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MERIDIAN HOLDINGS INC
Form 10QSB
November 15, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

FORM 10-QSB

(X) QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2004

() TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934

For the Transition Period From _____ to _____

COMMISSION FILE NUMBER: 0-30018

MERIDIAN HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

COLORADO

52-2133742

(State of Other Jurisdiction of
Incorporation or Organization)

(I.R.S. Employer
Identification Number)

900 WILSHIRE BOULEVARD, SUITE 500, LOS ANGELES, CALIFORNIA 90017

(Address of Principal Executive Offices)

(213) 627-8878

(Registrant's telephone number, including area code)

N/A

(Former name, former address and formal fiscal year, if changed since last
report)

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of
1934 during the preceding 12 months and, (2) has been subject to such filing
requirements for the past 90 days. Yes (X) No ()

As of September 30, 2004, Meridian Holdings, Inc., Registrant had
14,370,200 shares of its \$0.001 par value common stock outstanding.

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Third Quarter 2004

MERIDIAN HOLDINGS, INC.

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MERIDIAN HOLDINGS, INC.
Condensed Consolidated Balance Sheets

| ASSETS | As of Sept 30, 2004 (Unaudited) ===== | as of Dec 31 2003 (audited) ===== |
|--|--|--|
| Current assets | | |
| Cash and cash equivalents | \$ 13,815 | \$ 1,218 |
| Restricted Cash (Note 1) | 168,918 | 281,010 |
| Judgement Receivable | 31,422,202 | - |
| Accounts receivable, net of allowance for doubtful accounts of (\$179,812) | 1,697,121 | 1,499,482 |
| Other current assets | 8,302 | 8,302 |
| | ----- | ----- |
| Total current assets | 33,310,358 | 1,790,012 |
| Fixed assets, net of accumulated depreciation | 38,606 | 43,258 |
| Investments | 3,448,564 | 3,448,564 |
| | ----- | ----- |
| Total assets | \$ 36,797,528 ===== | \$ 5,281,834 ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Accounts payable | \$ 404,680 | \$ 233,301 |
| Reserve for incurred but not reported claims | 201,311 | 227,820 |
| Line of credit | 76,209 | 48,912 |
| | ----- | ----- |
| Total current liabilities | 682,200 | 510,033 |
| Long Term liabilities | | |
| Loan from majority stockholder/officer | 38,879 | 189,479 |
| Long-term debt, net of current portion | 263,504 | - |
| | ----- | ----- |
| Total liabilities | 984,584 ===== | 699,512 ===== |
| Commitments and contingencies | | |
| Stockholders' equity | | |
| Preferred stock (20,000,000 shares authorized, par value \$0.001; no shares issued and outstanding) | - | - |
| Common stock (100,000,000 shares authorized, par value | | |

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\$0.001; 14,370,200 shares issued and outstanding as at September 30, 2004 and 9,370,649 as at

| | | |
|--|--------------|--------------|
| December 31, 2003 | 14,370 | 9,370 |
| Additional paid-in capital | 5,526,760 | 5,031,760 |
| Accumulated deficit | 30,271,814 | (458,808) |
| | ----- | ----- |
| Total stockholders' equity | 35,812,944 | 4,582,322 |
| | ----- | ----- |
| Total liabilities and stockholders' equity | \$36,797,528 | \$ 5,281,834 |
| | ===== | ===== |

See accompanying notes to Condensed consolidated financial statements

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MERIDIAN HOLDINGS, INC.
Condensed Consolidated Statements of Operations
(UNAUDITED)

