Company Number **03861966**

GRIFFIN GROUP PLC

REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH SEPTEMBER 2006

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GROUP STRUCTURE

Griffin Group plc

Griffin Group Holdings Limited

Griffin Corporate Finance Limited

Griffin Communications Limited (formerly Griffin Securities (Europe) Limited)

Griffin Two Limited

All companies are 100% owned by their parent company

Griffin Group plc

Griffin Group plc is the holding company of the Group It has one wholly owned subsidiary, Griffin Group Holdings Limited The US subsidiary, Griffin Securities Inc , was disposed of on 1st October 2005

Griffin Group Holdings Limited

Griffin Group Holdings Limited acquired the investments in Griffin Corporate Finance Limited and Griffin Communications Limited from Griffin Group plc on 14th December 2005 This company is purely an investment holding company with no trading activity in the year

Griffin Corporate Finance Limited

Griffin Corporate Finance Limited is registered with the Financial Services Authority to carry out investment business in the United Kingdom Griffin Corporate Finance Limited is involved in the formation of new AIM-listed and Plus Markets-listed cash shells with a view to introducing investments and acquisitions to these companies Griffin Corporate Finance Limited has a wholly owned subsidiary, Griffin Two Limited, which holds and trades in listed securities and loan documents

Griffin Communications Limited (formerly Griffin Securities (Europe) Limited)

Griffin Communications Limited commenced trading in March 2006 as a provider of marketing, investor relations, public relations and research services to AIM-listed and Plus Markets-listed companies

DIRECTORS AND ADVISERS

Directors	Stephen Dean, Chairman Vincent Nicholls FCA, Finance Director
Registered Office	Hilden Park House 79 Tonbridge Road Hildenborough Kent TN11 9BH
Company Number	03861966
Secretary	Vincent Nicholls FCA
Auditors	Kingston Smith LLP Devonshire House 60 Goswell Road London EC1M 7AD
Registrars	Capita Registrars Northern House Woodsome Pak Fenay Bridge Huddersfield West Yorkshire HD8 0LA
Broker	Seymour Pierce Ellis Limited Talisman House Jubilee Walk Three Bridges West Sussex RH10 1LQ
Nominated Adviser	Nabarro Wells & Co Limited Saddlers House Gutter Lane London EC2V 6HS
Legal Advisers	Beachcroft LLP 100 Fetter Lane London EC4 1BN
Bankers	Bank of Scotland plc Gail House 5 Lower Stone Street Maidstone Kent ME15 6NB

CHAIRMAN'S STATEMENT

I am pleased to make this report on behalf of the Group

In the year ended 30th September 2006, Group turnover was £8,834,618 (2005 - £10,585,325), operating profit was £398,813 (2005 - £405,456), interest receivable was £257,744 (2005 - £178,879), interest payable was £42,625 (2005 - £18,450) and profit before tax was £613,932 (2005 - £565,885) Basic earnings per share were 1 08 pence (2005 – 0 46 pence)

At 30th September 2006, the Group held cash balances of £1,284,584 (2005 - £904,451) and marketable investments of £1,074,159 (2005 - £925,152) Shareholders' funds had increased to £2,520,434 (2005 - £1,913,909), equivalent to 5 77 pence per share (2005 – 4 71 pence per share)

On 16th December 2005, the Group announced the disposal of its US operations for US$825,885, with effect from 1st October 2005 These disposal proceeds represented the net assets disposed of plus US$200,000 of goodwill The Board made its decision to sell based on the perceived lack of potential growth and future profitability from the US business This decision will ensure that management can focus on the more profitable UK operations and obtain an inflow of funds into the UK by converting the US balance sheet assets into cash

The Directors are satisfied with the results for the year which reflect our continuing strategy of establishing UK listed investment companies and then finding suitable investment targets for them The disposal of the US operations has allowed the Board to focus on growing the profitable UK operation and we continue to review possible investment and business development opportunities

Griffin Corporate Finance Limited ("Griffin Corporate")

Business has continued to be busy through the initiation and flotation of PLUS Market companies, with Griffin Corporate acting as both investor and agent In addition, efforts have been concentrated on completing the reverse acquisitions of our existing investment companies and I am pleased to report that two such transactions were completed in the last half of the year Work on the remaining investment companies has taken longer than anticipated and will require further cash investment from either Griffin or the Stock Market

Corporate finance fee income amounted to £3 15m (2005 - £3 16m) and investment trading revenues totalled £5 4m (2005 - £5 4m)

The new PLUS Market Admissions promoted by Griffin Corporate were as follows

Firenze Ventures plc	Admitted in September 2005 and acquired a 49% interest in Parkgreen Communications Limited, a provider of public relations and marketing services
Worldwide Natural resources plc	Admitted in October 2005 with a strategy of investing in small to medium size companies with a focus on manufacturing, services or technology companies in the oil and gas exploration sectors

CHAIRMAN'S STATEMENT (continued)

Dovedale Ventures plc	Admitted in December 2005 with a strategy of investing in small to medium size companies with a focus on support services sectors Acquired a 30% equity interest in Orientrose Contracts Limited, a specialist building contractor primarily focused in the leisure industry
One Charter plc	Admitted in April 2006 as an aircraft chartering, brokerage and management company set up to capitalise on the growth in the private aircraft charter sector
One Media Holdings plc	Admitted in September 2006 to acquire and exploit audio and visual copyright of mainstream music genres
Red Dragon Investments plc	Admitted in September 2006 as an investment business targeting the retailing and engineering sector, and the benefits to be obtained from the lower costs of manufacturing in China

