



GALLEON HOLDINGS PLC

Interim results, for the six months ended 31 March 2004

Galleon Holdings Plc (“Galleon” or “the Company”) the AIM listed cross media company, announces its Interim Results for the six months ended 31 March 2004.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2004 CHAIRMAN’S STATEMENT

I am pleased to present the interim financial results for the Group for the six months ended 31 March 2004. As previously announced the accounting period will this time run through to 30 September 2004, for which time a full set of results will be published. In the six months under review the loss on ordinary activities after taxation was £509,000, which included £274,000 relating to the amortisation of goodwill.

I am delighted to be able to report that we have continued to make progress during the period. Our strategic objective to build a significant intellectual property rights (IPR) portfolio by creating, developing and acquiring rights has seen the company very active in this pursuit.

J. CHRISTOPHER ENTERTAINMENT

I announced on 15 June 2004 that we had successfully acquired a 50 per cent stake in J Christopher Entertainment. The company is an animation studio and facility based in Los Angeles, California. The other 50 per cent shareholder is Chris Henderson an ex Disney producer whose credits include 101 Dalmatians, Hercules, Hunchback of Notre Dame and Peter Pan’s Return to Neverland. Chris has assembled a team of experienced talent that includes scriptwriters, directors, artists and designers who have worked for the major Hollywood studios, Disney, Warner Bros., Universal and Dreamworks.

This team has now taken over the production of our series Oggies and the first eleven-minute episode will be completed in September 2004. The studio also brings two projects they are currently working on for third parties.

I believe that this acquisition gives Galleon a tremendous opportunity to increase our output, build our portfolio and enhance our profile in the USA, the world’s biggest market place for our business.

CROCO WORLDWIDE SOURCING LIMITED

In May 2004 I announced the acquisition of the entire share capital of Croco Worldwide Sourcing Limited. Croco specialises in premiums and promotions for a client list that includes Coca-Cola, Kellogg’s, Burger King, Nestle and Gillette. Shortly after completing the transaction the company signed three contracts with Coca-Cola for promotions in Hungary, Estonia and the Czech Republic.

Croco has a history of creating innovative promotion and premium offers for blue-chip clients. It also sources and supplies the products mainly from factories in the Far East where it has many established relationships.

The addition of the Galleon IPR portfolio to the Croco business provides an opportunity for both companies to increase their visibility, turnover and profitability.

I feel it is appropriate to point out that both of these acquisitions were satisfied in full by the payment of Galleon shares at par, once again demonstrating the belief in our strategic approach to the ownership of IPR, by others.

A4 PUBLICATIONS AND PROBE MEDIA

I am happy to report that both businesses have made an improvement since my last statement. The editorial and design team for A4 have enhanced both the look and the content of the publications. The advertising sales in the USA are starting to come through and we are currently recruiting for an advertising sales executive in the UK to work out of our London office.

Probe has come through a difficult trading period and is now showing much better prospects. A number of new clients have been gained during this period including Motown Records a subsidiary of music giant Universal Music Group, the record labels Ministry of Sound and Big Brother who are responsible for the band Oasis. Probe has also won contracts for Heart FM and the promotion of the Duran Duran tour.

OGGIES, ASTRO KNIGHTS, PEPPERS PATROL

As already mentioned, Oggies is now being produced by our 50 per cent subsidiary J Christopher Entertainment in Hollywood. The studio has undertaken redesigns of the characters and setting. The new artwork has started to come through and has been described as "truly classical".

The licensing programme continues to attract attention across the globe with approaches coming from licensing agencies keen to represent the series.

Astro Knights is also in production in Sweden. The producers, Jaguar Media Entertainment have also reported to us that the licensing programme will be officially launched in October 2004.

This series is a Galleon/Sanctuary Group PLC 50/50 joint venture and has retained the rights for UK TV distribution, licensing, and worldwide music publishing.

