

**Mad Catz Europe Limited**

**Directors' report and financial  
statements**

**Registered number 4017563  
31 March 2012**

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## Company information

<b>Directors</b>	B Andersen W Peterson D Richardson A Young
<b>Secretary and registered office</b>	The Needle Partnership LLP West One 114 Wellington Street Leeds West Yorkshire LS1 1BA
<b>Company number</b>	4017563
<b>Auditor</b>	KPMG LLP Altus House One North Fourth Street Milton Keynes MK9 1NE

## **Directors' report**

The Directors present their annual report and the audited financial statements for the year ended 31 March 2012

### **Results and dividends**

The profit and loss account is set out on page 7 and shows the profit for the year

The directors do not recommend the payment of a final dividend (2011 £nil)

### **Principal activities, trading review and future developments**

Mad Catz Europe Limited ("MCE" or "the Company"), a Private Limited Company registered in England and Wales, is an operating subsidiary of Mad Catz Interactive, Inc ("the parent company"), that market, sell and distribute video games and accessories for all major video game platforms and the personal computers ("PC") across all Mad Catz brands and platforms throughout Europe. The Mad Catz product lines include accessories such as control pads, steering wheels, joysticks, video cables, microphones, ear phones, speakers, car adapters, mice, keyboards, headsets and carry cases for all major video game platforms, including the Microsoft Xbox and Xbox 360, Nintendo DS, Nintendo DS Lite, Nintendo DSi, Nintendo DSi XL, Nintendo 3DS, Nintendo Wii, Sony PlayStation, PlayStation 2, PlayStation 3, PSP and Personal Computers. Mad Catz Europe Limited also operates a registered branch in France and representation offices in Spain and Sweden.

### **Principal Markets**

MCE operates one business segment, which is the sales, marketing and distribution of video game and PC accessories and software. In fiscal year 2012, the Company primarily sold products in the United Kingdom, France, Spain, Germany and Italy and its revenue accounted for 29.4% of Mad Catz Interactive, Inc.'s total consolidated revenue.

### **Customers**

MCE sells to many of the largest European retailers of interactive entertainment products both directly and through the use of distributors. MCE sells directly to customers such as Argos, Asda, Dixon Stores Group International, GameStop Sweden/Germany/Italy/Spain and Ireland, HMV, Play.com, Tesco, Micromania, Carrefour and Auchan, while Mad Catz products can also be found at Amazon and Best Buy due to the Company's use of distributors.

### **Competitive environment**

The markets in which MCE sells are highly competitive, and the Company expects that it may face increased competition if additional companies enter these markets. Historically, price has been a significant competitive factor for interactive videogame and PC accessories. The Company believes that the other principal competitive factors that historically have affected retailer and consumer choice include value, product features, ease of use and installation, realism in simulation, name brand recognition, product styling and whether the product is licensed. Additional competitive factors from the perspective of the major retailers include margins, service, support, merchandising and promotional support, reliable and timely delivery, track record and electronic data interchange capability. The Company seeks to differentiate its products through superior product design, packaging, product innovation, licensing and branding. In addition, the Company aims to provide a higher level of sales service to retailers through its category management capability.

## **Directors' report** *(continued)*

The Company believes that its products are targeted to a broad demographic group, and are complementary with consumers of Microsoft, Nintendo and Sony video game consoles as well as Personal Computer and Apple Mac users. The Company believes that the major factors that will provide it with continued viability and competitive edge are unique products and brands that appeal to passionate consumer groups as well as licenses, low cost products, quality, service and retail relationships.

### **Additional Products Risks**

MCE's financial results are dependent on timely introduction of new products, and any failure to introduce new products to the marketplace may have a material adverse effect on its business, results of operations, financial condition and liquidity. Its product mix constantly changes.

New video game platforms and development for multiple consoles create additional technical and business model uncertainties that could impact MCE's business.

