

Co No. 3328979

**Report of the Director and  
Financial Statements  
for the Year Ended 31 March 2001  
for  
Blue Galleon Limited**



**Blue Galleon Limited**  
**Company Information**  
**for the Year Ended 31 March 2001**

**DIRECTOR:** Z Mayassi

**SECRETARY:** D C Freeman

**REGISTERED OFFICE:** Hamilton House  
1 Temple Avenue  
London  
London  
EC47 0HA

**REGISTERED NUMBER:** 3328979

**AUDITORS:** Roffe Swayne  
Registered Auditors &  
Chartered Accountants  
Ashcombe Court  
Woolsack Way  
Godalming, Surrey  
GU7 1LQ

**Blue Galleon Limited****Contents of the Financial Statements  
for the Year Ended 31 March 2001**

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**Blue Galleon Limited****Report of the Director  
for the Year Ended 31 March 2001**

The director presents his report with the financial statements of the company for the year ended 31 March 2001.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of a holding company of a wholly-owned US trading company.

**DIRECTOR**

Z Mayassi was the sole director during the year under review.

The director holding office at 31 March 2001 did not hold any beneficial interest in the issued share capital of the company at 1 April 2000 or 31 March 2001.

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

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 of the company for that period. In preparing those financial statements, the director is required to

- select suitable accounting policies and then 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.

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 him 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.

**AUDITORS**

The auditors, Roffe Swayne, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**ON BEHALF OF THE BOARD:**

D C Freeman - SECRETARY

Dated:

28/1/2002

**Blue Galleon Limited****Report of the Independent Auditors to the Shareholders of  
Blue Galleon Limited**

We have audited the financial statements of Blue Galleon Limited for the year ended 31 March 2001 on pages four to eight. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out therein.

**Respective responsibilities of director and auditors**

As described on page two the company's director is responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Report of the Director is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding director's remuneration and transactions with the company is not disclosed.

We read the Report of the Director and consider the implications for our report if we become aware of any apparent misstatements within it.

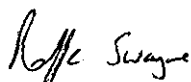
**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 director 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 as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Roffe Swayne  
Registered Auditors &  
Chartered Accountants  
Ashcombe Court  
Woolsack Way  
Godalming, Surrey  
GU7 1LQ

Dated: 28.1.02

**Blue Galleon Limited**  
**Profit and Loss Account**  
**for the Year Ended 31 March 2001**

		<u>2001</u>	<u>2000</u>
	Notes	£	£
<b>TURNOVER</b>		-	-
Administrative expenses		<u>1,100</u>	<u>955</u>
<b>OPERATING LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	(1,100)	(955)
Tax on loss on ordinary activities	3	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR AFTER TAXATION</b>		(1,100)	(955)
Retained profit/(deficit) brought forward		<u>1,403</u>	<u>(1,876)</u>
		303	(2,831)
Currency translation difference on foreign currency net investments		<u>(4,814)</u>	<u>4,234</u>
<b>(DEFICIT)/RETAINED PROFIT CARRIED FORWARD</b>		<u>£(4,511)</u>	<u>£1,403</u>

The notes form part of these financial statements

**Blue Galleon Limited****Statement of Total Recognised Gains and Losses  
for the Year Ended 31 March 2001**

	<u>2001</u>	<u>2000</u>
	£	£
<b>LOSS FOR THE FINANCIAL YEAR</b>	(1,100)	(955)
Currency translation differences on foreign currency net investments	(4,814)	<u>4,234</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<u>£(5,914)</u>	<u>£3,279</u>

The notes form part of these financial statements

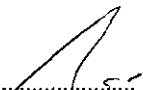
## Blue Galleon Limited

Balance Sheet  
31 March 2001

		2001		2000	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Investments	4		418,431		368,891
<b>CREDITORS: Amounts falling due within one year</b>	5	<u>2,898</u>		<u>1,998</u>	
<b>NET CURRENT LIABILITIES:</b>			<u>(2,898)</u>		<u>(1,998)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			415,533		366,893
<b>CREDITORS: Amounts falling due after more than one year</b>	6		<u>420,043</u>		<u>365,489</u>
			<u>£(4,510)</u>		<u>£1,404</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	7		1		1
Profit and loss account			<u>(4,511)</u>		<u>1,403</u>
<b>SHAREHOLDERS' FUNDS:</b>			<u>£(4,510)</u>		<u>£1,404</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

## ON BEHALF OF THE BOARD:

X    
Z Mayassi - DIRECTOR

Approved by the Board on 21/1/2002

The notes form part of these financial statements



# Blue Galleon Limited

## Notes to the Financial Statements for the Year Ended 31 March 2001

### 1. ACCOUNTING POLICIES

#### Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

#### Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

#### Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as 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 borrowing are treated as a movement in reserves.

#### Consolidation

The accounts of the subsidiary 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.

### 2. OPERATING LOSS

The operating loss is stated after charging:

	2001	2000
	£	£
Auditors' remuneration	<u>900</u>	<u>705</u>
Director's emoluments and other benefits etc	<u>-</u>	<u>-</u>

### 3. TAXATION

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2001 nor for the year ended 31 March 2000.

### 4. FIXED ASSET INVESTMENTS

The investment represents shares held in a subsidiary company and is stated at cost of £418,431 after adjusting for exchange differences. Differences on exchange have been treated as a movement in reserves. The company owns 100% of the equity capital of Blue Galleon Inc, a company incorporated in the United States.

The aggregate share capital and reserves of the subsidiary company at 31 December 2000 were £549,270 deficit (1999: £254,225 deficit). A loss of £260,869 was reported for the year ended 31 December 2000 (1999: a loss of £162,708).

The directors believe that the investment is fairly stated at cost and no provision is required for the 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  
for the Year Ended 31 March 20015. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR

	2001	2000
	£	£
Other creditors	<u>2,898</u>	<u>1,998</u>

6. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR

	2001	2000
	£	£
Loan from ultimate holding company	<u>420,043</u>	<u>365,489</u>
	<u>420,043</u>	<u>365,489</u>

## 7. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2001	2000
			£	£
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2001	2000
			£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

## 8. 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.

The director Z Mayassi is the ultimate controlling party.