

Preliminary Results for the year ended 31 March 2002

GALLEON HOLDINGS PLC

Chairman's Statement

Introduction

In December 2001, The Galleon Group plc completed its reverse takeover of Andaman Resources plc, at the same time changing that company's name to Galleon Holdings plc and gaining admission of the enlarged share capital to the Alternative Investment Market of the London Stock Exchange.

This represents my first opportunity, as the Chairman of Galleon Holdings, to communicate directly with all of the Company's shareholders. At the same time that I present the financial results for the year ended 31st March 2002, and outline the Company's current position and future plans, I should therefore like to welcome former Andaman Resources' shareholders, and those who participated in the Offer for Subscription.

Background

Galleon is a multimedia content provider across a number of platforms, including television, radio, licensing, merchandising, animation, software, database marketing and management, public relations and publishing. Galleon companies include Probe Media Limited, A4 Publications Limited, Meta4 Design Limited and RedEye PR Limited. Additionally, Galleon has equity interests in Transad International plc, Live Information Systems Limited, and a 50 percent interest in Astroknights Limited, a joint venture with Sanctuary Group plc.

Financial Results

The audited financial statements set out below show the results for the year ended 31st March 2002. These reflect a full year's activity for what used to be Andaman Resources, but only four months' trading for the Galleon companies.

The headline figure before goodwill amortisation shows a loss of £399,000 for the period. Of this, a majority (£238,000) was attributable to Andaman Resources, which had no material businesses until the acquisition of Galleon. Two Galleon businesses, Probe Media and A4 Publications, recorded combined seasonal losses of £89,000. The balance of the loss also results from issues of timing: it had been anticipated that the cartoon series, Astro Knights, would by now be contributing positively. The project has suffered delays owing to the former co-production partner, Ciné Groupe du Canada, being unable to bring adequate financial resources to bear. This has now been resolved in the way discussed below, to the future benefit of the Company.

Current Trading

Both Probe Media's and A4 Publications' businesses are seasonal in character, and it is usual for them to lose money during the early months of the year. They have now entered their busier periods, and I am pleased to report that each is currently trading profitably.

The Astro Knights property was the subject of a recent deal, concluded on superior terms to those originally agreed with the Canadians, between JC², an animation studio based in Hollywood, Ca., and Astro Knights Limited. The owners of this studio have a track record of producing successful cartoon series for the international television market, having worked on numerous animation projects, including "An American Tale" (Amblin Entertainment), "Fern Gully" (Kroyer Film), "Winnie the Pooh", "Return to Neverland" and "The Hunchback of Notre Dame II" (Disney), as well as specials and series production for Disney, Warner Bros.,

DIC, Sony, Hallmark and Carlton Television's "Astro Farm", "Treasure Island" and "The Dreamstone". Astro Knights Limited retains control of all rights for exploitation, including television distribution, licensing, merchandising and publishing.

Galleon has also recently established Clipper Media Limited as a subsidiary, in order to maximise the licensing and other returns from the intellectual property rights (IPR) of the Galleon companies and associates. Clipper is headed by John Knox, formerly of Warner Bros. and Paramount Pictures. It will license and exploit the IPR inherent in Galleon properties such as PC Pepper, Astro Knights and The Cornish Riviera Pasties.

In addition to exploiting "in house" rights, Clipper is building a portfolio of third party representation: it has already signed a contract to represent Russian-born world chess master, Garry Kasparov, and is currently developing a licensing strategy embracing a broad product range for the "lifestyle" and the international chess enthusiast markets.

All divisions of Galleon have been active amid sometimes volatile market conditions, and have all made progress during the period under review.

Future Prospects

Galleon continues to develop, acquire and grow a significant portfolio of cross-media IPR, which will underpin the operating businesses and reinforce the Company's valuation.

Clipper is close to concluding further representation agreements, including contracts with a fitness brand and a "lifestyle" magazine. I am optimistic that Clipper will contribute to both turnover and profits during the balance of this financial year.

Strict control of costs within all group companies, the current performance of the businesses and the Board's forward strategy lead me to view the remainder of financial 2002/3 with confidence.

In conclusion, I should like to express my thanks to all members of the Galleon team for their continuous efforts over the past year, and also to thank the retired Andaman Resources' directors for their contributions to the successful reverse takeover transaction. During the course of the current year, I look forward to bringing all shareholders news of further positive progress within the Company.

James Driscoll, MBE,
Chairman

CONSOLIDATED SUMMARISED PROFIT AND LOSS ACCOUNT
For the year ended 31 March 2002

	2002 £	2002 £	2001 £	2001 £
Turnover				
Acquisitions	<u>276,886</u>		-	
		276,886		-
Cost of sales		<u>(186,834)</u>		-
Gross profit		90,052		-
Administrative expenses		(916,216)		(153,331)
Operating loss				
Continuing operations	(238,209)		(153,331)	
Acquisitions	<u>(587,955)</u>		-	
		(826,164)		(153,331)
Share of operating profit of associate		2,161		-
Net interest		11,506		16,697
Amounts written off investments		<u>-</u>		<u>(32,780)</u>
Loss on ordinary activities before taxation		(812,497)		(169,414)
Tax on loss on ordinary activities		<u>-</u>		<u>-</u>
Loss on ordinary activities after taxation and loss for the financial year		<u>(812,497)</u>		<u>(169,414)</u>
Basic loss per ordinary share		<u>(0.26) p</u>		<u>(0.33) p</u>