Changes to current video game platforms or introductions of new video game platforms may result in MCE's products becoming inoperable on some video game platforms, which would reduce sales of its products and adversely affect its business, results of operations, financial condition and liquidity.

### **Employees**

At 31 March 2012, MCE had 44 full-time employees of which 39 were resident in the U.K., 3 were resident in France, 1 was resident in Spain and 1 was resident in Sweden.

### **Results of Operations**

In Fiscal Year 2012, MCE net sales decreased by 34%. In Fiscal Year 2011 MCE net sales were 29.4% of the parent company's consolidated sales versus 27.6% in the prior year.

### **Outlook**

The directors believe the following to be key initiatives in Fiscal Year 2013 which will help MCE achieve financial success in the future:

- Continuing to develop new video game accessories for the current and next generation consoles, including Microsoft Xbox 360, Sony PlayStation 3 and Nintendo Wii U, as well as Personal Computers and Apple hardware,
- Continuing to increase the flow of premium products across our major brands: Mad Catz, Tritton and Saitek
- Continuing to build a portfolio of licensed properties to develop exclusive accessory products that will command higher price-points and margins,
- Continuing to expand distribution for existing products as well as further expanding the product range,
- Further increase Mad Catz brand awareness within consumer markets through marketing and communication initiatives as well as product line expansion,
- Continuing to identify and pursue strategic opportunities to leverage our core competencies into adjacent and compatible product categories.

## **Directors' report** *(continued)*

### **Directors**

The Directors of the Company during the year are set out below

B Andersen  
W Peterson  
D Richardson  
A Young

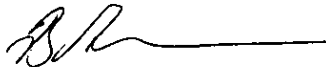
### **Disclosure of information to auditor**

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

### **Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will therefore continue in office

By order of the board



**B Andersen**  
*Director*

West One  
114 Wellington Street  
Leeds  
West Yorkshire  
LS1 1BA

## **Statement of directors' responsibilities in respect of the Directors' report and the financial statements**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are 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.



## **Independent auditor's report to the members of Mad Catz Europe Limited**

We have audited the financial statements of Mad Catz Europe Limited for the year ended 31 March 2012 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm)

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit



**M Matthewman (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**  
*Chartered Accountants*  
*Altius House*  
*One North Fourth Street*  
*Milton Keynes*  
*MK9 1NE*

10/12/12



**Profit and loss account**  
*for the year ended 31 March 2012*

	<i>Note</i>	<b>2012</b> £	2011 £
<b>Turnover</b>	2	<b>21,679,922</b>	32,701,636
Cost of sales		<b>(18,074,107)</b>	(28,356,505)
<b>Gross profit</b>		<b>3,605,815</b>	4,345,131
Distribution costs		<b>(1,978,561)</b>	(2,065,104)
Administrative expenses		<b>(2,355,802)</b>	(2,820,275)
Other operating income		<b>1,499,491</b>	1,524,580
<b>Operating profit</b>	3	<b>770,943</b>	984,332
Interest receivable and similar income	6	-	42,315
Interest payable and similar charges	7	<b>(302,258)</b>	(47,148)
<b>Profit on ordinary activities before taxation</b>		<b>468,685</b>	979,499
Tax on profit from ordinary activities	8	<b>(17,118)</b>	(84,942)
<b>Profit on ordinary activities after taxation</b>	15,16	<b>451,567</b>	894,557

The results shown above are derived entirely from continuing operations

There are no recognised gains and losses other than the profit for the financial year