Reverse acquisitions and investments completed during the period

Interbulk Investments plc	Acquisition of United Transport Tankcontainers Holdings B V , an international tank container operator, and Inbulk Technologies Limited, which specialises in the transportation, storage, discharge and conveying of a broad range of bulk solid materials
Avid Holdings plc (formerly Euro Investment Fund plc)	Acquisition of Pill Protect Limited (formerly 3 Point Blue Limited), a pharmaceutical packaging company
Clyde Process Solutions plc (formerly Process Handling plc)	Acquisition of Clyde Materials Handling Limited, an engineering-led solutions provider to the ferrous metals, non-ferrous metals and minerals industries

Griffin Corporate's policy is not to remain as a long-term shareholder in these companies and whilst management agreements exist whereby Griffin provides administrative support to these new PLUS Market companies, Griffin Corporate looks to input appropriate new executives into these companies at an early opportunity, once the strategic direction of each company has been determined

Griffin Communications Limited

Griffin Communications Limited commenced trading in March 2006 as a provider of marketing, investor relations, public relations and research services, and is able to assist the companies that the Group brings to the Market by ensuring they attract the attention of institutional and private shareholders and the financial and trade press

CHAIRMAN'S STATEMENT (continued)

Group Financial Overview

During the year, the Group achieved pre tax profits of £613,932 The Group's net assets as at 30th September 2006 amounted to £2,520,434, equivalent to 5 77 pence per share Basic earnings per share have increased to 1 08p (2005 - 0 46p)

At 30th September 2006, the Group's cash balances were £1,284,584 and the Group also held investments (publicly tradeable on markets in London and New York) at book values totalling £1,074,159, all held for short term disposal The balance sheet debtors include £1 5m of loan notes which were converted into 123,557,500 New Ordinary Shares in Pearl Street Holdings plc on 15th February 2007 The Group's only debts were the convertible loan notes which were repaid early, with a 10% discount, on 2nd October 2006 for a total of £450,000

The Directors consider that the Group's financial position and its trading position are satisfactory

The Directors continue to actively seek strategic opportunities to achieve increases in the Group's market value In the year under review, we have increased the Group's profile, developed the UK operating business and increased shareholder value

The employees and advisers of the Group have worked hard to achieve these results and the Board would like to thank all of them for their continuing support and loyalty

Stephen Dean
Chairman

REPORT OF THE DIRECTORS (continued)
FOR THE YEAR ENDED 30TH SEPTEMBER 2006

CREDITORS PAYMENT POLICY

Group operating companies are responsible for agreeing the terms and conditions under which business transactions with their suppliers are conducted It is Group policy that payments to suppliers are made in accordance with all relevant terms and conditions Creditor days for the trading members of the Group have been calculated at 7 days (2005 7 days)

THE ANNUAL GENERAL MEETING

The Notice of the Annual General Meeting of the Company and the circular dealing with the special business to be considered at the Annual General Meeting will be dispatched to shareholders separately

DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware The directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

AUDITORS

On 1st May 2006, Kingston Smith transferred their business to Kingston Smith LLP, a Limited Liability Partnership incorporated under the Limited Liability Partnership Act 2000 The company's consent has been given to treating the appointment of Kingston Smith as extending to Kingston Smith LLP under the provision of section 26(5) of the Companies Act 1989 Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the provisions of the Companies Act it is proposed that they be re-appointed auditors for the ensuing year

By order of the Board

Vincent Nicholls
Company Secretary

Date 21st February 2007

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 30TH SEPTEMBER 2006

The Directors present their report with the financial statements of the company and group for the year ended 30th September 2006

PRINCIPAL ACTIVITES AND REVIEW OF THE BUSINESS

The Company is the holding company for the group which includes the activities of Griffin Corporate Finance Limited, the United Kingdom based investment banking and financial services business, Griffin Two Limited, which holds and trades in listed securities, and Griffin Communications Limited, which provides investor relations and marketing services to AIM-listed and Plus Markets-listed companies

The Chairman's statement is set out on pages 4 to 6 and contains details of the Group's progress during the year together with an indication of future developments

RESULTS AND DIVIDENDS

The Group profit for the year after taxation amounted to £456,525 (2005 - £184,507)

No dividends will be distributed for the year ended 30th September 2006

DIRECTORS

The directors during the year under review were

Stephen Dean
Vincent Nicholls
Adrian Stecyk – resigned 16th December 2005
Chrystyna Bedrij – resigned 16th December 2005

The Directors held beneficial interests in the share capital of the Company as follows

	30 09 06 Ordinary 5p shares	30 09 06 Options	30 09 05 Ordinary 5p shares	30 09 05 Options
Stephen Dean	8,000,000	1,674,182	6,460,294	1,674,182
Vincent Nicholls	4,000,000	1,750,000	1,100,000	1,750,000

Stephen Dean's interest is by way of his beneficial interest in Global Investments Limited

SUBSTANTIAL SHAREHOLDINGS

At 30th September 2006 the Company had been notified of the following interests in its issued share capital pursuant to Part VI of the Companies Act 1985

	%
Pershing Keen (Nominees) Limited	51 07%
Raven Nominees Limited	18 72%
Global Investments Limited	18 32%
Vincent Nicholls	9 16%
SVS (Nominees) Limited	3 73%
HSBC Global Custody (Nominees)	3 17%

CORPORATE GOVERNANCE

The Directors acknowledge the importance of the Principles set out in The Combined Code issued by the Committee on Corporate Governance Although the Combined Code is not compulsory for AIM listed companies, the Directors have applied the principles as far as practicable and appropriate for a relatively small public company as follows

