



Date: 25 June 2009  
On behalf of: Galleon Holdings plc ('Galleon' or the 'Group')  
Embargoed until: 0700hrs

## **GALLEON HOLDINGS PLC**

### **Interim results for the six months ended 31 March 2009**

Galleon Holdings plc (AIM: GON), the AIM listed entertainment media company developing and producing multi-platform properties with a focus on emerging markets, is pleased to announce its interim results for the six months ended 31 March 2009.

#### **Highlights:**

- Profit before tax\* of £0.64 million compared to £0.44 million for same period last year, an increase of 45%
- Turnover increased by £9.6million to £15.4 million (H1 2008: £5.8 million)
- EBITDA of £0.80 million compared to £0.48 million for the same period last year
- Entertainment revenues of £11.1 million compared to £1.1 million for the same period last year
- Continued expansion of operations in China
- Global roll out of Super Soccer Star, following successful series in China and Malaysia, property now licensed in 47 territories

\*Adjusted profit before tax is before charges for the impairment of goodwill and share option expense.

#### **Post period end:**

- Placing raised £3.85 million(gross) to accelerate growth in Galleon's established and profitable media business in China

#### **Commenting on the first half results, David Wong, Chairman, Galleon Holdings plc, said:**

*"The first six months of this financial year has seen the continued growth of our business in China, with particular progress made in the media sector. We have demonstrated the effectiveness of our strategy to develop Multi-Platform Entertainment properties to be launched in China and subsequently rolled out to other territories. We continue to develop new ideas and now have more projects in hand than ever before, all of which have the same global potential as Super Soccer Star."*

**- Ends -**

#### **Enquiries:**

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#### **Chairman's Statement**

I am delighted to see the Group continue to grow its profits and revenues, with the success of the entertainment business and expansion of operations in China being particularly pleasing.

Our strategy for the entertainment division has been to focus on developing multi-platform entertainment properties (“MEPs”) that can be launched in China and then exported into multiple territories across the rest of the world. Owning and controlling the mobile distribution channel in China through our mobile service provider Yunbo has allowed us to play a more strategic role in the exploitation of our entertainment content in the market as well as generating additional revenues from activities. The growth of our mobile operations business has been rapid and we see further opportunity to continue this growth, particularly in the area of mobile games. This coupled with our extensive relationships with TV and media partners in China provides a solid launch pad for global MEPs. This is a major strategic benefit for the Group. The multi-platform model generates a good mix of income across numerous revenue streams, such as online, mobile, TV, advertising and sponsorship. This flexibility in terms of revenue channels enables each property to be supported by a robust commercial plan for a wide variety of territories where different channels have different emphasis and importance. This is evident in the success of Super Soccer Star and its global roll out.

## **Entertainment**

Super Soccer Star continues to be a growth opportunity for us. Following its launch in China and strong ratings in Malaysia, we have now concluded deals in the first half of the year to take the property into India, North Africa, Russia, Eastern Europe, Scandinavia, Middle East and Vietnam. These deals are structured so that we secure a non refundable advance for the rights and also receive a percentage of the net profits. This serves to minimise the risk to our business and allows us to accelerate the growth of the brand by working with established partners on a local territory level. An example of the calibre of our partners is IMG, the global sports and entertainment company, which acts as a distributor for the property in a number of territories. The success of the property has also consolidated our position with Chelsea Football Club, with the extension of our agreement into a long term strategic partnership. For the remainder of the year we are focusing on a second series in China, to be broadcast nationally, and further sales into the US, Asia and Africa.

The success of Super Soccer Star has resulted in a number of potential partners for a second franchise both within China and also in International markets. Currently we have three “Super X Franchise” properties in discussion based on other lifestyle themes like sport, fashion and well being.

Our China operations give us good visibility of the fast growing online games market in China and the rest of the world. We have seen how strong the online games component can be as a part of an MEP with Super Soccer Star Malaysia, where an online viral game has generated 4 million unique users. We are creating significant online and mobile audiences and can see an opportunity to offer digital games to these consumers. In the last six months we have taken steps to move deeper into this rapidly growing market both in China and the rest of the world.

As a first step we launched Sokator-442, a soccer based fantasy MEP, as an online game which will be cross-promoted with the large online audiences created by Super Soccer Star around the world. Separately to this we are in discussions in China about supporting the game through the co-production of animated content for mass distribution to TV and cinema.

