

**BLUE GALLEON LIMITED**  
**FINANCIAL STATEMENTS**

**31 MARCH 1999**

**Registered No: 3328979**



# **BLUE GALLEON LIMITED**

## **CONTENTS**

	<b>Page</b>
Company information	1
Report of the director	2 - 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the Financial Statements	7 - 9

**BLUE GALLEON LIMITED**

**COMPANY INFORMATION**

Director

Z Mayassi

Secretary

D C Freeman

Registered office

Hamilton House  
1 Temple Avenue  
London  
EC47 0HA

Auditors

Badger Hakim  
Tunsgate Square  
98/110 High Street  
Guildford  
Surrey GU1 3HE

## **BLUE GALLEON LIMITED**

### **REPORT OF THE DIRECTOR**

The director presents the annual report and audited financial statements of the company for the period ended 31 March 1999.

#### **Principal Activity**

The principal activity of the company is that of a holding company of a wholly-owned US trading company.

#### **Results and dividends**

The loss for the year after tax amounted to £653. The director does not propose a dividend for the year.

#### **Director**

The director did not have any interest in the share capital of the company at 31 March 1999.

#### **Auditors**

The auditors, Badger Hakim, are willing to continue in office, and a resolution to reappoint them will be proposed at the annual general meeting.

#### **Director's responsibility**

Company Law requires the director to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that year. In preparing those financial statements, the director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**BLUE GALLEON LIMITED**

**REPORT OF THE DIRECTOR**  
**(continued)**

**Director's responsibility (continued)**

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Advantage is taken in the preparation of the director's report of the special exemptions applicable to small companies conferred by Part VII of the Companies Act 1985. In the director's opinion, the company is entitled to those exemptions as a small company.

The Report of the Director was approved on 16 February 2000 and signed by:

A handwritten signature in black ink, appearing to be 'D C Freeman', with a long horizontal flourish extending to the right.

D C Freeman  
Company Secretary

**BLUE GALLEON LIMITED**

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
BLUE GALLEON LTD**

We have audited the financial statements on pages 5 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on pages 2 and 3 the company's director is responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

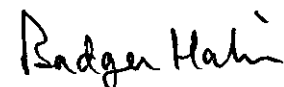
**Basis of opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Guildford

6 April

2000

Badger Hakim  
Chartered Accountants  
Registered Auditors

# BLUE GALLEON LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 £	1998 £
<b>Turnover</b>		-	-
Administrative expenses		<u>705</u>	<u>587</u>
<b>Operating (loss)/profit</b>		(705)	(587)
Interest payable and similar charges		<u>52</u>	<u>(1,483)</u>
<b>Loss on ordinary activities before taxation</b>		(653)	(2,070)
Taxation	5	<u>-</u>	<u>-</u>
<b>Loss for the period</b>	8	<u>(653)</u>	<u>(2,070)</u>

None of the company's activities were discontinued during the year.

There were no movements in shareholders' funds apart from the loss for the year.

The notes on pages 7 to 9 form part of the financial statements.

# BLUE GALLEON LIMITED

## BALANCE SHEET 31 MARCH 1999

	Notes	1999 £	1998 £
<b>Fixed assets</b>			
Investments	6	<u>368,891</u>	<u>6,170</u>
<b>Current assets</b>			
Cash at bank and in hand		-	212
Loan to subsidiary company		<u>-</u>	<u>202,917</u>
		-	203,129
<b>Creditors: amounts falling due within one year</b>	7	<u>(370,766)</u>	<u>211,368</u>
<b>Net current liabilities</b>		<u>(370,766)</u>	<u>(8,239)</u>
<b>Total assets less current liabilities</b>		<u>(1,875)</u>	<u>(2,069)</u>
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Profit and loss account	9	<u>(1,876)</u>	<u>(2,070)</u>
<b>Shareholder's funds</b>	10	<u>(1,875)</u>	<u>(2,069)</u>

Shareholder's funds include equity interests only.

Advantage is taken in the preparation of the financial statements of the special exemptions applicable to small companies conferred by Part IV of the Companies Act 1985. In the director's opinion, the company is entitled to those exemptions as a small company.

The financial statements were approved on 18 February 2000 and signed by:

  
Z Mayassi  
Director



# **BLUE GALLEON LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 1999**

### **1. PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

The accounts of the subsidiary company have not been consolidated as the company is entitled to the exemption conferred by Section 228 of the Companies Act 1985 from the requirement to prepare group accounts. Further information regarding the subsidiary is given in note 6.

#### **Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

#### **Cashflow**

A cash-flow statement has not been published as the company is exempt from the requirement to do so under the provisions of Financial Reporting Standard 1.

#### **Foreign currency**

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end or where appropriate, at the rate of exchange in a related forward exchange contract. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account. Exchange differences on long term investments or borrowings are treated as a movement in reserves.

# BLUE GALLEON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 MARCH 1999 (continued)

### 2. OPERATING PROFIT

Operating profit for the year is arrived at after charging:

	1999 £	1998 £
Auditors remuneration	<u>705</u>	<u>587</u>

### 3. DIRECTORS

#### Emoluments

Remuneration for management services

Benefits in kind

-	-
-	-
<u>-</u>	<u>-</u>

### 4. INTEREST PAYABLE

On bank overdraft

-	<u>148</u>
---	------------

### 5. TAXATION

There was no liability to taxation in the period.

### 6. FIXED ASSET INVESTMENT

Shares in group undertaking

<u>368,891</u>	<u>6,170</u>
----------------	--------------

The company holds 100% of the equity capital of Blue Galleon Inc, a company incorporated in the United States. The account of the subsidiary company have not been consolidated for the reason outlined in Note 1.

The aggregate capital and reserves of the subsidiary company at 31 March 1999 were £(91,517) deficit. A loss of £350,527 was reported for the year ended 31 March 1999.

On 31 December 1998 the loan due to the subsidiary was converted into share capital within that company and has been restated as investment in share capital within these accounts. The balance due at year end has been converted at exchange rates applying at 31 March 1999. Differences on exchange have been treated as a movement in reserves.

The directors believe that the investment is fairly stated at cost and does not require a provision for reduction in value as they consider that the subsidiary will revert to profitability in the foreseeable future.

**BLUE GALLEON LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 1999**  
**(continued)**

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Loan from ultimate holding company	369,473	210,780
Other creditors	1,293	588
	<u>370,766</u>	<u>211,368</u>

**8. SHARE CAPITAL**

	1999 £	1998 £
Authorised 1,000 Shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid 1,000 Shares of £1 each	<u>1</u>	<u>1</u>

**9. PROFIT AND LOSS ACCOUNT**

At 1 April 1998	(2,070)	-
Profits on exchange re investment and long term loans	847	-
Loss for the year	<u>(653)</u>	<u>(2,070)</u>
At 31 March 1999	<u>(1,876)</u>	<u>(2,070)</u>

**10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS**

Opening shareholders funds	(2,069)	-
(Loss)/profit for the financial year	(653)	(2,070)
Profits on exchange re investment and long terms loans	847	-
Shares issued	<u>-</u>	<u>1</u>
Closing shareholders funds	<u>(1,875)</u>	<u>(2,069)</u>

**BLUE GALLEON LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**31 MARCH 1999**  
**(continued)**

**11. ULTIMATE PARENT COMPANY**

The ultimate parent company is Correze Holdings NV, a company incorporated in Jersey.

The parent company has confirmed that it will continue to support the company for the foreseeable future and no demand will be made for repayment of loans until the company and its subsidiary have funds available for such repayment.

The balance due to the holding company is stated at year end exchange rate - any difference on exchange has been transferred to reserves.