The Board of Directors
Throughout the year the Board comprised at least a Chairman and one Executive Director Due to the size of the Company, there are currently no Non-Executive Directors on the Board

The Board meets regularly and is responsible for strategy, performance, approval of major capital projects and the framework of internal controls The Board has a formal schedule of matters specifically reserved to it for decision To enable the Board to discharge its duties, all Directors receive appropriate and timely information Briefing papers are distributed to all Directors in advance of Board meetings All Directors have access to the advice and services of the Company Secretary, who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with The appointment and removal of the Company Secretary is a matter for the Board as a whole In addition, procedures are in place to enable the Directors to obtain independent professional advice in the furtherance of their duties, if necessary, at the Company's expense

A nominations committee is not considered appropriate because of the small size of the Board and the Company but all appointments or potential appointments are fully discussed by all Board members All new directors and senior management are given a comprehensive introduction to the Group's business Any training necessary will be provided at the Company's expense

Directors are subject to re-election by the shareholders at Annual General Meetings The Articles of Association provide that Directors will be subject to re-election at the first opportunity after their appointment and the Board will voluntarily submit to re-election at intervals of three years

Audit Committee
The Audit Committee currently consists of Stephen Dean, Chairman, and Vincent Nicholls, Finance Director The Audit Committee meets at least twice a year and considers the appointment and fees of the external auditors and discusses the scope of the audit and its findings The Committee is also responsible for monitoring compliance with accounting and legal requirements and for reviewing the annual and interim financial statements prior to their submission for approval by the Board

Remuneration Committee
The Remuneration Committee currently consists of Stephen Dean, Chairman The Committee's role is to consider and approve the remuneration and benefits of the Executive Directors In framing the Company's remuneration policy, the Remuneration Committee has given full consideration to Section B of The Combined Code The Report on Directors' Remuneration is set out on pages 11 and 12

Internal Financial Control
The Board is responsible for establishing and maintaining the Group's system of internal financial control and places importance on maintaining a strong control environment The key procedures which the Directors have established with a view to providing effective internal financial control are as follows

CORPORATE GOVERNANCE (continued)

- The Group's organisational structure has clear lines of responsibility
- The Group prepares a comprehensive annual budget that is approved by the Board Monthly results are reported against the budget and variances are closely monitored by the Directors
- The Board is responsible for identifying the major business risks faced by the Group and for determining the appropriate courses of action to manage those risks
- Oversight of and involvement in regular subsidiary company management meetings, complete with structured operational reporting requirements

The Directors recognise, however, that such a system of internal financial control can only provide reasonable, not absolute, assurance against material misstatement or loss The Directors have reviewed the effectiveness of the system of internal financial control as it operated during the year to 30th September 2006

Relations with Shareholders
Communications with shareholders are given high priority In addition to the regular announcements, including the Company's announcement of the preliminary year end results and at the half year, the Board also issues Information Memorandums to its shareholders when appropriate The Board uses the Annual General Meeting to communicate with investors and welcomes their participation The Chairman aims to ensure that the Directors are available at Annual General Meetings to answer questions

Statement by Directors on Compliance with the Provisions of the Combined Code
The Board consider that they have complied with the provisions of The Combined Code, as far as practicable and appropriate for a public company of this size, in accordance with the recommendations on corporate governance of the City Group for Smaller Companies

Directors' Responsibilities for the Financial Statements
Company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the Group and of the profit or loss of the Group for that year In preparing those financial statements, the Directors are required to

- Select suitable accounting policies and then apply them consistently,
- Make judgements and estimates that are reasonable and prudent, and
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the financial statements comply with the Companies Act 1985 They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Directors confirm that they have complied with the above requirements in preparing these financial statements

Going Concern
After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future For this reason, they continue to adopt the going concern basis in preparing the financial statements

REPORT ON DIRECTORS' REMUNERATION

The Remuneration Committee is responsible for determining and reviewing the terms of appointment and the remuneration of executive Directors The Committee also review the remuneration of the other senior executives to ensure that reasonable and consistent criteria are applied to the management and review of all senior executive benefits packages The Committee takes external advice, as appropriate, on remuneration issues and takes cognisance of major surveys covering all aspects of the pay and benefits of directors and senior executives in many companies

The Committee aims to provide base salaries and benefits which are competitive in the relevant external market and which take account of Company and individual performance thus enhancing the Group's ability to recruit and to retain individuals of the calibre required for its continuing business success It is the policy of the Committee to provide financial incentives and to reward superior performance over the medium and long term by creating opportunities to enable senior executives to earn cash bonuses and share-related payments which result from achievement of performance targets

The Remuneration Committee currently consists of Stephen Dean, Chairman

Service Agreements
The Directors have service agreements which require not more than 6 months notice of termination The remuneration packages consist of basic salary or fees, plus performance-related bonus arrangements

Directors' Remuneration

	Salary & fees £	Performance related pay £	Total 30 09.06 £	Total 30 09 05 £
Stephen Dean	87,150	2,877,620	2,964,770	2,739,470
Vincent Nicholls	49,800	527,920	577,720	639,047
Adrian Stecyk	-	-	-	188,315
Chrystyna Bedrij	-	-	-	54,966
Total 2006	136,950	3,405,540	3,542,490	3,621,798
Total 2005	252,376	3,369,422	3,621,798	

The amounts shown above for Stephen Dean are in respect of fees paid to Global Investments Limited The amounts shown for Vincent Nicholls are in respect of fees paid to Spokes & Company