Online games will form a significant part of our development of current and future MEPs. For example we are exploring an online game for Skunk fu! to capitalise on the worldwide awareness generated by the TV show.

There has been a huge reaction to Apollo’s Pad since it was aired by Canadian broadcaster Bite TV over the last month where it has been their highest rated show and one of the most popular website properties.

## **Croco Worldwide**

Croco Worldwide is our global toy division, focused on designing and manufacturing innovative bespoke in-pack premiums for global FMCG companies. This division has successfully managed its way through some challenges in the first half of the year with the fluctuations in oil prices and currency that greatly affected the cost of materials and the global slowdown causing many of its customers to delay ordering product. This has been achieved by diversifying the customer base and also the geographical reach, which has been successfully extended into India and Asia. The result is that, although margins were affected in the first six months, both margins and revenue growth for the second half are back on track.

Apart from growing this business organically through product sales we are also looking at combining our product based promotions with the mobile and online digital games content that we have within the Group. This mix of product and digital content is very compelling for our large branded partners and also allows us to approach other brands and clients that we have not been able to target to date.

## **Current Trading & Outlook**

We are pleased that in the first half we have grown in line with market expectations. Our entertainment business continues to expand in terms of revenues, not just geographically, but also by platform and channel. During the first six months of the year we have established ourselves as a company that can successfully launch an MEP in China and take that to the rest of the world. This leaves us in a unique position with partners in China and International markets eager for further content. The funds raised in the Placing earlier this month will enable us accelerate our growth in

China and react quickly to the increasing number of opportunities that exist for our business and we anticipate another successful outcome for the year.

*David Wong*  
CHAIRMAN  
25 June 2008

## **INDEPENDENT REVIEW REPORT TO GALLEON HOLDINGS PLC**

### **INTRODUCTION**

We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 31 March 2009 which comprises the consolidated income statement, consolidated statement of changes in equity, consolidated balance sheet, consolidated cash flow statement and related notes 1 to 8. We have read the other information contained in the interim report which comprises only the Chairman's statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, "Review of Interim Financial Information performed by the Independent Auditor of the Entity". Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a

review 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, for our review work, for this report, or for the conclusion we have formed.

## **DIRECTORS' RESPONSIBILITIES**

The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the interim figures are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with the basis of preparation.

## **OUR RESPONSIBILITY**

Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

## **SCOPE OF REVIEW**

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, Review of Interim Financial Information Performed by the Independent Auditor of the Entity issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **CONCLUSION**

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial information in the half-yearly financial report for the six months ended 31 March 2009 is not prepared, in all material respects, in accordance with the International Accounting Standard 34, as adopted by the European Union and the basis of accounting described in note 2.

GRANT THORNTON UK LLP  
AUDITOR

Birmingham  
25 June 2009

**GALLEON HOLDINGS PLC**

**CONSOLIDATED INCOME STATEMENT**

For the six months ended 31 March 2009

	Note	<b>Unaudited Six months ended 31 March 2009 £'000</b>	Unaudited Six months ended 31 March 2008 £'000	Audited Year ended 30 September 2008 £'000
<b>Revenue</b>	3	<b>15,414</b>	5,794	12,125
Cost of sales		<b>(13,122)</b>	(4,124)	(8,433)
<b>Gross profit</b>		<b>2,292</b>	1,670	3,692
Administrative expenses		<b>(1,783)</b>	(1,429)	(3,252)
<b>EBITDA</b>		<b>803</b>	480	1,056
Depreciation, amortisation and impairment		<b>(294)</b>	(239)	(616)
<b>Profit from operations</b>		<b>509</b>	241	440
Finance income		<b>67</b>	154	289
Finance costs		<b>(2)</b>	(40)	(8)
<b>Profit before taxation</b>		<b>574</b>	355	721
Taxation expense	4	<b>(112)</b>	(71)	(285)
<b>Profit for the financial period</b>		<b>462</b>	284	436
<b>Earnings per share</b>				
- Basic	5	<b>0.4p</b>	0.3p	0.5p
- Diluted	5	<b>0.3p</b>	0.3p	0.3p