The notes on pages 9 to 18 form part of these financial statements

**Balance sheet**  
*at 31 March 2012*

	<i>Note</i>	2012	2011
		£	£
<b>Fixed assets</b>			
Intangible assets	9	39,614	63,980
Tangible assets	10	131,942	85,018
Investments		1	1
		<u>171,557</u>	<u>148,999</u>
<b>Current assets</b>			
Stocks	11	4,950,073	4,845,256
Debtors	12	8,224,472	22,802,481
Cash at bank and in hand		308,324	237,033
		<u>13,482,869</u>	<u>27,884,770</u>
<b>Creditors' amounts falling due within one year</b>	13	<u>(9,418,776)</u>	<u>(24,352,808)</u>
<b>Net current assets</b>		<u>4,064,093</u>	<u>3,531,962</u>
<b>Total assets less current liabilities</b>		<u>4,235,650</u>	<u>3,680,961</u>
<b>Capital and reserves</b>			
Called up share capital	14	1	1
Profit and loss account	15	3,920,733	3,469,166
Share based payment reserve	15	314,916	211,794
<b>Shareholders' funds</b>	16	<u>4,235,650</u>	<u>3,680,961</u>

These financial statements were approved by the board of directors on 10/12/2012 and were signed on its behalf by



**B Andersen**  
Director

The notes on page 9 to 18 form part of these financial statements

Company registration number 4017563

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with applicable accounting standards

The following principle accounting policies have been applied

#### *Cash flow statement*

The company has taken advantage of the exemption conferred by FRS 1 'Cash Flow Statements' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by Mad Catz Interactive Inc and the company is included in its consolidated financial statements

#### *Group financial statements*

The company is exempt by virtue of Section 401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the company as an individual undertaking and not about its group

#### *Turnover*

Turnover represents sales to customers at invoiced amounts less value added tax or local taxes on sales after making appropriate provision for sales returns and allowances. Turnover is recognised on delivery confirmation of the products to customers

#### *Depreciation*

Depreciation is provided to write off the cost, less estimated residual value, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates

Computer equipment	- 3 years straight line
Fixtures and fittings	- 5 years straight line
Office equipment	- 5 years straight line
Leasehold improvements	- 5 years straight line

#### *Intangible assets*

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation

Amortisation is charged to the income statement on a straight-line basis over the estimated useful life of the intangible asset

Intangible assets	- 6 years straight line
Goodwill	- 2 years straight line

#### *Investments*

Fixed asset investments are shown at cost less provision for impairment

## Notes (continued)

### 1 Accounting policies (continued)

#### *Research and development expenditure*

Expenditure on research and development is written off to the profit and loss account in the year in which it is incurred

#### *Stocks*

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

#### *Foreign currencies*

Transactions denominated in foreign currencies are translated into sterling and recorded at an average rate of exchange for the month for each transaction. Balances denominated in a foreign currency are translated into sterling at exchange rates ruling on the balance sheet date.

#### *Operating leases*

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

#### *Related party disclosure*

The company has taken advantage of the exemption conferred by FRS 8, 'Related party disclosure', not to disclose transactions with members or investees of the group headed by Mad Catz Interactive Inc on the grounds that it is a wholly owned subsidiary of the group and the company is included in consolidated financial statements.

#### *Share based payments*

The share option programme allows employees to acquire shares of the Mad Catz Interactive, Inc. The fair value of options granted after 7 November 2002 and those not yet vested as at 1 April 2005 is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using an option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

### 2 Turnover

Turnover is wholly attributable to the principal activity of the company.

#### *Analysis by geographical market*

	2012 £	2011 £
United Kingdom	6,791,007	17,093,873
Europe	14,888,915	15,607,763
	<u>21,679,922</u>	<u>32,701,636</u>

## Notes (continued)

### 3 Operating profit

	2012 £	2011 £
<i>Operating Profit on ordinary activities before taxation is stated after charging.</i>		
Depreciation	52,713	37,073
Hire of plant and machinery – rentals payable under operating leases	5,242	4,839
Hire of other assets – operating leases	136,168	134,810
Amortisation	24,365	126,219
Research and development expenditure	1,428,087	1,550,868
<i>Auditor remuneration</i>		
Audit of these financial statements	43,000	42,000
Other services in relation to taxation	4,000	4,000
	<u>          </u>	<u>          </u>