| | Three Months Ended Sept 30, 2004 | 2003 | Nine Months Ended Sept 30, 2004 | 2003 |
|-------------------------------------|-------------------------------------|------------|------------------------------------|--------------|
| | ===== | ===== | ===== | ===== |
| Revenues | | | | |
| HMO Capitation Revenue | \$ 290,495 | \$ 444,006 | \$ 991,316 | \$ 1,399,039 |
| Risk Pool Revenue (Note7) | 113,099 | 185,337 | 429,932 | 572,696 |
| Fee For Service | 54,070 | 1,808 | 55,875 | 2,910 |
| | ----- | ----- | ----- | ----- |
| | 457,664 | 631,151 | 1,477,123 | 1,974,645 |
| General Operating expenses | | | | |
| Cost of Provider Services | 136,616 | 197,746 | 528,989 | 698,538 |
| General and Administrative | 330,990 | 364,607 | 1,129,630 | 1,092,615 |
| | ----- | ----- | ----- | ----- |
| (Loss)/Income from operations | (9,942) | 68,798 | (181,496) | 183,492 |
| | ----- | ----- | ----- | ----- |
| Other income and (expense) | | | | |
| Judgment Award | - | - | 30,687,926 | - |
| Interest on judgment | 269,318 | - | 734,636 | - |
| Stock option issued | - | - | (500,000) | - |
| Other net | (5,173) | (4,066) | (10,678) | (68,992) |
| | ----- | ----- | ----- | ----- |
| Net Other | 264,145 | (4,066) | 30,911,883 | (68,992) |
| | ----- | ----- | ----- | ----- |
| Net Income | 254,203 | 64,732 | 30,730,388 | 114,500 |
| | ----- | ----- | ----- | ----- |
| Earnings per share: | | | | |
| | \$ 0.02 | \$ 0.01 | \$ 2.59 | \$ 0.01 |
| | ===== | ===== | ===== | ===== |
| Weighted average shares outstanding | 14,370,200 | 9,370,649 | 11,870,200 | 9,370,649 |

See accompanying notes to Condensed consolidated financial statements

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MERIDIAN HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
(UNAUDITED)

| | Nine Months Ended Sept 30, 2004 ===== | 2003 ===== |
|---|---|---------------|
| Cash flows from operating activities | | |
| Net income | \$ 30,730,622 | \$ 114,499 |
| Adjustments to reconcile net Loss to net cash used in operating activities: | | |
| Stock option issued | 500,000 | - |
| Depreciation and amortization | 13,570 | 11,353 |
| (Increase) decrease in: | | |
| Restricted cash | 112,092 | (9,981) |
| Judgment receivable | (31,422,202) | - |
| Accounts receivable | (197,639) | (245,155) |
| Other current assets | - | (20,390) |
| Accounts payable | 171,379 | 71,844 |
| Accrued payroll and other | - | (606,650) |
| Incurred but not reported reserve | (26,509) | (49,405) |
| Accrued interest | - | (47,172) |
| Net cash used in operating activities | (118,687) | (781,058) |
| Cash flow from investing activities | | |
| Acquisition of fixed assets | (8,917) | (10,792) |
| Disposition of Fixed Asset | - | 315,002 |
| Investment in Intercare | - | 298,931 |
| Investments in CGI | - | 163,715 |
| Net cash used in investing activities | (8,917) | 766,856 |
| Cash flow from repayment of debt/financing activities | | |
| Borrowings from majority stockholder/officer | (150,600) | - |
| Borrowings on long-term debt | 263,504 | - |

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| | | |
|---|-----------|----------|
| Borrowings on line of credit | 27,297 | - |
| | ----- | ----- |
| Net cash (used in) provided by financing activities | 140,201 | - |
| | ----- | ----- |
| (Decrease) increase in cash and cash equivalents | 12,597 | (14,202) |
| Cash and cash equivalents, beginning of period | 1,218 | 23,040 |
| | ----- | ----- |
| Cash and cash equivalents, end of period | \$ 13,815 | \$ 8,838 |
| | ===== | ===== |

See accompanying notes to Condensed consolidated financial statements

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MERIDIAN HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements

1. General

Basis of Reporting

The interim accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP") for interim financial information and with the instructions to Form 10-QSB. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. For further information, management suggests that the reader refer to the audited financial statements for the year ended December 31, 2003 included in its Annual Report on Form 10-KSB. Operating results for the nine-month period ended September 30, 2004 are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2004.

The interim accompanying unaudited condensed consolidated financial statements include the operations of the Company and its majority-owned subsidiary Corsys Group Limited.

Cash And Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

Nature of Operations

Meridian Holdings, Inc. (the "Company") was incorporated under the laws of the State of Colorado on October 13, 1998. The Company is located in the City of Los Angeles, California, U.S.A. and contracts with physicians to provide health care services primarily within the area of Los Angeles County.

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The Company is an acquisition-oriented holding company focused on building, operating, and managing a portfolio of business-to-business companies. It seeks to acquire majority or controlling interests in companies engaged in e-commerce, e-communication, and e-business services, which will allow the holding company to actively participate in management, operations, and finances. The Company's network of affiliated companies is designed to encourage maximum leverage of information technology, operational excellence, industry expertise, and synergistic business opportunity.

