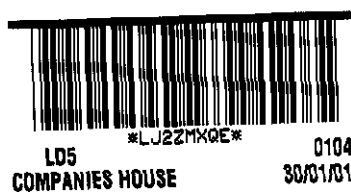


DMA Design Limited

(Registered Number: 3312220)

Report and Accounts

For the period ended 31 October 1999



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Directors and advisers

Directors

The directors of the company at 31 October 1999 were:

K Sumner
G Tucker
D S Jones
G Lewis

Secretary

G Tucker

Registered office

Hogarth House
29 – 31 Sheet Street
Windsor
Berkshire
SL4 1BY

Registered Auditors

PricewaterhouseCoopers
Harman House
1 George Street
Uxbridge
Middlesex
UB8 1QQ

Solicitors

Harbottle and Lewis
Hanover House
14 Hanover Square
London
W1R 0BE

DMA Design Limited

Directors' report for the period ended 31 October 1999

The directors present their report and the audited financial statements for the period ended 31 October 1999.

Principal activity

The principal activity of the company is the conception and development of entertainment software.

Review of business and future developments

The profit and loss account for the period is set out on page 5.

Given the level of support from the parent and other group companies (see Note 17 to the accounts), the directors consider the level of activity and its period end financial position to be satisfactory.

Dividends

The directors do not recommend the payment of a dividend.

Directors

	Resigned	Appointed
I C Stewart	21/10/1999	
J Richards-Stewart	21/10/1999	
J North-Hearn	21/10/1999	
D S Jones		
J M Dura	21/10/1999	
M M M Lanne	21/10/1999	
K Sumner		21/10/1999
G Tucker		21/10/1999
G Lewis		30/01/2001

Company Secretary

C M Stockwell	21/10/99	
Gerry Tucker		21/10/99

Directors' interests

The directors had no interests in the shares of the company. The interests of the directors in the shares of the parent company are shown in the accounts of that company.

Under the Articles of Association the directors are not required to retire by rotation.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

DMA Design Limited

Directors' report for the period ended 31 October 1999 (continued)

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31 October 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Research and development

The company is committed to product development with the aim of increasing its market share.

Changes in parent company

On 29 September 1999, DMA Design Limited's issued share capital was transferred from Gremlin Holdings Limited to DMA Design Holdings Limited (formally Infogrames Multimedia Limited, a subsidiary of Infogrames Entertainment SA of France).

On 29 September 1999 Infogrames Entertainment SA of France, sold the issued share capital of DMA Design Holdings Limited to Take Two Interactive Software, Inc.


The company's last issued audited financial statements to Companies House was 30 June 1999. The company has changed its financial reporting period to be in conformity with their ultimate parent and has produced audited financial statements for the 4 months ended 31 October 1999.

Auditors

During the period, Pannell Kerr Forster were appointed as auditors. Pannell Kerr Forster resigned on 29 September 1999. PricewaterhouseCoopers was subsequently appointed to fill the casual vacancy arising from Pannell Kerr Forster's resignation.

A resolution to reappoint PricewaterhouseCoopers as auditors of the company will be proposed at the annual general meeting.

By order of the board



Gary Lewis
Director

PricewaterhouseCoopers
West London Office
Harman House
1 George Street
Uxbridge UB8 1QQ
Telephone +44 (0) 1895 273333
Facsimile +44 (0) 1895 274777

Report of the auditors to the members of DMA Design Limited

We have audited the financial statements on pages 5 to 16, which have been prepared under the historic cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2 this includes responsibility for preparing financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you if, in our opinion, the director's report 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

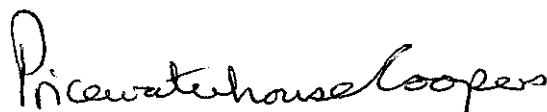
Basis of opinion

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 affairs of the company at 31 October 1999 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors

30 January 2001

PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6NN. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

DMA Design Limited

Profit and loss account

	Notes	4 months ended 31 October 1999 £	11 months ended 30 June 1999 £
Turnover - continuing operations	1,2	2,359,483	1,623,626
Cost of sales		(1,758,338)	(2,575,508)
Gross profit/(loss)		601,145	(951,882)
Administrative expenses		(205,524)	(570,788)
Non-operating income and expenses	5	5,946,171	-
Operating profit/(loss) – continuing operations	6	6,341,792	(1,522,670)
Interest receivable and similar income		-	(98)
Interest payable and similar charges	7	(54)	(1,253)
Profit/(loss) on ordinary activities before taxation		6,341,738	(1,523,825)
Tax on ordinary activities	8	-	50,922
Profit/(loss) for the period	15	6,341,738	(1,472,903)

There is no difference between the profit on ordinary activities before taxation and the profit for the period stated above and their historical cost equivalents.