Research and development costs are recharged to a fellow group undertaking as incurred

### 4 Employees

	2012 £	2011 £
Wages and salaries	2,028,666	2,442,919
Social security costs	396,530	295,548
Pension costs (see note 18)	76,756	70,474
	<u>          </u>	<u>          </u>
	2,501,952	2,808,941
	<u>          </u>	<u>          </u>

#### Average number of employees

Engineering	18	18
Sales	16	16
Office and Administration	9	9
	<u>          </u>	<u>          </u>
	43	43
	<u>          </u>	<u>          </u>

### 5 Directors' emoluments

	2012 £	2011 £
Directors' emoluments	516,949	307,744
Company contributions to money purchase pension schemes	3,369	3,111
	<u>          </u>	<u>          </u>
	520,318	310,855
	<u>          </u>	<u>          </u>

The aggregate of emoluments of the highest paid Director was £326,352 (2011 £204,460). Company pension contributions of £3,369 (2011 £3,111) were made to a money purchase scheme on behalf of one Director.

**Notes (continued)**

**6 Interest receivable and similar income**

	2012 £	2011 £
Exchange gains	-	42,315
	<u>-</u>	<u>42,315</u>

**7 Interest payable and similar charges**

	2012 £	2011 £
Interest payable to group entities	59,730	47,148
Exchange losses	242,528	-
	<u>302,258</u>	<u>47,148</u>

**8 Taxation**

The tax charge based on profit for the year is

	2012 £	2011 £
<i>UK corporation tax</i>		
Current tax on profits for the year	37,584	243,315
Adjustment in respect of prior year	(33,097)	(110,003)
Total current tax	<u>4,487</u>	<u>133,312</u>
<i>Deferred tax (see note 12)</i>		
Other timing differences	12,631	(48,370)
Total deferred tax	<u>12,631</u>	<u>(48,370)</u>
Tax on profit on ordinary activities	<u>17,118</u>	<u>84,942</u>

## Notes (continued)

### 8 Taxation (continued)

#### *Factors affecting the tax charge for the current period*

The current tax charge for the period is lower (2011 lower) than the standard rate of corporation tax in the UK. The difference is explained below.

	2012 £	2011 £
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	468,685	979,499
Profit on ordinary activities at the standard rate of corporation tax in the UK of 26% (2011 28%)	121,858	274,260
<i>Effects of</i>		
Expenses not deductible for tax purposes	7,887	37,166
Depreciation (less than)/in excess of capital allowances	(12,919)	(3,883)
Utilisation of tax losses	(27,400)	(20,608)
Adjustments to tax charge in respect of previous periods	(33,097)	(110,003)
Share based payment	18,958	(5,518)
R&D allowances	(70,800)	(38,102)
	4,487	133,312

A deferred tax asset has not been recognised in relation to the trading losses carried forward because as there is insufficient persuasive and reliable evidence that they will be utilised in the foreseeable future. The unprovided deferred tax asset at 31 March 2012 was £1,341,195 (2011 £1,480,361).

#### *Factors that may affect future tax charges*

The 2012 Budget on 23 March 2012 announced that the UK corporation tax rate will reduce to 22% by 2014. A reduction in the rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011 and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 17 July 2012 respectively.

### 9 Intangible Fixed Assets

	Intangibles £	Goodwill £	Total £
<i>Cost or valuation</i>			
At beginning and end of year	196,382	208,643	405,025
<i>Amortisation</i>			
At beginning of year	132,404	208,642	341,046
Charged in year	24,365	-	24,365
At end of year	156,769	208,642	365,411
<i>Net book value</i>			
At 31 March 2012	39,613	1	39,614
At 31 March 2011	63,979	1	63,980

