



GALLEON HOLDINGS PLC

Interim results for the six months ended 31 March 2006

Highlights:

- Turnover increased by 34% to £743K for the 6 months to March 2006 compared with the same period last year (31 March 2005: £553K)
- Operating loss of 453k for the 6 months ended 31 March 2006 (31 March 2005: £193k)
- New management team in place
- Group gears up for growth

David Wong, Chairman, Galleon Holdings plc commented:

The last year has seen the new management team focus the business on two key areas, Galleon Entertainment and Croco Worldwide Sourcing. In doing so, the operations of the company have now moved to London with the company gearing up for continued growth. Galleon has already managed to grow its revenue by 34% in the 6 months to March 2006 compared with the same period last year and has built an infrastructure that will deliver strong growth through to the end of the year and for the future. As a result of this we have seen an increase in overhead in the first half of this year which has had a negative impact on operation profit in the short term.

Galleon Entertainment now has a balanced portfolio of entertainment properties:

- 'Mysti' continues to rate strongly on the BBC(UK) and series 3 is currently in development
- 'Skunk Fu!' is in full production with 52 episodes targeted for delivery to air in 2007 on the BBC(UK), Super RTL(Germany), Canal J(France) and other European territories. Advanced discussions are in place for other key territories including the US and Australia.
- The company has developed a strong 'slate' of development projects

Croco Worldwide is seeing real organic growth:

- Croco continues to gain new global FMCG customers
- The divisions order book is looking strong through to the end of this financial year and into 2007
- Key members of staff have been recruited to ensure continued growth in sales and operations capacity

Galleon's ability to create, develop and manage children and family targeted entertainment, coupled with our strong commercial relationships with the world's leading broadcasters, global food companies and consumer products partners, is building Galleon's position into an innovative and imaginative global children's and family intellectual property business.

David Wong
CHAIRMAN

28th June 2006

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PROFIT AND LOSS ACCOUNT

For the six months ended 31 March 2006

		Six months ended 31 March 2006	Six months ended 31 March 2005	Year ended 30 September 2005
	Note	Unaudited £'000	Unaudited £'000	Audited £'00
Turnover		743	553	1,135
Cost of sales		(521)	(302)	(1,024)
Gross profit		222	251	111
Other administrative expenses		(583)	(412)	(1,450)
Amortisation of goodwill		(92)	(32)	(77)
Administrative expenses		(675)	(444)	(1,527)
Operating loss		(453)	(193)	(1,416)
Share of operating profit of associate		3	2	1
Net interest		(14)	(6)	(11)
Loss on ordinary activities before Taxation		(464)	(197)	(1,426)
Tax on loss on ordinary activities	2	-	-	-
Loss on ordinary activities after taxation and loss for the financial period		(464)	(197)	(1,426)
Basic loss per ordinary share	3	(1.1)p	(1.1)p	(7.1)p

There were no recognised gains or losses other than the loss for the period.

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CONSOLIDATED BALANCE SHEET AT 31 MARCH 2006

	31 March 2006 Unaudited £000's	31 March 2005 Unaudited £000's	30 September 2005 Audited £000's
Fixed assets			
Intangible assets			
Goodwill	2,162	715	753
Other	13	93	2
	2,175	808	755
Tangible assets	25	36	29
Investments			
Joint venture			
Share of gross assets	735	734	735
Share of gross liabilities	(736)	(736)	(736)
	(1)	(2)	(1)
Associates	(18)	(19)	(21)
Other investments	29	29	29
	10	8	7
	2,210	852	791
Current assets			
Stocks and work in progress	501	215	173
Debtors due within one year	371	607	377
Debtors due after more than one year	100	303	100
Cash at bank and in hand	398	315	220
	1,370	1,440	870
Creditors: amounts falling due within one year	(1,037)	(912)	(1,026)
Net current assets/(liabilities)	333	528	(156)
Total assets less current liabilities	2,543	1,380	635
Creditors: amounts falling due after more than one year	(250)	(2)	-
Provisions for liabilities and charges	(12)	(12)	(12)
Net assets	2,281	1,366	623
Capital and reserves			
Called up share capital	494	198	279
Shares to be issued	2	2	2
Share premium account	4,882	2,780	2,975
Capital redemption reserve	9,601	210	9,601
Other reserves	-	9,601	210
Profit and loss account	(12,908)	(11,215)	(12,444)
Shareholders' funds	2,281	1,366	623

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CONSOLIDATED BALANCE SHEET AT 31 MARCH 2006

	Note	Six months ended 31 March 2006 Unaudited £'000	Six months ended 31 March 2005 Unaudited £'000	Year ended 30 Sept 2005 Audited £'000
Net cash outflow from operating activities	5	(696)	(880)	(1,407)
Returns on investments and servicing of finance				
Interest paid		(14)	(6)	(10)
Hire purchase interest		-	-	(1)
Net cash outflow from returns on investments and servicing of finance		(14)	(6)	(11)
Capital expenditure				
Purchase of tangible fixed assets		(2)	(4)	(7)
Net cash outflow from capital expenditure		(2)	(4)	(7)
Acquisitions				
Purchase of subsidiary undertaking		(301)	-	-
Purchase of intangible fixed assets		(12)	-	-
Net cash flow from acquisitions		(313)	-	-
Net cash outflow before financing		(1,025)	(890)	(1,425)
Financing				
Issue of shares		1,428	1,214	1,616
Expenses paid in connection with share issues		(28)	(66)	(66)
Receipts from borrowings		-	-	(3)
Capital element of finance leases		-	-	(1)
Net cash inflow from financing		1,400	1,148	1,546
Increase in cash		375	258	121

1 RESULTS

The results for the six months ended 31 March 2006 are neither audited nor reviewed and do not constitute statutory accounts within the meaning of the Companies (Northern Ireland) Order 1986. They have been prepared on the basis of accounting policies consistent with those used in the annual accounts for the year ended 30 September 2005. The statutory accounts for the year ended 30 September 2005 have been given an unqualified audit report and have been filed with the Registrar of Companies. The interim accounts for the six months to 31 March 2005 were unaudited.

2 TAXATION

In view of the Group's tax losses carried forward, there is no tax charge included in the twelve months under review.

3 LOSS PER SHARE

Loss per share has been calculated in accordance with FRS14 based on 42,579,452 ordinary shares of 1 pence each being the weighted average of those in issue during the six months ended 31 March 2006 (31 March 2005: 17,848,044 ordinary shares of 1 pence each).

4 DIVIDENDS

The Company will not be declaring an interim dividend.

5 NOTE TO THE CASH FLOW STATEMENT

Reconciliation of operating loss to net cash outflow from operating activities:-

	Six months ended 31 March 2006 Unaudited £'000	Six months ended 31 March 2005 Unaudited £'000	Year ended 30 September 2005 Audited £'000
Operating loss	(453)	(193)	(1,416)
Depreciation of tangible fixed assets	5	5	15
Amortisation of intangible fixed assets	1	-	92
Amortisation of goodwill	92	32	77
Increase in work in progress	(328)	(57)	(15)
Decrease/(increase) in debtors	6	(466)	(33)
Decrease in creditors	(41)	(327)	(254)
Shares allotted to settle expenses and debt	22	126	126
Net cash outflow from operating activities	(696)	(880)	(1,408)