2. Investments

InterCare

On September 18, 1999, the Company acquired 51% of all the outstanding Common Stock of InterCare in exchange for services and assumption of certain debts of InterCare. During fiscal year 2000, additional stock issued by InterCare combined with a dividend distribution by the Company of InterCare stock resulted in a net decrease in the Company's ownership percentage to 32% as at December 31, 2000. A dividend of approximately \$160,800 was recorded reflecting the relative net book value of the Company's investment in InterCare that was distributed to Meridian Holdings, Inc., shareholders as at that time.

On April 10, 2003, the board of directors of the registrant approved the transfer of certain assets of the registrant to Meridian Medical Group, P.C, an affiliated entity, valued at \$675,022, in exchange for forgiveness of \$714,833 debt owed by the registrant. As a result of the above incident, the registrant completely divested itself from InterCare DX, Inc.

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CGI

On December 10, 1999, the Company agreed to acquire a 20% equity interest in CGI for common stock. On December 20, 1999, the board of directors authorized the issuance of 4,000,000 pre-split (adjusted to 12,000,000 post-split) shares of common stock in consideration for the 20% of the interest in CGI. At the date of the transaction, the Company's shares opened at a price of \$3 per share. Between September 1, 1999 and the acquisition date, the Company's stock sold within a range of \$.25 to \$3.25 per share (an average of \$.97 per share). Because of the limited trading history of the Company, the six-month average was deemed to be a fair valuation of the transaction, resulting in a total investment balance of \$3,880,000 as of December 31, 2000 and 1999. The shareholders of CGI were also issued warrants to purchase an additional 1,000,000 pre-split (adjusted to 3,000,000 post-split) shares of common stock at \$2 pre-split share (or approximately \$0.67 on a post-split basis) over a five-year period as a hedge against any fluctuation of the share price of the common stock in the immediate future. These warrants will expire on December 30, 2004, and none have been exercised as of September 30, 2004.

3. Fixed Assets

Fixed assets consist of the following:

| | As of | |
|--|---------------|-------------------|
| | Sept 30, 2004 | December 31, 2003 |
| Computer equipment | \$ 111,155 | \$ 99,934 |
| Leasehold improvements | 6,500 | 6,500 |
| Office furniture, fixtures and equipment | 61,915 | 61,915 |

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| | | |
|-------------------------------|-----------|-----------|
| Software | 25,803 | 25,803 |
| Medical equipment | 6,654 | 6,654 |
| | ----- | ----- |
| | 212,027 | 200,806 |
| Less accumulated depreciation | (173,421) | (155,673) |
| | ----- | ----- |
| | \$ 38,606 | \$ 45,133 |
| | ===== | ===== |

4. Line of Credit

The Company has a \$50,000 line of credit with a financial institution. Related advances bear interest at 11%, and interest is payable monthly. The line of credit expires March 21, 2005.

5. Long-term Debt

The Company has various loans with financial institutions and majority shareholder, with interest rates ranging from 4% to 15% and maturity dates ranging from 2015 to 2024.

6. Risk Pool Agreement

The Company is a party to a Risk Pool Agreement (the "Agreement") with Tenet HealthSystem Hospitals, Inc. ("Tenet"). Pursuant to the Agreement, 50% of the monthly capitation revenue is received directly by the Company, and the remaining 50% is deposited into an escrow account from which Cap-Management Systems, Inc., a subsidiary of Tenet pays all facility related claims expenses, reinsurance expenses, make allowance for IBNR reserve, and retains a management fee, the Company is responsible for 50% of Profit (loss) after all institutional claims reinsurance and management fees are paid, and Incurred But Not Reported ("IBNR") reserve have been accounted for.

These revenues and expenses have been reflected in the accompanying

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consolidated statements of operations for the for the quarters ended September 30, 2004 and 2003 respectively..

The Company has also reflected the monies in the escrow account as of September 30, 2004 and September 30, 2003 as restricted cash in the accompanying Consolidated balance sheets. Additionally, Cap-Management Systems, Inc., provides the Company with an estimate as to the incurred but not reported reserve, which has been recorded as such in the accompanying consolidated balance sheets.

Related party Transaction

On April 26, 2004 the registrant issued 5,000,000 shares of common stock with a fair market value of 0.10 cents per share as of June 30, 2004, to consultant and employees of the registrant, under the 2003 qualified and non-qualified stock option plan, following an S8 registration statement filing with the SEC.

