



GALLEON HOLDINGS PLC

Interim results for the six months ended 31 March 2007

Highlights:

- Turnover has tripled to £2,360K for the 6 months to March compared with the same period last year (31 March 2006: £743K)
- Operating loss reduced to £288K for the 6 months ended 31 March 2007 (31 March 2006: £490K)
- Entertainment Division gears up for launch of Apollo's Pad and Skunk fu! in Q3/Q4 2007
- Product Division builds strong relationship with PepsiCo and Kraft
- Group gears up for growth

David Wong, Chairman, Galleon Holdings plc commented:

I am delighted to see the strong foundations for growth that the management team has built in the past 12 months. Our strategy of growing our product division organically whilst building a portfolio of entertainment based IP has resulted in strong revenue growth in the period and, despite investing in new entertainment content, a reduction of operating loss in the same period.

Galleon Entertainment now has a balanced portfolio of entertainment properties:

- 'Mysti' series 2 has just concluded its run on CBBC and we have some strong interest to develop the brand as a Feature Film.
- 'Skunk Fu!' is now on air in Australia on ABC and is due to be aired in 30 territories in 2007 and 2008 including the UK(BBC), Germany(Super RTL) and France(France 5).Galleon controls licensing and merchandising rights on this animated children's property for the world excluding Germany and owns a share of the IP.
- 'Apollo's Pad', the 16-24 year old targeted music meets comedy property is going live in the final quarter of 2007.
- 'Sokator-442' the kid targeted soccer meets sci-fi multiplatform property has received presale offers from two territories and is poised to go into production later in 2007.

Croco Worldwide is seeing real organic growth:

- Croco's Blasterz product rolls out across Frito-Lay's European territories
- The divisions order book is looking strong through to the end of this financial year and into 2008
- Key members of staff have been recruited to ensure continued growth in sales and operations capacity

Galleon is now poised to take advantage of changes in the entertainment landscape with the shift towards multi-platform properties with the emergence of online and mobile as entertainment channels with 'Apollo's Pad', the property that we have developed with Sony BMG, going into market later this year. This has opened up some interesting opportunities for us in developing markets like China with its already substantial mobile phone market. With this in mind the company will seek acquisition opportunities in the next 12 months to build our competency in multi-platform entertainment based IP and to provide access to these developing markets.

David Wong
CHAIRMAN
19th June 2007

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PROFIT AND LOSS ACCOUNT

For the six months ended 31 March 2007

	Note	Six months ended 31 March 2007 Unaudited £'000	Six months ended 31 March 2006 (As restated) Unaudited £'000	Year ended 30 September 2006 (As restated) Audited £'000
Turnover		2,360	743	1,318
Cost of sales		<u>(1,939)</u>	<u>(521)</u>	<u>(1,096)</u>
Gross profit		421	222	222
Other administrative expenses		(592)	(620)	(1,354)
Amortisation of goodwill		(117)	(92)	(84)
Administrative expenses		(709)	(712)	(1,438)
Operating loss		(288)	(490)	(1,216)
Share of operating profit of associate		4	3	3
Net interest		(115)	(14)	(41)
Loss on ordinary activities before Taxation		(399)	(501)	(1,254)
Tax on loss on ordinary activities	2	-	-	-
Loss on ordinary activities after taxation and loss for the financial period	4	(399)	(501)	(1,254)
Basic loss per ordinary share	3	(0.8)p	(1.2)p	(2.7)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 2007

	31 March 2007	31 March 2006 (As restated)	30 September 2006 (As restated)
Note	Unaudited £'000	Unaudited £'000	Audited £'000
Fixed assets			
Intangible assets			
Goodwill	627	2,162	669
Other	1,648	13	1,732
	<u>2,275</u>	<u>2,175</u>	<u>2,401</u>
Tangible assets	10	25	14
Investments			
Joint venture			
Share of gross assets	735	735	735
Share of gross liabilities	(736)	(736)	(736)
	(1)	(1)	(1)
Associates	(13)	(18)	(17)
Other investments	2	29	2
	<u>(12)</u>	<u>10</u>	<u>(16)</u>
	<u>2,273</u>	<u>2,210</u>	<u>2,399</u>
Current assets			
Stocks and work in progress	379	501	242
Debtors due within one year	952	471	147
Cash at bank and in hand	360	398	379
	<u>1,691</u>	<u>1,370</u>	<u>768</u>
Creditors: amounts falling due within one year	<u>(2,779)</u>	<u>(1,037)</u>	<u>(1,061)</u>
Net current (liabilities)/assets	<u>(1,088)</u>	<u>333</u>	<u>(293)</u>
Total assets less current liabilities	<u>1,185</u>	<u>2,543</u>	<u>2,106</u>
Creditors: amounts falling due after more than one year	-	(250)	(550)
Provisions for liabilities and charges	(12)	(12)	(12)
Net assets	<u>1,173</u>	<u>2,281</u>	<u>1,544</u>
Capital and reserves			
Called up share capital	494	494	494
Shares to be issued	-	2	-
Share premium account	4,882	4,882	4,882
Capital redemption reserve	9,601	9,601	9,601
Other reserves	210	210	210
Share based payment reserve	83	37	55
Profit and loss account	(14,097)	(12,945)	(13,698)
Shareholders' funds	<u>1,173</u>	<u>2,281</u>	<u>1,544</u>