DMA Design Limited

Statement of total recognised gains and losses

	4 months ended 31 October 1999 £	11 months ended 30 June 1999 £
Profit/(loss) for the period	6,341,738	(1,472,903)
Total recognised gains and losses for the period	6,341,738	(1,472,903)
Prior period adjustment (as explained in note 1 below)	(2,419,792)	-
Total gains and losses recognised since last report	3,921,946	(1,472,903)

Note 1 Change in accounting policy

Comparative figures have been restated to reflect a change in accounting policy:

Prior to the company's acquisition by Take Two Interactive Software, Inc, royalty income was recognised based upon milestones achieved in the development of products. On acquisition, the company's revenue recognition policy was altered to coincide with the new parent's group policy. Royalty income is now recognised based upon sales of the product.

Reconciliation of movement in shareholders' funds


	4 months ended 31 October 1999 £	11 months ended 30 June 1999 £
Profit/(loss) for the period	6,341,738	(1,472,903)
Net movement in shareholders funds	6,341,738	(1,472,903)
Shareholder's funds at 31 st July 1998 (originally (£4,822,212), restated for prior period adjustment of (£2,419,792))		(7,242,004)
Shareholders funds at 31 st October 1999	(2,373,169)	(8,714,907)

DMA Design Limited

Balance sheet

		31 October 1999	30 June 1999
	Notes	£	£
Fixed assets			
Tangible assets	9	205,365	238,505
Current assets			
Stocks	10	161,401	816,044
Debtors	11	1,800,971	892,997
Cash at bank and in hand		6	363
		1,962,378	1,709,404
Creditors: amounts falling due within one year	12	(222,928)	(4,372,024)
Net current assets		1,739,450	(2,662,620)
Total assets less current liabilities		1,944,815	(2,424,115)
Creditors: amounts falling due after more than one year	13	(4,317,984)	(3,871,000)
Net assets		(2,373,169)	(6,295,115)
Capital and reserves			
Called up share capital	14	1	1
Profit and loss account	15	(2,373,170)	(6,295,116)
Equity shareholders' Deficit		(2,373,169)	(6,295,115)

The financial statements on pages 5 to 16 were approved by the board of directors on 30 January 2001 and were signed on its behalf by:



Gary Lewis
Director

DMA Design Limited

Notes to the financial statements

1 Principal accounting policies

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

Change in accounting policy

Comparative figures have been restated to reflect a change in accounting policy. Prior to acquisition, royalty income was recognised based upon milestones achieved in the development of products. On acquisition, revenue recognition policy was altered to coincide with the new parent's group policy. Royalty income is now recognised based upon sales of the product.

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets

Tangible assets are depreciated over their estimated useful lives as follows:

Computer equipment	-	33% Straight line basis
Fixtures and fittings	-	25% Straight line basis
Motor vehicles	-	25% Reducing balance basis

Stocks

Stocks represent product development expenditures, including internal programming and salary costs, which are included on the balance sheet at cost as work in progress to the extent that it is considered to be recoverable. The amount carried forward is written off systematically over the expected sales life of each product.

Leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised as tangible fixed assets and the obligation to pay future rentals under such leases and contracts is included in creditors.

Payments in respect of the finance charge element of the leases and contracts are charged to the profit and loss account so as to fairly apportion the charge over the duration of the leases and contracts.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability will crystallise.

DMA Design Limited

Notes to the financial statements

1 Principal accounting policies (continued)

Foreign exchange

Transactions of the UK company denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These translation differences are dealt with in the profit and loss account.

Turnover

Turnover represents royalty income and other sales at invoice value less trade discounts allowed and excluding value added tax.

Royalty income is recognised based upon sales of the product.