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

CONSOLIDATED SUMMARISED BALANCE SHEET AT 31 MARCH 2002

	2002 £	2002 £	2001 £	2001 £
Fixed assets				
Intangible assets				
Goodwill	12,572,834		-	
Other	<u>5,752</u>		<u>-</u>	
		12,578,586		-
Tangible assets		100,784		-
Investments				
Associates and joint ventures	203,789		-	
Other investments	<u>68,143</u>		<u>30,965</u>	
		271,932		30,965
		12,951,302		<u>30,965</u>
Current assets				
Stocks and work in progress	17,106		-	
Debtors	912,813		12,561	
Cash at bank and in hand	<u>477,155</u>		<u>667,722</u>	
	1,407,074		680,283	
Creditors: amounts falling due within one year	<u>(478,211)</u>		<u>(40,933)</u>	
		928,863		639,350
Net current assets		13,880,165		<u>670,315</u>
Total assets less current liabilities				
Creditors: amounts falling due after more than one year		(28,267)		-
Provisions for liabilities and charges		(209,513)		(59,513)
		<u>13,642,385</u>		<u>610,802</u>
Capital and reserves				
Called up share capital		8,149,953		820,150
Share premium account		1,341,731		1,165,564
Other reserves		6,338,110		-
Profit and loss account		<u>(2,187,409)</u>		<u>(1,374,912)</u>
Shareholders' funds		<u>13,642,385</u>		<u>610,802</u>

CONSOLIDATED SUMMARISED CASH FLOW STATEMENT
For the year ended 31 March 2002

	2002 £	2001 £
Net cash outflow from operating activities	(740,836)	(133,253)
Returns on investments and servicing of finance		
Interest received	18,955	16,697
Interest paid	(5,473)	-
Hire purchase interest	(1,976)	-
Net cash inflow from returns on investments and servicing of finance	<u>11,506</u>	<u>16,697</u>
Capital expenditure		
Purchase of tangible fixed assets	(9,880)	-
Purchase of intangible fixed assets	(1,200)	-
Payments to acquire current asset investments	-	(19,681)
Net cash outflow from capital expenditure	<u>(11,080)</u>	<u>(19,681)</u>
Acquisitions		
Purchase of subsidiary undertaking	(358,240)	-
Net cash acquired with subsidiary	103,592	-
Net cash outflow from acquisitions	<u>(254,648)</u>	<u>-</u>
Net cash outflow before financing	(995,058)	(136,237)
Financing		
Issue of shares	882,322	544,521
Expenses paid in connection with share issues	(144,610)	-
Capital element of finance leases	(12,346)	-
Net cash inflow from financing	<u>725,366</u>	<u>544,521</u>
(Decrease)/increase in cash	<u>(269,692)</u>	<u>408,284</u>

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

1. BASIS OF PREPARATION

The preliminary announcement has been prepared in accordance with applicable accounting standards and under the historical cost convention.

The principal accounting policies of the group are set out in the group's 2002 annual report and financial statements.

2. TAXATION ON LOSS ON ORDINARY ACTIVITIES

No tax charge arises on the loss for the year.

3. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 31 March 2002 (2001 : Nil)

4. LOSS PER SHARE

The calculation of the basic loss per share is based on the loss for the year attributable to ordinary shareholders of £812,497 (2001 : £169,414) divided by the weighted average number of shares in issue during the year of 314,670,485 (2001 : 51,064,703). The effect of the share options is anti-dilutive.

5. NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2002	2001
	£	£
Operating loss	(826,164)	(153,331)
Loss of disposal of tangible fixed assets	1,451	-
Depreciation of tangible fixed assets	20,284	-
Amortisation of intangible fixed assets	4,000	-
Provision against investments	24,822	-
Amortisation of goodwill	413,834	-
Increase in work in progress	(16,571)	-
Decrease/(increase) in debtors	248,568	(12,381)
(Decrease)/increase in creditors	(611,060)	32,459
Net cash outflow from operating activities	<u>(740,836)</u>	<u>(133,253)</u>

6. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002	2001
	£	£
(Decrease)/increase in cash in the year	(269,692)	408,284
Capital element of hire purchase and finance lease rentals	12,346	-
Change in net debt resulting from cash flows	(257,346)	408,284
Finance leases acquired with subsidiary undertaking	(80,325)	-
Movement in net funds in the year	(337,671)	408,284
Net funds at 1 April 2001	667,722	259,438
Net funds at 31 March 2002	330,051	667,722

7. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this preliminary announcement does not constitute statutory accounts as defined in section 240 of the Companies Act 1985.

The summarised balance sheet at 31 March 2002, and the summarised profit and loss account, summarised cash flow statement and associated notes for the year then ended have been extracted from the Group's 2002 statutory financial statements upon which the auditor's opinion is unqualified and does not include any statement under s237 of the Companies Act 1985.