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CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 March 2007

	Note	Six months ended 31 March 2007 Unaudited £'000	Six months ended 31 March 2006 Unaudited £'000	Year ended 30 September 2006 Audited £'000
Net cash outflow from operating activities	5	(727)	(696)	(707)
Returns on investments and servicing of finance				
Interest paid		(12)	(14)	(42)
Net cash outflow from returns on investments and servicing of finance		<u>(12)</u>	<u>(14)</u>	<u>(42)</u>
Capital expenditure				
Purchase of tangible fixed assets		-	(2)	(7)
Purchase of intangible fixed assets		(10)	(12)	(192)
Net cash outflow from capital expenditure		<u>(10)</u>	<u>(14)</u>	<u>(199)</u>
Acquisitions				
Purchase of subsidiary undertaking		-	(301)	(301)
Net cash outflow from acquisitions		<u>-</u>	<u>(301)</u>	<u>(301)</u>
Net cash outflow before financing		(749)	(1,025)	(1,249)
Financing				
Issue of shares		-	1,428	1,428
Expenses paid in connection with share issues		-	(28)	(28)
Receipts from borrowings		500	-	300
Net cash inflow from financing		<u>500</u>	<u>1,400</u>	<u>1,700</u>
(Decrease)/increase in cash		<u>(249)</u>	<u>375</u>	<u>451</u>

1 RESULTS

The results for the six months ended 31 March 2007 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 2006 except that the company has adopted for the first time FRS 20 'share based payment'. The results for the period ended 31 March 2006 and the year ended 30 September 2006 have been restated to make provision for share based payments of £37,000 and £55,000 respectively, with the corresponding entry being to a share based payment reserve. The statutory accounts for the year ended 30 September 2006 were unqualified and have been filed with the Registrar of Companies. The interim accounts for the six months to 31 March 2006 were unaudited.

2 TAXATION

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

3 LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the period attributable to shareholders of £399,000 (six months ended 31 March 2006: £501,000, year ended 30 September 2006: £1,254,000) divided by the weighted average number of shares of 49,439,342 (six months ended 31 March 2006: 42,579,452, year ended 30 September 2006: 45,974,861). The effect of the share options is anti-dilutive.

4 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Six months ended 31 March 2007 Unaudited £'000	Six months Ended 31 March 2006 (As restated) Unaudited £'000	Year ended 30 September 2006 (As restated) Audited £'000
Loss for the financial period	(399)	(501)	(1,254)
Issue of shares	-	2,122	2,122
Shares to be issued no longer due	-	-	(2)
Share based payment charge	28	37	55
Net (decrease)/increase in shareholders funds	(371)	1658	921
Shareholders' funds brought forward	1,544	623	623
Shareholders' funds carried forward	1,173	2,281	1,544

5 RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	Six months ended 31 March 2007 Unaudited £'000	Six months ended 31 March 2006 (As restated) Unaudited £'000	Year ended 30 September 2006 (As restated) Audited £'000
Operating loss	(288)	(490)	(1,216)
Loss on disposal of tangible fixed assets	-	-	10
Provision against fixed asset investments	-	-	27
Depreciation of tangible fixed assets	4	5	13
Amortisation of intangible fixed assets	19	1	137
Release of provision for shares to be issued	-	-	(2)
Amortisation of goodwill	117	92	84
Increase in work in progress	(137)	(328)	(69)
(Increase)/decrease in debtors	(805)	6	329
Increase/(decrease) in creditors	335	(41)	(97)
Share based payments	28	37	55
Shares allotted to settle expenses and debt	-	22	22
Net cash outflow from operating activities	<u>(727)</u>	<u>(696)</u>	<u>(707)</u>