REPORT ON DIRECTORS' REMUNERATION

Share Options

	Date granted	Number	Exercise price	Period
Stephen Dean/Global	12 12 03	837,091	50% at 7 5p, 50% at 10p	12 12 03 for 5 years
Investments	05 05 04	837,091	50% at 7 5p, 50% at 10p	05 05 04 for 5 years
Vince Nicholls	05 05 04	1,750,000	50% at 7 5p, 50% at 10p	05 05 04 for 5 years

Directors' Interests

The Directors' interests in the ordinary shares of the Company are set out in the Directors' Report on pages 7 and 8

On behalf of the Remuneration Committee

Stephen Dean
Chairman

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF GRIFFIN GROUP PLC

We have audited the financial statements of Griffin Group plc for the year ended 30th September 2006 which comprise the Group Profit and Loss Account, the Group Balance Sheet, the Company Balance Sheet, the Group Cash Flow Statement, Accounting Policies and the related notes These financial statements have been prepared under the historical cost convention and the accounting policies set out therein

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK & Ireland)

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985 We report to you if, in our opinion, the Report of the Directors is not consistent with the financial statements The information given in the Report of the Directors includes the information given in the Chairman's Statement that is cross referred from the Business Review section of the Report of the Directors We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the Company and other members of the Group is not disclosed

We read the other information contained within the Annual Report and consider whether it is consistent with the audited financial statements The other information comprises only the Report of the Directors, the Chairman's Statement, the Corporate Governance Statement and the Report on Directors Remuneration We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies within the financial statements Our responsibilities do not extend to any other information

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Group's circumstances, consistently applied and adequately disclosed

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's and Group's affairs as at 30th September 2006 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 The information given in the Directors' Report is consistent with the financial statements

Kingston Smith LLP

Kingston Smith LLP
Chartered Accountants and Registered Auditors
Devonshire House
60 Goswell Road
London EC1M 7AD

Date 21/2/07

GROUP PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 2006

		Notes	2006 £	2005 £
TURNOVER	- Continuing operations		8,834,618	9,021,499
	- Discontinued operations		-	1,563,826
		1	8,834,618	10,585,325
Cost of sales			(4,177,596)	(5,275,093)
GROSS PROFIT			4,657,022	5,310,232
Administrative expenses			(4,258,209)	(4,426,320)
Goodwill amortisation			-	(105,744)
OPERATING PROFIT BEFORE EXCEPTIONAL ITEMS			398,813	778,168
Goodwill impairment write-off			-	(372,712)
OPERATING PROFIT			398,813	405,456
	- Continuing operations		398,813	949,503
	- Discontinued operations		-	(544,047)
Interest receivable & similar income			257,744	178,879
Interest payable		3	(42,625)	(18,450)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			613,932	565,885
Taxation		4	(157,407)	(381,378)
RETAINED PROFIT FOR THE YEAR		16	456,525	184,507
Basic and diluted earnings per share				
- Continuing operations		6	1 08p	1 92p
- Discontinued operations		6	0 00p	(1 46)p
- All operations		6	1 08p	0 46p

The Group had no recognised gains or losses other than the result for the year

The continuing operations represent the UK operations which are continuing

The discontinued operations represent the US operations which were disposed of with effect from 1st October 2005

GROUP BALANCE SHEET
AS AT 30TH SEPTEMBER 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Intangible fixed assets	7	-	100,000
Tangible fixed assets	8	-	6,893
		-	106,893
CURRENT ASSETS			
Investments	10	1,074,159	925,152
Debtors	11	2,780,635	3,483,719
Cash at bank & in hand		1,284,584	904,451
		5,139,378	5,313,322
CREDITORS Amounts falling due within one year			
Convertible debt	12	(450,000)	(175,000)
Other creditors	13	(2,168,944)	(2,581,306)
NET CURRENT ASSETS		2,520,434	2,557,016
TOTAL ASSETS LESS CURRENT LIABILITIES		2,520,434	2,663,909
CREDITORS Amounts falling due after more than one year	14	-	(750,000)
NET ASSETS		2,520,434	1,913,909
CAPITAL & RESERVES			
Called up share capital – equity	15	2,183,831	2,033,831
Share premium account	16	527,349	527,349
Profit & loss account	16	(190,746)	(647,271)
EQUITY SHAREHOLDERS' FUNDS	17	2,520,434	1,913,909

The financial statements were approved by the Board of Directors on 21st February 2007

Stephen Dean
Director

COMPANY BALANCE SHEET
AS AT 30TH SEPTEMBER 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Investments in subsidiaries	9	1	522,448
CURRENT ASSETS			
Trade investments	10	9	170,051
Debtors	11	1,532,871	1,080,307
Cash at bank & in hand		1,021,545	298,128
		2,554,425	1,548,486
CREDITORS Amounts falling due within one year			
Convertible debt	12	(450,000)	(175,000)
Other creditors	13	(125,375)	(307,678)
NET CURRENT ASSETS		1,979,050	1,065,808
TOTAL ASSETS LESS CURRENT LIABILITIES		1,979,051	1,588,256
CREDITORS Amounts falling due after more than one year	14	-	(750,000)
NET ASSETS		1,979,051	838,256
CAPITAL & RESERVES			
Called up share capital – equity	15	2,183,831	2,033,831
Share premium account	16	527,349	527,349
Profit & loss account	16	(732,129)	(1,722,924)
EQUITY SHAREHOLDERS' FUNDS		1,979,051	838,256

The financial statements were approved by the Board of Directors on 21st February 2007