7. Judgment Receivable

On January 8, 2004, a default judgment was entered in favor of the registrant, by the Los Angeles County Superior Court in a case titled Meridian Holdings, Inc. versus Sirius Technologies of America, a Delaware Corporation Case Number BC256860. The amount of the judgment including damages, court cost and punitive damages are \$30,687,926, with a pre-judgment interest at the annual rate of 10%.

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This amount and potential interest has been reflected in the balance sheet and the income statement as a judgment receivable. Management is pursuing all collections options regarding this judgment.

Other Events

In August, 2004, Tenet HealthSystem Hospitals, Inc, (Tenet) announced that it has entered into an agreement to transfer one of the hospitals contracted with CAPNET IPA and County of Los Angeles Community Health Plan to Centinela Freeman HealthSystem. This transaction is expected to close sometime in November 2004. Subsequently, Capnet IPA has signed a release and assignment of the contract with Tenet to Centinela Freeman HealthSystem.

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MERIDIAN HOLDINGS, INC.

THE COMPANY

Meridian Holdings, Inc. (the "Company") was incorporated under the laws of the State of Colorado on October 13, 1998. The Company is located in the City of Los Angeles, California, U.S.A. and contracts with physicians to provide health care services primarily within the area of Los Angeles County.

The Company is an acquisition-oriented holding company focused on building, operating, and managing a portfolio of business-to-business companies. It seeks to acquire majority or controlling interests in companies engaged in e-commerce, e-communication, and e-business services, which will allow the holding company to actively participate in management, operations, and finances. The Company's network of affiliated companies is designed to encourage maximum leverage of information technology, operational excellence, industry expertise, and synergistic business opportunity.

Effective August 1, 2004, the registrant outsourced some of the IPA management

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functions to Cap-Management Systems, a subsidiary of Tenet Healthsystems, while retaining over-site.

SELECTED FINANCIAL DATA

The Company had net working capital of \$ 32,628,158 as at September 30, 2004 compared to \$ 1,279,979 as of December 30, 2003. This represents an increase in working capital of 24.49%. This increase in working capital is attributed primarily to a judgment award (judgment receivable) against Sirius Technologies of America, a Delaware Corporation, et al.

The selected financial data set forth above should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the consolidated financial statements and notes thereto.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS:

The following section contains forward-looking statements that involve risks and uncertainties, including those referring to the period of time the Company's existing capital resources will meet the Company's future capital needs, the Company's future operating results, the market acceptance of the services of the Company, the Company's efforts to develop new products and services, and the Company's planned investment in the marketing of its current services and research and development with regard to future endeavors. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including: domestic and global economic patterns and trends.

LIQUIDITY AND CAPITAL RESOURCES OF THE COMPANY.

We believe that we will be able to fund our capital commitments, operating cash requirements and satisfy our obligations as they become due from a combination of cash on hand, restricted cash as they become available, and expected operating cash flow improvements through HMO premium increases as well as royalties from software licensing.

However, there can be no assurances that these sources of funds will be sufficient to fund our operations and satisfy our obligations as they become due.

Long-term cash requirements, other than normal operating expenses, are anticipated for the continued development of the Company's business plans. The Company will need to raise additional funds from investors in order to complete these business plans.

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If we need additional capital to fund our operations, there can be no assurance that such additional capital can be obtained or, if obtained, that it will be on terms acceptable to us. The incurring or assumption of additional indebtedness could result in the issuance of additional equity and/or debt which could have a dilutive effect on current shareholders and a significant effect on our operations.

RESULTS OF OPERATIONS

THE FINANCIAL RESULTS DISCUSSED BELOW RELATE TO THE OPERATION OF MERIDIAN HOLDINGS FOR THE THREE MONTHS ENDED AND NINE MONTHS ENDED SEPTEMBER 30, 2004 AS COMPARED TO THE THREE MONTHS ENDED AND NINE MONTHS ENDED SEPTEMBER 30, 2003.

REVENUE

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Medical services revenues decreased by 22% from \$444,406 for the three months ended September 30, 2003 to \$ 344,565 for the three months ended September 30, 2004, and decreased by 25% from \$1,399,039 for the nine months ended September 30, 2003 to \$1,047,191 for the nine months ended September 30, 2004. The decrease in revenue for the three and nine months ended September 2004 respectively, is due to decreased membership enrolment in the Capnet IPA physician network.

