Mad Catz Europe Limited

Strategic report, Directors' report and financial statements

Registered number 4017563

31 March 2015

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Company information

Directors	B Andersen W Peterson D Richardson A Young
Secretary and registered office	The Needle Partnership LLP Grove House Mansion Gate Drive Leeds West Yorkshire LS7 4DN
Company number	4017563
Auditor	KPMG LLP Altius House One North Fourth Street Milton Keynes MK9 1NE

Strategic report

Principal markets

Mad Catz Europe Limited ("MCE" or "the Company"), operates one business segment, which is the sales, marketing and distribution of video game and PC accessories and software. In fiscal year 2015, the Company primarily sold products in the United Kingdom, France, Spain, Germany and the Netherlands and its revenue accounted for 49.6% 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, Dixons Carphone, Game Digital plc, GameStop Sweden and Ireland, Micromania, Carrefour and Auchan, while Mad Catz products can also be found at Amazon and many specialist eCommerce and retail locations 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.

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 Connected Smart devices. 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, quality, service and retail relationships.

Additional product 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 2015, MCE had 39 full-time employees of which 36 were resident in the UK, 2 were resident in Spain and 1 was resident in Sweden.

Results of operations

In Fiscal Year 2015, MCE net sales decreased by 6%. In Fiscal Year 2015, MCE net sales were 49.6% of the parent company's consolidated sales versus 49.8% in the prior year.

Strategic report *(continued)*

Outlook

The directors believe the following to be key initiatives in Fiscal Year 2016 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 One; Sony PlayStation 4 and Nintendo Wii U; as well as Personal and Apple Mac Computers and Android, Windows and iOS mobile devices;
- Continuing to increase the flow of premium products across our major brands: Mad Catz; Tritton and Saitek;
- 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.

By order of the board

10/12-15

B Andersen
Director

Grove House
Mansion Gate Drive
Leeds
West Yorkshire
LS7 4DN

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 March 2015.

Results and dividends

The profit and loss account is set out on page 8 and shows the profit for the year.

The directors do not recommend the payment of a final dividend *(2014: £nil)*.

Principal activities

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 markets, sells and distributes video games and accessories for all major video game platforms, personal computers ("PC") and connected smart devices across all Mad Catz brands throughout Europe. The Mad Catz product lines include accessories such as control pads, speciality controllers, joysticks, cables, ear phones, headsets, mice, keyboards, and gaming surfaces for all major video game platforms, including Microsoft's Xbox 360 and Xbox One, Sony's Playstation 3, Playstation 4 and Playstation Vita, Nintendo's WiiU as well as Connected Smart Devices and Personal Computers. Mad Catz Europe Limited also operates a registered branch in France and representation offices in Spain and Sweden.

Going Concern

These financial statement have been prepared on a going concern basis. Note 1 of these financial statements sets out the rationale for this together with the risks relating to the assertion.

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

10/12-15

B Andersen
Director

Grove House
Mansion Gate Drive
Leeds
West Yorkshire
LS7 4DN

Statement of directors' responsibilities in respect of the Strategic report, Directors' report and the financial statements

The directors are responsible for preparing the Strategic Report, 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.

KPMG

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 2015 set out on pages 8 to 19. 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 Financial Reporting Council's website at 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 2015 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 Strategic Report and 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.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The Company is dependent on the continued financial support of the Parent Company - Mad Catz Interactive, Inc - which provides financial support to it through intercompany loans of £8,602k which are repayable on demand. The company's balance sheet also includes debtors of £6,376k owed to it by group undertakings. There are uncertainties about the parent company's ability to continue as a going concern, as described in note 1.

These conditions, along with the other matters explained in note 1, indicate the existence of a material uncertainty which may cast significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

M Matthewman

Mark 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

11 December 2015

Profit and loss account
for the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Turnover	2	**26,507**	28,062
Cost of sales		**(22,992)**	(24,500)
Gross profit		**3,515**	3,562
Distribution costs		**(1,453)**	(1,947)
Administrative expenses		**(2,277)**	(2,343)
Other operating income		**1,445**	1,606
Operating profit	*3*	**1,230**	878
Interest payable and similar charges	*6*	**(240)**	(238)
Profit on ordinary activities before taxation		**990**	640
Tax on profit from ordinary activities	*7*	**166**	(129)
Profit on ordinary activities after taxation	*15,16*	**1,156**	511

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 10 to 19 form part of these financial statements.