Stephen Dean
Director

GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH SEPTEMBER 2006

	Notes	2006 £	2005 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	18	567,743	(574,506)
RETURNS ON INVESTMENTS & SERVICING OF FINANCE			
Interest received		257,744	178,879
Interest paid		(42,625)	(18,450)
NET CASH INFLOW FROM RETURNS ON INVESTMENTS & SERVICING OF FINANCE		215,119	160,429
TAXATION		(407,269)	(119,300)
CAPITAL EXPENDITURE & FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		-	(2,699)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE & FINANCIAL INVESTMENT		-	(2,699)
ACQUISITIONS & DISPOSALS			
Net cash disposed of with subsidiary		(100,103)	-
Disposal of subsidiary undertaking	22	429,643	-
NET CASH INFLOW FROM ACQUISITIONS & DISPOSALS		329,540	-
EQUITY DIVIDENDS PAID		-	-
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		705,133	(536,076)
FINANCING			
Issue of ordinary share capital		-	59,650
Costs of share issues		-	(30,623)
Debt finance introduced		-	750,000
Debt financing repaid		(325,000)	(50,000)
NET CASH (OUTFLOW)/INFLOW FROM FINANCING		(325,000)	729,027
INCREASE IN CASH	19/20	380,133	192,951

ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of income and expenditure during the reporting period Actual results could differ from those estimates Estimates are used principally when accounting for provisions for doubtful debts, depreciation, amortisation and taxes

Basis of consolidation

The Group financial statements consolidate those of the Company and of its subsidiary undertakings for the year ended 30th September 2006 The results of businesses acquired or disposed of during the period are included from the effective date of acquisition or up until the date of disposal Profits or losses on intra-group transactions are eliminated in full

Turnover

Turnover represents fees receivable (excluding VAT) in respect of corporate finance work performed during the period and proceeds from trading in marketable securities No income is recognised on corporate finance work which is underway at the year end but is contingent on the successful completion of a transaction subsequent to the year end

Taxation

The charge for taxation is based on the result for the year and takes into account deferred taxation Provision is made for material deferred taxation, in respect of all timing differences that have originated but not reversed at the balance sheet date Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation Depreciation has been provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows

Fixtures, fittings and equipment	-	25-100% per annum on the straight line basis

Goodwill

Goodwill arising from the purchase of subsidiary undertakings represents the excess of the fair value of the purchase consideration over the fair value of the net assets acquired

The goodwill arising on acquisitions is capitalised as an intangible asset The goodwill is amortised on a straight line basis from the time of acquisition over its useful economic life The economic life is normally presumed to be a maximum of 20 years Impairment reviews are performed to ensure the carrying value of the goodwill is fairly presented and provision made as required

ACCOUNTING POLICIES (continued)

Goodwill (continued)

If an undertaking is subsequently divested, the appropriate unamortised goodwill is dealt with through the profit and loss account in the period of disposal as part of the gain or loss on divestment

Fixed asset investments

Investments in subsidiary undertakings and associates are stated at cost less amounts written off

Current asset investments

Current asset investments comprise shares in companies held exclusively with a view to subsequent sale

In some instances, these companies constitute subsidiaries because the group is able to exercise control over them However, these companies have been excluded from consolidation in accordance with FRS2 – "Accounting for Subsidiary Undertakings" on the grounds that a purchaser for the company has been identified or is being sought and the Group is expected to dispose of sufficient shares that it will no longer exercise influence over the companies within approximately one year of acquisition

Current asset investments are valued at the lower of cost and the directors' estimate of market values given the size of the holding

Foreign currency

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at operating profit

The results of overseas operations are translated at the average rate of exchange for the period and the assets and liabilities of the overseas operations are translated at the rates ruling at the balance sheet date Exchange differences arising on the translation of opening net assets are dealt with through reserves

Pensions

The group has no formal pension plan and payments to individual employee schemes, all of which are defined contribution schemes, are charged to the profit and loss account in the period in which they accrue

NOTES TO THE FINANCIAL STATEMENTS

1 TURNOVER & OPERATING PROFIT

The geographical analysis of group turnover is as follows

	2006	2005
	£	£
United Kingdom	8,834,618	9,021,499
United States of America	-	1,563,826
	8,834,618	10,585,325

The geographical analysis of group profit before tax is as follows

	2006	2005
	£	£
United Kingdom	613,932	1,109,932
United States of America	-	(544,047)
	613,932	565,885

The geographical analysis of group net assets is as follows

	2006	2005
	£	£
United Kingdom	2,520,434	1,585,263
United States of America	-	328,646
	2,520,434	1,913,909

The group operating profit is stated after charging the following

	2006	2005
	£	£
Depreciation	-	2,087
Amortisation of goodwill	-	105,744
Auditors' remuneration - audit	19,833	26,434
Auditors' remuneration - other	-	-
Other operating lease rentals	-	79,145
Foreign exchange losses	1,195	8,265
Goodwill impairment write off	-	372,712
Impairment provisions	145,988	-
Profit on sale of subsidiary	997	-

NOTES TO THE FINANCIAL STATEMENTS

1 TURNOVER AND OPERATING PROFIT (continued)

Expenses are analysed as follows

	2006		2005	
	Continuing	Discontinued	Continuing	Discontinued
	£	£	£	£
Cost of sales	4,177,596	-	4,515,907	759,186
Administrative expenses	4,258,209	-	3,556,089	870,231
Goodwill amortisation	-	-	-	105,744
Goodwill impairment	-	-	-	372,712

2 DIRECTORS' REMUNERATION AND EMPLOYEES

Staff costs (including Directors) during the year were as follows

	2006 Group	2005 Group
	£	£
Wages & salaries	3,613,124	4,480,438
Social security costs	6,358	38,652
Pension contributions	844	-
	3,620,326	4,519,090

	£	£
Directors' remuneration	3,542,490	3,621,798
Total attributable to highest paid Director	2,964,770	2,739,470