Cash flow statement

The results of the company and its subsidiary undertakings are included in the published financial statements of its ultimate parent company. The company has therefore taken advantage of the exemption available in FRS 1 from publishing a cash flow statement.

Research and development

Research and development expenditure not relating to specific projects intended for commercial exploitation is written off in the period in which it is incurred.

Pension costs

For certain employees the company contributes regular payments to personal pension plans of the employee scheme. The pension cost charge represents contributions payable by the company to the schemes in respect of the period.

DMA Design Limited

Notes to the financial statements

2 Analysis of turnover

	4 months ended 31 October 1999 £	11 months ended 30 June 1999 £
Geographical analysis of turnover by destination		
United Kingdom	1,406,141	782,522
Rest of the world	953,342	841,104
	2,359,483	1,623,626

3 Staff costs

	4 months ended 31 October 1999 £	11 months ended 30 June 1999 £
Wages and salaries	749,805	1,817,908
Social security costs	78,318	176,923
Other pension costs	1,200	4,400
	829,323	1,999,231

Average number of people employed in the period

Programming	83	84
Administration	2	4
	85	88

4 Directors' emoluments

	4 months ended 31 October 1999 £	11 months ended 30 June 1999 £
Directors' emoluments		
Aggregate emoluments	33,300	122,117
Company contribution to money purchase pension scheme	1,200	4,000
Highest paid director		
Aggregate emoluments	33,300	122,117
Company contribution to money purchase pension scheme	1,200	4,400

DMA Design Limited

Notes to the financial statements

5 Non operating income and expenses

	4 months ended 31 October 1999 £	11 months ended 30 June 1999 £
Release of liability upon purchase by parent (1)	3,871,000	-
Extinguishment of existing product delivery obligation (2)	2,419,792	-
Costs resulting from acquisition (3)	(444,621)	-
Forgiveness of debt due to previous group company	100,000	-
	5,946,171	-

- (1) During the period, Gremlin Group plc (the company's prior parent) waived an intercompany loan owing from the company totalling £3,871,000.
- (2) In accordance with the agreement relating to the acquisition by Take Two Interactive Software, Inc of the shares of DMA Design Holdings Limited, the company was released from all existing obligations from Take Two Interactive Software, Inc. At the time of the company's acquisition by Take Two Interactive Software, Inc, under the company's new accounting policy for royalty income, the company had £2,419,792 of deferred revenue with Take Two Interactive Software, Inc. As a result of the release of all existing obligations to Take Two Interactive Software, Inc., the deferred revenue of £2,419,792 was released to other income.
- (3) In accordance with the agreement relating to the acquisition by Take Two Interactive Software, Inc of the shares of DMA Design Holdings Limited, Infogrames Entertainment SA (being the previous ultimate parent of DMA Design Holdings Limited) agreed that Take Two Interactive Software, Inc would be released fully from certain obligations, and as a result some £444,621 of trading debts were written off in the accounts of DMA Design Limited.

6 Profit/(loss) on ordinary activities before taxation

	4 months ended 31 October 1999 £	11 months ended 30 June 1999 £
Profit on ordinary activities before taxation is stated after charging:		
Write off of work in progress (1)	1,147,271	
Depreciation charge for the year:		
Owned assets	36,518	165,402
Assets held under finance leases	428	1,526
Operating lease rentals – land and buildings	49,206	80,469
Auditors' remuneration	12,000	-

Auditors remuneration in the prior period was borne by its parent company.

- (1) During the period, the new directors re evaluated the recoverability of stocks and accordingly wrote down the stock to its estimated net realisable value.

DMA Design Limited

Notes to the financial statements

7 Interest payable and similar charges

	4 months ended 31 October 1999 £	11 months ended 30 June 1999 £
Bank overdraft interest and other charges	46	28
Finance lease interest	8	1,225
	<hr/> 54	<hr/> 1,253

8 Tax on ordinary activities

	4 months ended 31 October 1999 £	11 months ended 31 October 1999 £
United Kingdom corporation tax at 30%		
Current	-	-
Over-provision in respect of prior years	-	(50,922)
	<hr/> -	<hr/> (50,922)

The nil current year tax charge can be explained by the offset against current year profits of brought forward tax losses totalling approximately £1,348,000 (which have yet to be agreed by the Inland Revenue), the inclusion in current year profits of non-taxable income totalling some £3,871,000 in relation to the release of an intercompany loan (see note 5), and the claiming of a current year tax deduction in respect of the prior period adjustment totalling £2,419,792 (see page 6 to the accounts).