Balance sheet
at 31 March 2015

	Note	2015 £'000	2015 £'000	2014 £'000	2014 £'000
Fixed assets					
Tangible assets	9		53		47
					47
Current assets					
Stocks	10	5,440		4,636	
Debtors	11	10,485		8,989	
Cash at bank and in hand		396		385	
		16,321		14,010	
Creditors: amounts falling due within one year	13	(9,628)		(8,600)	
Net current assets			6,693		5,410
Total assets less current liabilities			6,746		5,457
Capital and reserves					
Called up share capital	14		-		-
Profit and loss account	15		6,046		4,890
Share based payment reserve	15		700		567
Shareholders' funds	16		6,746		5,457

These financial statements were approved by the board of directors on 10/12/15 and were signed on its behalf by:

10/12/15

B Andersen
Director

The notes on page 10 to 19 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

Investments

Fixed asset investments are shown at cost less provision for impairment.

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.

Notes *(continued)*

1 Accounting policies *(continued)*

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.

Going concern

The Company's financial statements have been prepared on a going concern basis, which presumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business.

The Company's net assets include loans of £8,602k due to its parent company, Mad Catz Interactive, Inc., which are repayable on demand. They also include debtors of £6,376k due from the other group companies, including the parent company. The Company's ability to continue as a going concern may be put into jeopardy if the loans are called in or if the debtors are not received. As a result, the Company is dependent on the parent company for continued financial support.

The likelihood of the loans being called in or the debtors not being received is considered to have increased in the current year due to the financial position of the company's parent as disclosed in the financial statements of Mad Catz Interactive, Inc:

'The Company maintains a Credit Facility with Wells Fargo Capital Finance, LLC ("Wells Fargo") to borrow up to $25 million under a revolving line of credit subject to the availability of eligible collateral (accounts receivable and inventories), which changes throughout the year. Borrowings under the Credit Facility are secured by a first priority interest in the inventories, equipment, and accounts receivable of certain of our subsidiaries and by a pledge of all of the capital stock of our subsidiaries. The Company is required to meet a monthly financial covenant based on a trailing twelve months' Adjusted EBITDA, as defined. The Company's trailing twelve months' Adjusted EBITDA as of March 31, 2015 and April 30, 2015 was lower than the required threshold and, accordingly, the Company was not in compliance with this covenant as of March 31, 2015 and April 30, 2015. On June 23, 2015, the Company received a waiver of the covenant violations from Wells Fargo and entered into an amendment to the Credit Facility that extends the expiration of the credit facility to July 31, 2016 and modifies the trailing twelve months' Adjusted EBITDA covenant, as defined, from June 2015 through June 2016.

The Company depends upon the availability of capital under the Credit Facility to finance operations. Compliance with the Adjusted EBITDA covenants in fiscal 2016, which are tied closely to our internal forecasts and include significant contributions from anticipated sales of products related to the Rock Band 4 video game, depends on the Company's ability to increase net sales and gross profit considerably. Also, the Company operates in a rapidly evolving and often unpredictable business environment that may change *the timing or amount of expected future sales and expenses. If the Company is unable to comply with the revised Adjusted EBITDA covenants contained in the Credit Facility, Wells Fargo could declare the outstanding borrowings under the facility immediately due and payable. If the Company needs to obtain additional funds as a result of the termination of the Credit Facility or the acceleration of amounts due thereunder, there can be no assurance that alternative financing can be obtained on substantially similar or acceptable terms, or at all. The Company's failure to promptly obtain alternate financing could limit our ability to implement our business plan and have an immediate, severe and adverse impact on our business, results of operations, financial condition and liquidity. In the event that no alternative financing is available, the Company would be forced to drastically curtail operations, or dispose of assets, or cease operations altogether.*

These uncertainties raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of these uncertainties.'