Details of remuneration for each Director are set out in the Report on Directors' Remuneration

The average number of employees of the Group during the year was as follows

	2006 Number	2005 Number
Group		
Administration	3	3
Operations	-	5
	3	8

NOTES TO THE FINANCIAL STATEMENTS

3 INTEREST PAYABLE

	2006 £	2005 £
Other interest	42,625	18,450

4 TAXATION

Analysis of the tax charge
The tax charge on the profit on ordinary activities for the year was as follows

	2006 £	2005 £
Corporation tax charge at 32 9% based on the result for the year	201,760	334,430
Foreign tax	-	46,948
Overprovision in prior year	(44,353)	-
	157,407	381,378

Factors affecting the tax charge
The tax assessed for the year is greater than the standard rate of corporation tax in the UK The difference is explained below

	2006 £	2005 £
Profit on ordinary activities before tax	613,932	565,885
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30% (2005 - 30%)	184,180	169,765
Effects of		
Utilisation of tax losses	-	-
Amortisation	-	143,537
Expenses not deductible	21,517	54,903
Effect of foreign tax	-	13,173
Marginal rates of tax	(3,937)	-
Overprovision in prior year	(44,353)	-
Current tax charge	157,407	381,378

NOTES TO THE FINANCIAL STATEMENTS

5 PROFIT FOR THE FINANCIAL YEAR

The Parent Company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements The parent company's profit for the year was £990,795 (2005 - loss £510,700)

6 EARNINGS PER SHARE

The basic earnings per share is calculated by dividing the profit for the financial year attributable to shareholders by the weighted average number of shares in issue In calculating the diluted earnings per share, share options and warrants outstanding have been taken into account

The weighted average number of shares were	2006 Number	2005 Number
Weighted average number of shares	42,324,981	40,405,344
Effect of outstanding warrants and options	-	400,000
Adjusted weighted average number of ordinary shares	42,324,981	40,805,344
Basic earnings per share		
- Continuing operations	1 08p	1 92p
- Discontinued operations	0 00p	(1 46)p
- All operations	1 08p	0 46p
Diluted earnings per share		
- Continuing operations	1 08p	1 92p
- Discontinued operations	0 00p	(1 46)p
- All operations	1 08p	0 46p

7 INTANGIBLE FIXED ASSETS

Intangible fixed assets comprise goodwill arising on consolidation of businesses acquired as follows

	Group £	Company £
Cost brought forward and carried forward	945,291	-
Amortisation brought forward	845,291	-
Amortisation charges for period	-	-
Impairment write-off	-	-
Disposal	100,000	-
Amortisation carried forward	945,291	-
Net intangible fixed assets at 30th September 2006	-	-
Net intangible fixed assets at 30th September 2005	100,000	-

NOTES TO THE FINANCIAL STATEMENTS

8 TANGIBLE FIXED ASSETS

GROUP	Fixtures, fittings & equipment £
COST	
Brought forward	24,386
Disposals	(24,386)
At 30th September 2006	-
DEPRECIATION	
Brought forward	17,493
Disposals	(17,493)
At 30th September 2006	-
NET BOOK VALUE	
At 30th September 2006	-
At 30th September 2005	6,893

9 FIXED ASSET INVESTMENTS

	Group £	Company £
Subsidiary undertakings		
Brought forward	-	522,448
Additions	-	1
Disposals	-	(522,448)
Balance carried forward	-	1

The Company sold its interest in Griffin Securities Inc effective from 1st October 2005 The Company sold its interests in Griffin Corporate Finance Limited and Griffin Communications Limited (formerly Griffin Securities (Europe) Limited) to Griffin Group Holdings Limited, a wholly owned company within the Griffin Group plc group of companies, on 14th December 2005

NOTES TO THE FINANCIAL STATEMENTS

9 FIXED ASSET INVESTMENTS (continued)

At 30th September 2006 the group and company held 100% of the allotted equity share capital of the following

Name	Country of registration and incorporation	Class of share capital held	Nature of business
Griffin Group Holdings Limited	England and Wales	Ordinary	Intermediate holding company
Griffin Corporate Finance Limited	England and Wales	Ordinary	UK financial services
Griffin Two Limited	England and Wales	Ordinary	Trading in marketable securities
Griffin Communications Limited	England and Wales	Ordinary	Marketing, public relations and research services

10 CURRENT ASSET INVESTMENTS

GROUP

Investment	Type of shares held	No of shares held	Percentage of that class of shares held	Percentage of total voting rights held	Country of incorporation
UK listed stocks					
White Star Property Holdings plc	Ordinary	10,000,000	3 32%	3 32%	UK
Pearl Street Holdings plc	Ordinary	8,143,333	8 15%	8 15%	UK
Avid Holdings plc	Ordinary	28,933,333	13 84%	13 84%	UK
Firenze Ventures plc	Ordinary	11,225,000	12 93%	12 93%	UK
Dovedale Ventures plc	Ordinary	8,500,000	11 89%	11 89%	UK
One Charter plc	Ordinary	18,450,000	17 16%	17 16%	UK
One Media plc	Ordinary	20,800,000	30 09%	30 09%	UK
Red Dragon plc	Ordinary	27,500,000	57 65%	57 65%	UK
Mediterranean Moorings plc	Ordinary	50,000,000	100%	100%	UK
USA listed stocks					
Bioaccelerate Holdings, Inc	Common Stock	87,252	0 26%	0 26%	USA

NOTES TO THE FINANCIAL STATEMENTS

10 CURRENT ASSET INVESTMENTS (continued)

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Equity shares				
Listed – UK	1,074,150	653,965	-	-
Listed – USA	-	271,178	-	170,042
Warrants	9	9	9	9
Total cost	1,074,159	925,152	9	170,051