Peppers Patrol our joint venture with Coolebah Limited has also made progress during the period. Siriol animation studio in Cardiff have been selected to undertake the development of the series and work has already begun. Siriol have recently produced the new Fireman Sam series for S4C television and HIT Entertainment.

We continue to work with the Metropolitan Police who will be using PC Pepper to put out messages of stranger danger and road safety to young children. A recent presentation to a number of police forces nationally is also proving to be successful with them joining in with the Peppers Patrol awareness programme.

CHANGE OF ADVISERS

I am delighted to announce the appointment of Durlacher as nominated adviser and brokers to the group.

OUTLOOK

We have remained focused on our strategic objective and I firmly believe that we have added tremendous strength to our business during this period. The animation market place is waiting for the next successful children's property and Galleon is more than capable and well positioned to provide one. Our latest acquisitions give us the added opportunity of increasing our turnover and profitability whilst not being totally dependent on in-house properties. The addition of our portfolio to these businesses makes for a very interesting and exciting future for the group. I am confident that the second half of 2004 and calendar year 2005 will herald a big improvement in Galleon's financial performance.

In conclusion I should like to thank shareholders for their continued support and I look forward to communicating further positive developments over the balance of 2004 and beyond.

James Driscoll, MBE
CHAIRMAN
24 June 2004

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PROFIT AND LOSS ACCOUNT

For the six months ended 31 March 2004

There were no recognised gains for the period.		Six months ended 31 March 2004 Unaudited £'000	Six months ended 30 September 2003 Unaudited £'000	Year ended 31 March 2003 Audited £'000	or losses other than the loss
	Note				
Turnover		470	329	1,207	
Cost of sales		(448)	(275)	(883)	
Gross profit		22	54	324	
Other administrative expenses		(239)	(377)	(1,186)	
Impairment and amortisation of goodwill		(274)	(274)	(7,823)	
Administrative expenses		(513)	(651)	(9,009)	
Operating loss prior to impairment and amortisation of goodwill		(217)	(323)	(862)	
Impairment and amortisation of goodwill		(274)	(274)	(7,823)	
Operating loss		(491)	(597)	(8,685)	
Share of operating profit/(loss) of associate		-	5	(64)	
Amortisation of purchased goodwill in associate		-	(5)	(70)	
Provision for unrealised profit in Joint Venture		(12)	-	-	
Net interest		(6)	(12)	(14)	
Loss on ordinary activities before taxation		(509)	(609)	(8,833)	
Tax on loss on ordinary activities	2	-	-	-	
Loss on ordinary activities after taxation and loss for the financial period		(509)	(609)	(8,833)	
Basic loss per ordinary share	3	(0.1)p	(0.1)p	(1.1)p	

GALLEON HOLDINGS PLC

CONSOLIDATED BALANCE SHEET AT 31 MARCH 2004

	At 31 March 2004 Unaudited £'000	At 30 September 2002 Unaudited £'000	At 31 March 2003 Audited £'000
Fixed assets			
Intangible assets			
Goodwill	4,202	4,476	4,750
Other	2	2	2
	<u>4,204</u>	<u>4,478</u>	<u>4,752</u>
Tangible assets	44	58	70
Investments			
Associates and joint ventures	70	70	70
Other investments	22	22	26
	<u>92</u>	<u>92</u>	<u>96</u>
	<u>4,340</u>	<u>4,628</u>	<u>4,918</u>
Current assets			
Stocks and work in progress	89	19	18
Debtors	1,029	868	779
Cash at bank and in hand	84	68	4
	<u>1,202</u>	<u>955</u>	<u>801</u>
Creditors: amounts falling due within one year	(829)	(950)	(807)
Net current assets/(liabilities)	<u>373</u>	<u>5</u>	<u>(6)</u>
Total assets less current liabilities	<u>4,713</u>	<u>4,633</u>	<u>4,912</u>
Creditors: amounts falling due after more than one year	(5)	(3)	(5)
Provisions for liabilities and charges	(109)	(98)	(98)
	<u>4,599</u>	<u>4,532</u>	<u>4,809</u>
Capital and reserves			
Called up share capital	9,068	8,488	8,150
Share premium account	1,332	1,336	1,342
Other reserves	-	6,338	6,338
Profit and loss account	(5,801)	(11,630)	(11,021)
Shareholders' funds	<u>4,599</u>	<u>4,532</u>	<u>4,809</u>