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 31 MARCH 2009

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Capital redem £'000	Other reserv £'000	Foreign excl £'000	Retained ea £'000	Total equity £'000
At 30 September 2007 (Audited)	648	6,650		9,601	210	-	(14,276)	2,833
Profit for the year	-	-		-	-	-	436	436
Issue of share capital	350	9,977	5,86	-	-	-	-	16,191
Cost of issue of share capital	-	(209)		-	-	-	-	(209)
Foreign Exchange Reserve	-	-		-	-	182	-	182
Share based payments	-	-		-	-	-	79	79
At 30 September 2008 (Audited)	998	16,418	5,86	9,601	210	182	(13,761)	19,512
Profit for the period	-	-		-	-	-	462	462
Foreign exchange differences	-	-		-	-	3,269	-	3,269
Issue of share capital	106	2,418	2,10	-	-	-	-	4,629
Deferred consideration paid	-	-	(2,45)	-	-	-	-	(2,454)
Share based payments	-	-		-	-	-	62	62
<b>At 31 March 2009 (Unaudited)</b>	<b>1,104</b>	<b>18,836</b>	<b>5,51</b>	<b>9,601</b>	<b>210</b>	<b>3,451</b>	<b>(13,237)</b>	<b>25,480</b>

**GALLEON HOLDINGS PLC**

**CONSOLIDATED BALANCE SHEET**

For the six months ended 31 March 2009

		<b>Unaudited 31 March 2009 £'000</b>	Unaudited 31 March 2008 £'000	Audited 30 September 2008 £'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment		<b>494</b>	251	371
Available for sale investments	6	<b>245</b>	-	-
Intangible assets	7	<b>16,300</b>	13,375	11,950
Other receivables		<b>2,262</b>	1,050	1,866
		<b>19,301</b>	14,676	14,187
<b>Current assets</b>				
Inventories		<b>4,022</b>	1,784	3,934
Trade and other receivables		<b>5,176</b>	1,520	3,637
Cash and cash equivalents		<b>1,503</b>	4,358	1,324
		<b>10,701</b>	7,662	8,895
<b>Total assets</b>		<b>30,002</b>	22,338	23,082
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables		<b>3,881</b>	1,488	2,940
Provisions		-	276	-
Corporation Tax		<b>283</b>	1,779	233
		<b>4,164</b>	3,543	3,173
<b>Non-current liabilities</b>				
Deferred Tax		<b>358</b>	-	397
		<b>358</b>	-	397
<b>Total liabilities</b>		<b>4,522</b>	3,543	3,570
<b>EQUITY</b>				
Share capital	8	<b>1,104</b>	998	998
Shares to be issued	8	<b>5,515</b>	5,221	5,864
Reserves		<b>18,861</b>	12,576	12,650
<b>Equity interests attributable to equity holders of the company</b>		<b>25,480</b>	18,795	19,512
<b>Total equity and total liabilities</b>		<b>30,002</b>	22,338	23,082

**GALLEON HOLDINGS PLC**

**CONSOLIDATED CASH FLOW STATEMENT**

For the six months ended 31 March 2009

	<b>Unaudited Six months ended 31 March 2009 £'000</b>	Unaudited Six months ended 31 March 2008 £'000	Audited Year ended 30 September 2008 £'000
<b>Operating activities</b>			
Profit for the period	462	284	436
Taxation	112	71	285
Finance net income	(65)	(114)	(281)
Loss on sale of property, plant and equipment	-	-	2
Depreciation of property, plant and equipment	91	24	169
Amortisation of intangible assets and impairment of goodwill	203	215	447
(Increase) in inventories	(88)	(1,026)	(3,176)
(Increase) in trade and other receivables	(1,539)	(862)	(2,212)
Increase/(decrease) in trade and other payables	996	(160)	2,016
Share based payments	63	29	79
Foreign exchange loss/(gain)	200	(36)	171
	<u>435</u>	<u>(1,575)</u>	<u>(2,064)</u>
Taxation paid	(101)	-	(131)
Net Interest received	65	114	281
<b>Net cash inflow/(outflow) from operating activities</b>	<u><b>399</b></u>	<u><b>(1,461)</b></u>	<u><b>(1,914)</b></u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	(213)	(224)	(479)
Purchase of intangible assets	(13)	(278)	(299)
Purchase of subsidiary undertakings	-	(1,671)	(2,226)
Purchase of investment (note 6)	(176)	-	-
Cash acquired with purchase of subsidiary undertakings	-	-	331
<b>Net cash outflow from investing activities</b>	<u><b>(402)</b></u>	<u><b>(2,173)</b></u>	<u><b>(2,673)</b></u>
<b>Financing activities</b>			
Issue of shares	-	8,000	8,000
Expenses paid in connection with share issues	-	(209)	(209)
Repayment of loan notes	-	-	(500)
Repayment/ (Loan advanced) from/(to) supplier	182	-	(1,581)
<b>Net cash inflow from financing activities</b>	<u><b>182</b></u>	<u><b>7,791</b></u>	<u><b>5,710</b></u>
<b>Increase in cash and cash equivalents</b>	<u><b>179</b></u>	<u><b>4,157</b></u>	<u><b>1,123</b></u>
Cash and cash equivalents brought forward	1,324	201	201
	<u><u><b>1,503</b></u></u>	<u><u><b>4,358</b></u></u>	<u><u><b>1,324</b></u></u>
Cash and cash equivalents carried forward			