## Notes (continued)

### 10 Tangible fixed assets

	Computer equipment £	Fixtures and fittings £	Office equipment £	Leasehold improvements £	Total £
<i>Cost</i>					
At beginning of year	104,859	83,755	55,868	76,577	321,059
Additions	46,061	17,607	28,470	7,499	99,637
<b>At end of year</b>	<b>150,920</b>	<b>101,362</b>	<b>84,338</b>	<b>84,076</b>	<b>420,696</b>
<i>Depreciation</i>					
At beginning of year	78,675	75,834	40,720	40,812	236,041
Charge for year	27,121	5,592	8,797	11,203	52,713
<b>At end of year</b>	<b>105,796</b>	<b>81,426</b>	<b>49,517</b>	<b>52,015</b>	<b>288,754</b>
<i>Net book value</i>					
<b>At 31 March 2012</b>	<b>45,124</b>	<b>19,936</b>	<b>34,821</b>	<b>32,061</b>	<b>131,942</b>
At 31 March 2011	26,184	7,921	15,148	35,765	85,018

### 11 Stocks

	2012 £	2011 £
Goods for resale	4,950,073	4,845,256

### 12 Debtors

	2012 £	2011 £
Trade debtors	2,867,347	2,592,296
Amounts owed from group undertakings	4,395,233	19,747,064
Deferred tax	35,739	48,370
Other Debtors	57,860	-
VAT recoverable	708,725	264,593
Prepayments and accrued income	159,568	150,158
	<b>8,224,472</b>	<b>22,802,481</b>

All amounts shown under debtors fall due for payment within one year

The amounts provided for deferred taxation are set out below

	2012 £	2011 £
Differences relating to share based payments	62,149	48,370
Capital allowances in excess of depreciation	(26,410)	-
	<b>35,739</b>	<b>48,370</b>



## Notes (continued)

### 13 Creditors. amounts falling due within one year

	2012 £	2011 £
Trade creditors	654,002	374,089
Amounts owed to group undertakings	7,922,240	22,610,460
Corporation tax	247,807	300,950
Accruals and deferred income	594,727	1,067,309
	<u>9,418,776</u>	<u>24,352,808</u>

### 14 Share capital

	2012 £	2011 £
Equity share capital, allotted, called up and fully paid	<u>1</u>	<u>1</u>

### 15 Reserves

	Share based payment reserve £	Profit and loss account £	Total reserves £
At beginning of year	211,794	3,469,166	3,680,960
Profit for the year	-	451,567	451,567
Equity settled share options charge	103,122	-	103,122
	<u>314,916</u>	<u>3,920,733</u>	<u>4,235,649</u>
At end of year	<u>314,916</u>	<u>3,920,733</u>	<u>4,235,649</u>

### 16 Reconciliation of movements in shareholders' funds

	2012 £	2011 £
Profit for the financial year	451,567	894,557
Share based payments charge	103,122	81,363
	<u>554,689</u>	<u>975,920</u>
Net increase in shareholders' funds	554,689	975,920
Opening shareholders' funds	<u>3,680,961</u>	<u>2,705,041</u>
Closing shareholders' funds	<u>4,235,650</u>	<u>3,680,961</u>

## Notes (continued)

### 17 Employee share schemes

#### Share based payments

The terms and conditions of grants are as follows, whereby all options are settled by physical delivery of shares