The investment in Bioaccelerate Holdings Inc has been fully provided against

The Directors estimate that the market value of the listed investments given the size of the holdings and the listed prices at 30th September 2006 is at least equal to their book value All of these investments are held exclusively with a view to subsequent resale

11 DEBTORS

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade debtors	155,247	474,934	-	-
Receivable from broker dealers	978,520	480,677		468,526
Amounts due from group undertakings	-	-	1,458,496	-
Other debtors	1,622,092	2,516,427	56,304	600,693
Prepayments	24,776	11,681	18,071	11,088
	2,780,635	3,483,719	1,532,871	1,080,307

The total value of loan notes included in other debtors is £1,522,500 These were converted into 123,557,500 New Ordinary Shares in Pearl Street Holdings plc on 15th February 2007

The current market value per share is substantially lower than the conversion price however the directors are confident that no provision is necessary in respect of the value of the Group's investment in Pearl Street Holdings plc

The directors are currently assessing a number of investment opportunities for the company which would significantly increase the market value of Pearl Street Holdings plc's shares The directors believe that the market value of the shares subsequent to the completion of the transaction will be such that Griffin Group plc will be able to liquidate its shareholding in the company for an amount equal to or greater than cost

NOTES TO THE FINANCIAL STATEMENTS

12 CONVERTIBLE DEBT

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Convertible loan notes				
Falling due within one year	450,000	175,000	450,000	175,000

The loan notes were due for repayment on 28th September 2007 and were repaid early on 2nd October 2006 A discount of 10% was agreed with regard to the early repayment

13 OTHER CREDITORS – Amounts falling due within one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Trade creditors	942,827	104,038	81,668	50,716
Amounts owed to subsidiary undertakings	-	-	-	171,965
Corporation tax	124,732	423,899	-	13,349
Other taxes and social security	71,678	101,578	1,356	-
Other creditors	563,525	453,874	-	34,583
Accruals and deferred income	466,182	1,497,917	42,351	37,065
	2,168,944	2,581,306	125,375	307,678

14 CREDITORS – Amounts falling due after more than one year

	Group		Company	
	2006	2005	2006	2005
	£	£	£	£
Convertible loan notes				
Falling due after more than one year	-	750,000	-	750,000

NOTES TO THE FINANCIAL STATEMENTS

15 SHARE CAPITAL

	2006 £	2005 £
Authorised 200,000,000 ordinary shares of 5p each (2005 200,000,000)	10,000,000	10,000,000
Allotted, called up & fully paid 43,676,629 ordinary shares of 5p each (2005 40,676,629)	2,183,831	2,033,831

During the year the following ordinary shares of 5p each were issued

	2006 £
Conversion of loan notes into 3,000,000 ordinary shares of 5p each at par	150,000

At 30th September 2006 the following share options and warrants have been granted to subscribe for ordinary shares of the company

Subscription price per share	Period during which option is exercisable	Number of shares under option
7 5p	12th December 2003 to 12th December 2008	418,545
10 0p	12th December 2003 to 12th December 2008	418,546
7 5p	5th May 2004 to 5th May 2009	1,293,545
10 0p	5th May 2004 to 5th May 2009	1,293,546
		3,424,182

16 STATEMENT OF MOVEMENT ON RESERVES

	Group		Company	
	Share Premium Account £	Profit & Loss Account £	Share Premium Account £	Profit & Loss Account £
At 30th September 2005	527,349	(647,271)	527,349	(1,722,924)
Retained profit for the year	-	456,525	-	990,795
At 30th September 2006	527,349	(190,746)	527,349	(732,129)

NOTES TO THE FINANCIAL STATEMENTS

17 RECONCILIATION OF SHAREHOLDERS' FUNDS

	2006 £	2005 £
Profit for the year	456,525	184,507
Shares issued in year	150,000	29,027
Net movement in shareholders' funds	606,525	213,534
Opening shareholders' funds	1,913,909	1,700,375
Closing shareholders' funds	2,520,434	1,913,909

18 NET CASH INFLOW FROM OPERATING ACTIVITIES

	2006 £	2005 £
Operating profit	398,813	405,456
Depreciation	-	2,087
Amortisation	-	105,744
Profit on disposal of subsidiary	(997)	-
Goodwill impairment write off	-	372,712
Provision against investments	104,598	5,057
(Increase)/decrease in investments	(255,748)	16,219
Decrease/(increase) in debtors	396,690	(2,842,038)
Decrease)/(increase) in creditors	(75,613)	1,360,257
Net cash inflow/(outflow) from operating activities	567,743	(574,506)

19 RECONCILIATION OF CHANGE IN CASH TO MOVEMENT IN NET FUNDS

	2006 £	2005 £
Increase in cash in the year	380,133	192,951
Debt finance introduced	-	(750,000)
Debt finance repaid	325,000	50,000
Conversion of loan notes	150,000	-
	855,133	(507,049)

NOTES TO THE FINANCIAL STATEMENTS

20 ANALYSIS OF NET CASH AND DEBT

	2005	Cash flow	Non-cash	2006
	£	£	£	£
Cash at bank	904,451	380,133	-	1,284,584
Net funds	904,451	380,133	-	1,284,584
Debt due in less than one year	(175,000)	(425,000)	150,000	(450,000)
Debt due in more than one year	(750,000)	750,000	-	-
Net funds	(20,549)	705,133	150,000	834,584

21 SIGNIFICANT NON CASH TRANSACTIONS

On 20th March 2006, £150,000 of the convertible loan notes were converted into 3,000,000 new ordinary shares of 5p each at par There were no other significant non cash transactions during the year ended 30th September 2006