In addition, there is an unrecognised deferred tax asset of approximately £275,000, being £75,000 in relation to the difference between accumulated depreciation and capital allowances and approximately £200,000 in relation to trading losses carried forward not yet agreed by the Inland Revenue.

DMA Design Limited

Notes to the financial statements

9 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Motor vehicles £	Total £
Cost				
At 1 July 1999	574,280	28,463	42,718	645,461
In respect of acquisitions				
Additions	3,806	-	-	3,806
Disposals	-	-	-	-
At 31 October 1999	578,086	28,463	42,718	649,267
Depreciation				
At 1 July 1999	365,611	23,272	18,073	406,956
Charge for the period	33,742	1,278	1,926	36,946
Relating to disposals	-	-	-	-
At 31 October 1999	399,353	24,550	19,999	443,902
Net book value				
At 31 October 1999	178,733	3,913	22,719	205,365
At 30 June 1999	208,669	5,191	24,645	238,505

The net book amount of motor vehicles includes £4,704 (£5,132) in respect of assets held under finance leases or hire purchase agreements. Depreciation charged in the period on such motor vehicles amounted to £428 (£1,526).

10 Stock

	31 October 1999 £	30 June 1999 £
Work in Progress	161,401	816,044
	161,401	816,044

DMA Design Limited

Notes to the financial statements

11 Debtors

	31 October 1999 £	30 June 1999 £
Trade debtors	-	892,667
Amounts owed by group undertakings	1,800,971	-
Other debtors	-	330
	<u>1,800,971</u>	<u>892,997</u>

12 Creditors: amounts falling due within one year

	31 October 1999 £	30 June 1999 £
Bank loans and overdrafts	-	3,752,443
Trade creditors	31,574	95,246
Obligations under finance leases	-	385
Amounts owed to group undertakings	-	457,302
Other taxes and social security	161,612	66,648
Accruals and deferred income	29,742	-
	<u>222,928</u>	<u>4,372,024</u>

13 Creditors: amounts falling due after more than one year

	31 October 1999 £	30 June 1999 £
Amounts owed to group undertakings	4,317,984	3,871,000
	<u>4,317,984</u>	<u>3,871,000</u>

The above amounts due to the ultimate parent company have no fixed repayment date.

DMA Design Limited

Notes to the financial statements

14 Called up share capital

	31 October 1999	30 June 1999
	£	£
Authorised – ordinary shares at £1 each	1,000	1,000
Allotted and fully paid	1	1

15 Reserves

	Profit and loss account £	Total £
At 1 July 1999	(6,295,116)	(6,295,116)
Prior year adjustment (See Note 1 on page 6)	(2,419,792)	(2,419,792)
Profit for the period	6,341,738	6,341,738
At 31 October 1999	(2,373,170)	(2,373,170)

16 Operating lease commitments

	Land and buildings 31 October 1999	30 June 1999
	£	£
Leases which expire:		
In one year	10,417	-
In two to five years	55,469	73,483
Beyond five years	53,642	-
	119,528	73,483

17 Going concern

The company's ultimate parent, Take Two Interactive Software, Inc, has confirmed that it will continue to provide such financial support as the company may need from time to time, for the foreseeable future to enable it to continue to trade and meet its liabilities as they fall due.

18 Ultimate parent company and ultimate controlling party

The ultimate parent company and controlling party of the company is Take Two Interactive Software, Inc. Copies of the group financial statements of Take Two Interactive Software, Inc. are available from 575 Broadway, 6th Floor, New York, NY 10012, United States of America.

DMA Design Limited

Notes to the financial statements

19 Related party transactions

As of the 29 September 1999 company has been acquired by Take Two Interactive Software, Inc. There have been no related party transactions within the 4 months ended 31 October 1999 with the prior *parents group*.

No disclosure has been made within these financial statements of any transactions with the ultimate parent company or fellow subsidiaries in accordance with the exemptions allowed by FRS8.