Risk pool revenue for the three months ended September 30, 2004 was \$113,099, a decrease of 39% compared to \$185,337 for the same period in 2003. For the nine months ended September 30, 2004, risk pool revenue was \$429,932, a decrease of 25 % compared to \$ 572,696 for the nine month ended September 30, 2003. The decrease in risk pool revenue for the three and nine months ended September 2004 was due to decrease in membership enrolment, with concomitant increase in claims expense and in adjustment of IBNR reserve.

We provided managed care services for approximately 45,000 and 75,000 member months (members per month multiplied by the months for which services were available) during the nine months ended September 30, 2004 and 2003, respectively.

The decrease in member months was due to disenrollment of Medi-Cal members following the ongoing State of California Department of Health Services Medi-Cal membership redetermination efforts.

Revenue generated by our managed care entities under our contracts with HMOs as a percentage of medical services revenue was approximately 80% and 96%, respectively, during the nine months ended September 30, 2004 and 2003. Revenue generated by the Los Angeles County Community Health Plan ("CHP") Contracts was 80% and 99% of medical services revenue for the nine months ended September 30, 2004 and 2003, respectively.

Management is the process of launching the International Preferred Provider Network program, through the Meridian Health Systems division, which will be official launched during the fourth quarter of 2004, which we believe will significantly enhance our revenue generation.

EXPENSES

Of the \$330,990 General Operating expenses for the three months ended September 30, 2004, \$136,616 was paid for the cost of provider services, which consist of capitation payments to our contracted primary care providers or 47% of medical services revenue after giving account to IBNR reserves, compared to \$197,746 or 45% of medical services revenue for the three month period ended September 30, 2003.

General and administrative expenses were \$ 330,990 or 72 % of total revenues and \$364,607 or 58% of total revenues, for the three months ended September 30, 2004 and September 30, 2003 respectively and \$1,129,630 or 76% of total revenues compared to \$1,092,615 or 55% of total revenues for the nine months
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ended September 30, 2004 and 2003 respectively. Medical claims expenses, for the nine month period ended September 30, 2004 were \$387,517 or 26% of medical services revenue, compared to \$482,314 or 24% of medical services revenue for the nine month period ended September 30, 2003.

For the three months ended September 30, 2004, payroll and employee benefits for administrative personnel was \$148,403 or 32% of total revenues, compared to \$147,131 or 23% of revenue for comparable period in 2003.

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Payroll and employee benefits for administrative personnel was \$456,830 for the nine months ended September 30, 2004, or 30% of total revenues, compared to \$375,320 or 19% of revenue for comparable period in 2003. The increase in employee payroll expenses was due to hiring additional support staff.

INCOME/LOSS FROM OPERATIONS

For the quarter ended September 30, 2004, the Company recorded a net income of \$254,203, compared to a net income of \$64,732 for the same period in 2003. The Increase in net income for this quarter is due to recognition of 10% interest from the judgment amount.

For the nine months ended September 30, 2004, the company reported a net income of \$30,730,388, compared to a net income of \$114,500 for comparable period in 2003. The increase in net income for nine months ended September 30, 2004 is Due to recognition of \$30,687,927 judgment award and \$734,636 (10%) interest income of the judgment amount. Mangement is currently pursuing all its available options regarding collections of this judgment.

CERTAIN FACTORS AFFECTING FUTURE OPERATING RESULTS

This Form 10-QSB contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. When used in this Form 10-Q, the words "believe," "anticipate," "think," "intend," "plan," "will be," and similar expressions, identify such forward-looking statements. Such statements regarding future events and/or the future financial performance of our Company are subject to certain risks and uncertainties, which could cause actual events or our actual future results to differ materially from any forward-looking statement. Certain factors that might cause such a difference are set forth in our Form 10-K for the period ended December 31, 2003, including the following: our success or failure in implementing our current business and operational strategies; the availability, terms and access to capital and customary trade credit; general economic and business conditions; competition; changes in our business strategy; availability, location and terms of new business development; availability and terms of necessary or desirable financing or refinancing; labor relations; the outcome of pending or yet-to-be instituted legal proceedings; and labor and employee benefit costs.

Medical claims payable include estimates of medical claims expenses incurred by our members but not yet reported to us. These estimates are based on a number of factors, including our prior claims experience and pre-authorizations of treatment. Adjustments, if necessary, are made to medical claims expenses in the period the actual claims costs are ultimately determined. We cannot assure that actual medical claims costs in future periods will not exceed our estimates. If these costs exceed our estimates, our profitability in future periods will be adversely affected.