Grant date/ Employees entitled/ nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
Equity-settled award to B Andersen granted by ultimate parent company (Mad Catz Interactive, Inc) on 20 September 2006	25,000	100% on grant date	20 September 2016
Equity-settled award to B Andersen granted by ultimate parent company (Mad Catz Interactive, Inc) on 13 October 2006	50,000	25% - 13 October 2007 1/48 per month thereafter until fully vested on the 13 October 2010	13 October 2016
Equity-settled award to B Andersen granted by ultimate parent company (Mad Catz Interactive, Inc) on 7 June 2007	130,000	25% - 7 June 2008 1/48 per month thereafter until fully vested on the 7 June 2011	7 June 2017
Equity-settled award to four employees granted by ultimate parent company (Mad Catz Interactive, Inc) on 16 August 2007	13,000	25% - 16 August 2008 1/48 per month thereafter until fully vested on the 16 August 2011	16 August 2017
Equity-settled award to twenty-seven employees granted by ultimate parent company (Mad Catz Interactive, Inc) on 30 September 2008	1,030,000	25% - 30 September 2009 1/48 per month thereafter until fully vested on the 29 September 2012	30 September 2018
Equity-settled award to three employees granted by ultimate parent company (Mad Catz Interactive, Inc) on 2 September 2009	140,000	25% - 1 September 2010 1/48 per month thereafter until fully vested on the 1 September 2013	2 September 2019
Equity-settled award to three employees granted by ultimate parent company (Mad Catz Interactive, Inc) on 16 September 2010	375,000	25% - 15 September 2011 1/48 per month thereafter until fully vested on the 15 September 2014	15 September 2020
Equity-settled award to ten employees granted by ultimate parent company (Mad Catz Interactive, Inc) on 18 August 2011	545,000	25% - 17 August 2012 1/48 per month thereafter until fully vested on the 17 August 2015	17 August 2021

The number and weighted average exercise prices of share options in are as follows

	2012 Weighted average exercise price	2012 Number of options	2011 Weighted average exercise price	2011 Number of options
Outstanding at the beginning of the period	USD\$0 52	1,518,251	USD\$0 53	1,388,000
Granted during the period	USD\$0 98	545,000	USD\$0 43	375,000
Cancelled during the period	USD\$0 00	-	USD\$0 47	(934,792)
Exercised during the period	USD\$0.44	(40,561)	USD\$0 45	(209,957)
	<hr/>	<hr/>	<hr/>	<hr/>
Outstanding at the end of the period	USD\$0 65	2,022,690	USD\$0 52	1,518,251
	<hr/>	<hr/>	<hr/>	<hr/>
Exercisable at the end of the period	USD\$0 56	1,069,565	USD\$0 62	682,522
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes (continued)

### 17 Employee share schemes (continued)

The options outstanding at the year end have an exercise price in the range of USD\$0.33 to USD\$1.23 and a weighted average contractual life of 10 years

The estimate of the fair value of the services received is measured based on a Black-Scholes model

#### Share based payments (continued)

	2012 Mad Catz Interactive, Inc Incentive Stock Option Plan	2011 Mad Catz Interactive, Inc Incentive Stock Option Plan
Exercise price	USD\$0.98	USD\$0.43
Expected volatility of the share price	92%	86%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	5 years	5 years
Expected dividends	-	-
Risk free interest rate (based on national government bonds)	1.02%	1.85%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility due to publicly available information

The total expenses recognised for the period arising from share based payments are as follows

	2012 £	2011 £
Equity settled share based payments	103,121	81,363

### 18 Pension scheme

The Company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the Company to the scheme and amounted to £76,756 (2011: £70,474)

There were no outstanding or prepaid contributions at either the beginning or end of the financial year

### 19 Commitments

At the 31 March 2012, the company had annual commitments under non-cancellable operating leases as set out below

	2012 Land and Buildings £	Other £	2011 Land and Buildings £	Other £
Operating leases which expire				
Within one year	15,123	-	-	-
In two to five years	117,000	8,987	179,664	6,094

**Notes** *(continued)*

**20 Ultimate parent company and parent undertaking of larger group**

The company is a wholly owned subsidiary of 1328158 Ontario Inc , a company incorporated in Canada  
The ultimate parent is Mad Catz Interactive Inc , a company incorporated in Canada

The largest and smallest groups in which the results of the company are consolidated is that headed by Mad Catz Interactive Inc The consolidated financial statements are available to the public and may be obtained from Jaffoni & Collins Incorporated, 116 East 16<sup>th</sup> Street, 11<sup>th</sup> Floor, New York, NY 10003-2112