## NOTES TO THE INTERIM REPORT

FOR THE PERIOD ENDED 31 MARCH 2009

### 1 GENERAL INFORMATION

The information for the period ended 31 March 2009 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985. The figures for the year ended 30 September 2008 have been extracted from the 2008 statutory financial statements prepared under International Financial Reporting Standards (IFRS). The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) or section 237(3) of the Companies Act 1985 and have been filed with the Registrar of Companies.

### 2 BASIS OF PREPARATION

These interim financial statements have been prepared in accordance with IAS 34, "Interim Financial Reporting" and have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU. The accounting policies are consistent with those followed in preparation of the 2008 Galleon Holdings annual report and accounts

### 3 SEGMENTAL ANALYSIS

	<b>Unaudited 31 March 2009 Revenue £'000</b>	Unaudited 31 March 2008 Revenue £000	Audited 30 September 2008 Revenue £'000
Entertainment - Digital/Interactive/Mobile	<b>10,157</b>	1,113	6,244
- Other	<b>910</b>	4	805
Croco	<b>4,347</b>	4,677	5,076
	<b>15,414</b>	5,794	12,125

### 4 TAXATION

The tax charge for the period ended 31 March 2009 arises in the UK and China after allowing for tax losses brought forward.

### 5 EARNINGS PER SHARE

	<b>Unaudited 31 M £'000</b>	Unaudited 31 M £'000	Audited 30 September 2008 £'000
Profit for the period	<b>462</b>	284	436
	<b>Number</b>	Number	Number
Basic average weighted number of shares in 000's	<b>109,450</b>	93,666	96,724
Shares to be issued – deferred consideration	<b>31,489</b>	-	29,692
Share options	<b>3,586</b>	-	871
Dilutive average weighted number of shares in 000's	<b>144,525</b>	93,666	127,287
Basic earnings per share (pence)	<b>0.4p</b>	0.3p	0.5p

Diluted earnings per share (pence)	<u>0.3p</u>	<u>0.3p</u>	<u>0.3p</u>
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## 6 AVAILABLE FOR SALE INVESTMENTS

On 23 January 2009, Galleon Holdings plc acquired a 19% interest in the share capital of Dragonfruit Entertainment, a company registered in the US for a consideration of £176,000 cash and 426,000 ordinary shares issued at 16.5 pence per share.

## 7 INTANGIBLE ASSETS

	<b>Unaudited 31 March 2009 £'000</b>	Unaudited 31 March 2008 £000	Audited 30 September 2008 £'000
Goodwill	<b>13,694</b>	10,169	9,154
Other intangible assets	<b>2,606</b>	3,206	2,796
	<b><u>16,300</u></b>	<u>13,375</u>	<u>11,950</u>

Goodwill has increased at 31 March 2009 as a result of providing for additional consideration of £2.1m payable for Lushy based on management's estimates of the final consideration payable. Goodwill has also increased as a result of retranslating the goodwill of Lushy and Phoenix to their functional currency at the balance sheet date exchange rates which has been reflected through the profit and loss reserves in equity.

## 8 SHARE CAPITAL

	<b>Unaudited 31 March 2009 £'000</b>	Unaudited 31 March 2008 £000	Audited 30 September 2008 £'000
Authorised			
275,000,000 ordinary shares of 1p each	<b><u>2,750</u></b>	<u>2,750</u>	<u>2,750</u>
Allotted, issued and fully paid			
110,400,888 (31 March 2008: 99,794,113, 30 September 2008: 99,794,113) ordinary shares of 1p	<b><u>1,104</u></b>	<u>998</u>	<u>998</u>

### Allotments during the period

Date of Allotment	Number	Issue Price	Purpose	£000
13 October 2008	10,180,775	24p	Acquisition of Lushy Assets Limited	2,454
26 January 2009	426,000	16.5p	Investment in Dragonfruit Entertainment	70