GALLEON HOLDINGS PLC

CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 31 March 2004

	Note	Six months ended 31 March 2004 Unaudited £'000	Six months ended 30 September 2003 Unaudited £'000	Year ended 31 March 2003 Audited £'000
Net cash outflow from operating activities	6	(457)	(261)	(694)
Returns on investments and servicing of finance				
Interest received		-	-	4
Interest paid		(5)	(10)	(14)
Hire purchase interest		(1)	(2)	(4)
Net cash outflow from returns on investments and servicing of finance		(6)	(12)	(14)
Capital expenditure				
Purchase of tangible fixed assets		(12)	-	(16)
Purchase of intangible fixed assets		-	-	(1)
Payments to acquire fixed asset investments		-	-	(30)
Proceeds from sale of fixed asset investments		-	-	2
Net cash outflow from capital expenditure		(12)	-	(45)
Net cash outflow before financing		(475)	(273)	(753)
Financing				
Issue of shares		580	338	-
Expenses paid in connection with share issues		(4)	(6)	-
Capital element of finance leases		(8)	(15)	(40)
Net cash inflow/(outflow) from financing		568	317	(40)
Increase/(decrease) in cash		93	44	(793)

NOTES

For the six months ended 31 March 2004

1 RESULTS

The results for the six months ended 31 March 2004 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 31 March 2003. The statutory accounts for the year ended 31 March 2003 have been given an unqualified audit report and have been filed with the Registrar of Companies. The interim accounts for the six months to 30 September 2003 were unaudited.

2 TAXATION

In view of the Company'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 884,070,441 ordinary shares of 1 pence each being the weighted average of those in issue during the six months ended 31 March 2004.

4 DIVIDENDS

The Company will not be declaring an interim dividend.

5 CONTINGENT LIABILITY

The Company has been involved jointly with Glencar Mining plc in civil litigations in the Irish courts against Mayo County Council. The Company has withdrawn its action, although Glencar Mining plc has decided to proceed with an appeal to the Supreme Court. Under an agreement reached between the Company and Glencar Mining plc dated 23 May 2000, the Company will still be liable for the legal costs but restricted to a maximum of Irish £60,000. This amount has been provided in the accounts as at 31 March 2004. As this agreement is between the Company and Glencar Mining plc, the Company has joint and several liability regarding legal costs in the event, that there is a shortfall unpaid by Glencar Mining plc.

NOTES

For the six months ended 31 March 2004

6 NOTE TO THE CASH FLOW STATEMENT

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

	Six months ended 31 March 2004 Unaudited £'000	Six months ended 30 September 2003 Unaudited £'000	Year ended 31 March 2003 Audited £'000
Operating loss	(491)	(597)	(8,685)
Loss of disposal of tangible fixed assets	-	-	2
Depreciation of tangible fixed assets	26	12	45
Amortisation of intangible fixed assets	-	-	5
(Decrease)/increase in provision against investments	(1)	4	70
Reversal of provisions	-	-	(112)
Amortisation of goodwill	274	274	7,823
Increase in work in progress	(70)	(1)	(1)
(Increase)/decrease in debtors	(161)	(89)	134
(Decrease)/increase in creditors	(34)	136	25
Net cash outflow from operating activities	<u>(457)</u>	<u>(261)</u>	<u>(694)</u>

7 POST BALANCE SHEET EVENTS

On 5 May 2004 the company acquired the entire issue share capital of Croco Worldwide Sourcing Limited for a consideration totalling 75 million ordinary shares of one pence each issued at par value.

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