Pursuant to the Medicaid program, the federal government supplements funds provided by the various states for medical assistance to the medically indigent. Payment for such medical and health services is made to providers in an amount determined in accordance with procedures and standards established by state law under federal guidelines. Significant changes have been and may continue to be made in the Medicaid program which could have an adverse effect on our financial condition, results of operations and cash flows.

During certain fiscal years, the amounts appropriated by state legislatures for payment of Medicaid claims have not been sufficient to reimburse providers for services rendered to Medicaid patients. Failure of a state to pay Medicaid claims on a timely basis may have an adverse effect on our cash flow, results

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of operations and financial condition.

PLAN OF OPERATIONS

The Company intends to embark on more aggressive marketing campaign to increase the enrollment of membership into its Capnet IPA Healthy Family Program contract with the County of Los Angeles Community Health Plan. There can be no assurance that such an effort will materialize in any meaningful results.

The Company through it's CGI Communications, Services, Inc., has embarked on a global telemedicine initiative, which we believe will expand our operational network to key strategic countries all over the world, and will increase our operational capacity and revenues.

Management is the process of launching the International Preferred Provider Network program, through the Meridian Health Systems division, which will be official launched during the fourth quarter of 2004, which we believe will significantly enhance our revenue generation.

In August, 2004, Tenet HealthSystem Hospitals, Inc, (Tenet) announced that it has entered into an agreement to transfer one of the hospitals contracted with CAPNET IPA and County of Los Angeles Community Health Plan to Centinela Freeman HealthSystem. This transaction is expected to close sometime in November 2004. Subsequently, Capnet IPA has signed a release and assignment of the contract with Tenet to Centinela Freeman HealthSystem.

PART II - OTHER INFORMATION

LEGAL PROCEEDINGS

On January 8, 2004, a default judgment was entered in favor of the registrant, by the Los Angeles County Superior Court in a case titled Meridian Holdings, Inc. Versus Sirius Technologies of America a Delaware Corporation Case number BC256860. The amount of the judgment including damages, court cost and punitive damages is \$30,687,926, with a pre-judgment interest at the annual rate of 10%. This amount has been reflected in both the balance sheet and income statement of the registrant as a judgment receivable. Management is pursuing all collections options regarding this judgment.

From time to time, we may be engaged in litigation in the ordinary course of our business or in respect of which we are insured or the cumulative effect of which litigation our management does not believe may reasonably be expected to be materially adverse. With respect to existing claims or litigation, our management does not believe that they will have a material adverse effect on our consolidated financial condition, results of operations, or future cash flows.

Item 6. Exhibits and Reports on Form 8-K

- 31.1 Certification pursuant to Section 302 of The Sarbanes-Oxley Act of 2002 of Anthony C. Dike
- 31.2 Certification pursuant to Section 302 of The Sarbanes-Oxley Act of 2002 of Michelle Nguyen
- 32.1 Certification pursuant to Section 906 of The Sarbanes-Oxley Act of 2002 of Anthony C. Dike and Michelle Nguyen

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SIGNATURE

Pursuant to the requirements of Section 12 of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: November 15, 2004

By: /s/ Anthony C. Dike

Signature

Anthony C. Dike
Chief Executive officer

EXHIBIT 31.1

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Anthony C. Dike, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Meridian Holdings, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

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Date: November 15, 2004

By: /s/ Anthony C. Dike
Anthony C. Dike
Chairman and CEO (Principal Executive Officer)

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EXHIBIT 31.2

CERTIFICATION PURSUANT TO SECTION 302
OF THE SARBANES-OXLEY ACT OF 2002

I, Michelle Nguyen, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Meridian Holdings, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and we have:

a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

c) disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record,

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process, summarize and report financial information; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2004

By: /s/Michelle Nguyen
(Principal Financial Officer)

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Exhibit 32.1

CERTIFICATION PURSUANT TO SECTION 906
OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of Meridian Holdings, Inc. (the "Company") on Form 10-QSB for the period ending September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), we, Anthony C. Dike, the Chief Executive Officer, and Ms. Michelle Nguyen, Interim Chief Financial Officer, of the Company, certify, pursuant to 18 U.S.C. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Meridian Holdings, Inc., and will be retained by Meridian Holdings, Inc., and furnished to the Securities and Exchange Commission or its staff upon request.

DATE: November 15, 2004

By: /s/ Anthony C. Dike

Anthony C. Dike
Chairman and CEO

By: /s/ Michelle Nguyen

Interim Chief Financial Officer