Subsequently to the above, a refinancing took place, where on June 30, 2015, Mad Catz, Inc. ("MCI"), entered into a Loan and Security Agreement with NewStar Business Credit LLC ("NSBC") to provide for a $20.0 million revolving line of credit (which increases to $35.0 million from September 1, 2015 through February 29, 2016) subject to the availability of eligible accounts receivable and inventories, which changes throughout the year. Additionally, on June 30, 2015, Mad Catz Europe Ltd. entered into a Master Facilities Agreement (the "Facilities Agreement") with Faunus Group International, Inc. ("FGI") to provide for a $10.0 million secured demand credit facility subject to the availability of eligible accounts receivable and inventories, which changes throughout the year. Both facilities have a three-year term and under NSBC facility MCI is required to meet a monthly financial covenant. On July 6, 2015 the previous agreement with Wells Fargo was terminated.

The directors believe that it remains appropriate to prepare the accounts on a going concern basis based on reasonable expectations that the parent will be able to pay its debts and will not call in its loans to the Company. However, the uncertainty over the Parent Company's ability to continue as a going concern, and the Company's reliance on the parent company for continued financial support, give rise to a material uncertainty which may cast significant doubt on the ability of the company to continue as a going concern and, therefore, to continue to realize its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

2 Turnover

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

Analysis by geographical market:	2015 £'000	2014 £'000
United Kingdom	**5,252**	5,090
Europe	**20,842**	22,486
Rest of the World	**413**	486
	26,507	28,062

Notes *(continued)*

3 Operating profit

	2015 £'000	2014 £'000
Operating profit on ordinary activities before taxation is stated after charging:		
Depreciation	30	45
Hire of plant and machinery – rentals payable under operating leases	4	9
Hire of other assets – operating leases	131	145
Amortisation	-	16
Research and development expenditure	1,006	1,067
Auditor remuneration		
Audit of these financial statements	50	49
Other services in relation to taxation	5	4

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

4 Employees

	2015 £'000	2014 £'000
Wages and salaries	1,912	2,129
Social security costs	298	382
Pension costs (see note 18)	86	85
	2,296	2,596

	Average number of employees	
Engineering	15	16
Sales	11	16
Office and Administration	13	10
	39	42

5 Directors' emoluments

	2015 £'000	2014 £'000
Directors' emoluments	299	359
Company contributions to money purchase pension schemes	10	12
	309	371

The aggregate of emoluments of the highest paid Director was £168,000 *(2014: £187,000)*. Company pension contributions of £9,711 *(2014: £11,663)* were made to a money purchase scheme on behalf of two Directors.

Notes *(continued)*

6 Interest payable and similar charges

	2015 £'000	2014 £'000
Interest payable to group entities	180	119
Exchange losses	60	119
	240	238

7 Taxation

The tax (credit)/charge based on profit for the year is:

	2015 £'000	2014 £'000
Current tax on profits for the year	102	102
Adjustment in respect of prior year	25	26
Total current tax	127	128
Deferred tax	(293)	1
Tax on profit on ordinary activities	(166)	129

8 Taxation

Factors affecting the tax charge for the current period

The current tax charge for the period is lower *(2014: lower)* than the standard rate of corporation tax in the UK. The difference is explained below.

	2015 £'000	2014 £'000
Current tax reconciliation		
Profit on ordinary activities before tax	990	640
Profit on ordinary activities at the standard rate of corporation tax in the UK of 21% *(2014: 23%)*	208	147
Effects of:		
Expenses not deductible for tax purposes	1	4
Depreciation in excess of/(less than) capital allowances	7	10
Utilisation of tax losses	(89)	(39)
Adjustments to tax charge in respect of previous periods	25	26
Share based payment	28	29
R&D allowances	(53)	(48)
	127	129

Factors that may affect future tax charges

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. In the Budget on 8 July 2015, the Chancellor announced additional planned reductions to 18% by 2020. This will reduce the company's future current tax charge accordingly. The deferred tax asset at 31 March 2015 has been calculated based on the rate of 20% substantively enacted at the balance sheet date.