22 DISPOSAL OF SUBSIDIARY UNDERTAKINGS

On 1st October 2005, the company disposed of 100% of the ordinary share capital of Griffin Securities Inc The consolidated results for the year do not include any profit attributable to Griffin Securities Inc (2005 – loss of £544,047)

The fair value of the identifiable assets and liabilities of the US subsidiary at the date of disposal were as follows

	£
Fixed assets	6,893
Investments	2,143
Debtors	306,394
Cash	100,103
Creditors	(86,887)
Goodwill adjustment	100,000
	428,646
Satisfied by	
Cash	429,643
Profit on disposal	997

NOTES TO THE FINANCIAL STATEMENTS

23 FINANCIAL INSTRUMENTS

(a) Policies and risks

The Group's financial instruments comprise equity investments, cash and various items such as trade debtors and trade creditors that arise directly from its operations The main purpose of holding equity investments is to achieve capital growth and realise profits on their disposal

The main risk arising from the Group's financial instruments are liquidity risk and changes in market values The Group has not entered into any derivative transactions The equity investments held by the Group are susceptible to changes in value arising from market factors The performance of each investment and the ability to liquidate it are constantly monitored by the Directors and their advisers

The Group is also subject to foreign exchange risk in respect of its investments in the United States of America The Group does not undertake any foreign exchange hedging activities at present but keeps the risk exposure under review The Directors consider that there is no significant interest rate risk to warrant hedging instruments

Short-term debtors and creditors have been excluded from the disclosures

(b) Interest rate risk profile of financial liabilities

	Total	Fixed rate Financial Liabilities	Floating Rate Financial Liabilities	Weighted Average Interest Rate	Weighted Average Period for which rate is Fixed
At 30 09 2006					
Convertible loan notes	£450,000	£450,000	-	7 2%	1 year
At 30 09.2005					
Convertible Loan Notes	£925,000	£925,000	-	7 2%	1 Year

The interest rates chargeable on the other creditors is Nil% (2005 - Nil%)

(c) Currency profile

The main functional currency of the Group is Pounds Sterling Other than monetary assets or liabilities denominated in the functional currency, some investments are dealt with on the United States stock markets in US Dollars

NOTES TO THE FINANCIAL STATEMENTS

24 FINANCIAL INSTRUMENTS (continued)

(d) Interest rate risk profile of financial assets

	Total	Floating Rate Financial Assets	Equity Investments	Financial assets on which no interest is earned
At 30 09 06				
Currency – US Dollars				
Cash at bank	-	-	-	-
Investments	-	-	-	-
Currency – Pounds Sterling				
Cash at bank	1,284,584	1,284,584	-	-
Investments	1,074,159	-	1,074,159	-
At 30 09 05				
Currency – US Dollars				
Cash at bank	176,461	176,461	-	-
Investments	3,778	-	3,778	-
Currency – Pounds Sterling				
Cash at bank	804,349	804,349	-	-
Investments	923,009	-	923,009	-

Floating rate financial assets comprise cash deposits on overnight deposit at variable short-term rates, ranging from 1 5% to 3 75% The equity investments are held for capital growth and will attract dividends when voted by the investment vehicles

(e) Fair value of financial liabilities and financial assets

	30 09 06		30 09 05	
	Book value £	Fair Value £	Book value £	Fair Value £
Borrowings				
Short-term	(450,000)	(450,000)	(175,000)	(175,000)
Long-term	-	-	(750,000)	(750,000)
Cash	1,284,584	1,284,584	904,451	904,451
Investments	1,074,159	1,074,159	925,152	1,004,951

The fair value of financial assets and liabilities is based on market rates

(f) Borrowing facilities

The Group has no borrowing facilities agreed with its bankers

NOTES TO THE FINANCIAL STATEMENTS

25 CAPITAL COMMITMENTS

The Group had no capital commitments at 30th September 2006 or 30th September 2005

26 RELATED PARTY TRANSACTIONS

The following amounts were due to or from the Group at the year end by companies in which the Group held shares and in which either Stephen Dean or Vincent Nicholls were directors

	2006 Due from/(to) £	2005 Due from/(to) £
Mediterranean Moorings plc	(395)	-
Firenze Ventures plc	(16,362)	-
One Media plc	2,487	-
Red Dragon plc	8,515	-
One Charter plc	(79,625)	-
Pearl Street Holdings plc	1,526,961	1,244,983
Dovedale Ventures plc	(187,274)	-
Avid Holdings plc	2,380	330,250

As part of its normal activities the group forms new investment companies which are floated on AIM or PLUS Markets Until a suitable reverse acquisition can be completed, the directors of Griffin Group plc may also act as directors of these investment companies The group also retains a short-term interest in the share capital of these companies (note 10)

The group makes charges to the investment companies for administration and corporate finance services on a commercial basis Total amounts charged to the investment companies during the year and included in sales amounted to £3,418,165 (2005 - £2,910,700)

The group has also advanced loans to a number of the investment companies Total interest received in respect of these loans amounted to £190,620 (2005 – £131,040)

27 ULTIMATE CONTROLLING PARTY

There is no overall controlling party

NOTES TO THE FINANCIAL STATEMENTS

28 OPERATING LEASE COMMITMENTS

At 30th September 2006, the Group had the following commitments in respect of operating leases

	Land & Buildings 2006 £	Land & Buildings 2005 £
Lease expires		
Within two to five years	-	76,460

The land & buildings commitment above relates to the lease on premises in New York All obligations under this lease were transferred when the US operations were disposed of effective 1st October 2005