriate the liquidation basis of accounting will need to be adopted which requires that all assets are valued at their net realisable values and all assets and liabilities are classified as current.

GCC Business & Assurance Pty Ltd
GCC Business and Assurance Pty Ltd
(Authorised Audit Company)

Graeme Green
Graeme Green
Director

Signed in Sydney on *26* July, 2012