Notes *(continued)*

9 Tangible fixed assets

	Computer equipment £'000	Fixtures and fittings £'000	Office equipment £'000	Leasehold improvements £'000	Total £'000
Cost					
At beginning of year	171	101	84	84	440
Additions	39	-	-	-	39
Disposals	(3)	-	-	-	(3)
At end of year	207	101	84	84	476
Depreciation					
At beginning of year	157	92	68	76	393
Charge in year	10	5	8	7	30
At end of year	167	97	76	83	423
Net book value					
At 31 March 2015	40	4	8	1	53
At 31 March 2014	14	9	16	8	47

10 Stocks

	2015 £'000	2014 £'000
Goods for resale	5,440	4,636

11 Debtors

	2015 £'000	2014 £'000
Trade debtors	2,643	2,032
Amounts owed from group undertakings	7,031	5,807
Deferred tax	369	76
VAT recoverable	355	920
Prepayments and accrued income	87	154
	10,485	8,989

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

A deferred tax asset has been recognised in relation to some of trading losses carried forward, the unprovided deferred tax asset at 31 March 2015 was £987,000 *(2014: £1,067,000)*.

Notes *(continued)*

12 Deferred Tax

	2015 £'000	2014 £'000
At beginning of year	76	77
Adjustment relating to prior year	25	-
Timing differences	18	(1)
Utilisation of tax losses	250	-
	369	76

The amounts provided for deferred taxation are set out below:

	2015 £'000	2014 £'000
Differences relating to share based payments	110	88
Capital allowances in excess of depreciation	9	(12)
Tax losses	250	-
	369	76

13 Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	691	771
Amounts owed to group undertakings	8,505	7,164
Corporation tax	38	98
Accruals and deferred income	394	567
	9,628	8,600

14 Share capital

	2015 £	2014 £
Equity share capital, allotted, called up and fully paid	1	1

15 Reserves

	Share based payment reserve £'000	Profit and loss account £'000	Total reserves £'000
At beginning of year	567	4,890	5,457
Profit for the year	-	1,156	1,156
Equity settled share options charge	133	-	133
At end of year	700	6,046	6,746

Notes *(continued)*

16 Reconciliation of movements in shareholders' funds

	2015 £'000	2014 £'000
Profit for the financial year	1,156	511
Share based payments charge	133	126
Net increase in shareholders' funds	1,289	637
Opening shareholders' funds	5,457	4,820
Closing shareholders' funds	6,746	5,457

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 2011
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 2011
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
Equity-settled award to nine employees granted by ultimate parent company (Mad Catz Interactive, Inc) on 20 August 2012.	645,000	25% - 19 August 2013 1/48 per month thereafter until fully vested on the 19 August 2016	19 August 2022

Notes *(continued)*

17 Employee share schemes *(continued)*

Grant date/ Employees entitled/ nature of scheme	Number of instruments	Vesting conditions	Contractual life of options
Equity-settled award to seven employees granted by ultimate parent company (Mad Catz Interactive, Inc) on 11 September 2014.	700,000	25% - 20 September 2015 1/48 per month thereafter until fully vested on the 19 August 2018	10 September 2024

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

	2015 Weighted average exercise price	2015 Number of options	2014 Weighted average exercise price	2014 Number of options
Outstanding at the beginning of the period	USD$0.66	2,564,190	USD$0.65	2,645,190
Granted during the period	USD$0.56	700,000	USD$0.00	-
Cancelled during the period	USD$0.48	(51,000)	USD$0.48	(81,000)
Exercised during the period	USD$0.00	-	USD$0.00	-
Outstanding at the end of the period	USD$0.64	3,213,190	USD$0.66	2,564,190
Exercisable at the end of the period	USD$0.65	2,227,982	USD$0.63	1,934,607

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.

	2015 Mad Catz Interactive, Inc Incentive Stock Option Plan	2014 Mad Catz Interactive, Inc Incentive Stock Option Plan
Exercise price	USD$0.56	USD$0.50
Expected volatility of the share price	77%	84% - 90%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	5 years	5 – 7 years
Expected dividends	-	-
Risk free interest rate (based on national government bonds)	1.78%	0.68% - 1.72%

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:

	2015 £'000	2014 £'000
Equity settled share based payments	133	126

Notes *(continued)*

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 £86,000 *(2014: £85,000)*.

19 Commitments

At the 31 March 2015, the company had annual commitments under non-cancellable operating leases as set out below:

	2015		2014	
	Land and Buildings	Other	Land and Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
In two to five years	117	4	145	9

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

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 16th Street, 11th Floor, New York, NY 10003-2112.