

Rockstar International Limited

Registered No. 05584724

Reports and Financial Statements

For the year ended 31 March 2018

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COMPANIES HOUSE

Rockstar International Limited

Registered No. 05584724

Directors

D Emerson

R Hajaj

Company secretaries

D Emerson

HAL Management Limited

Auditors

Ernst & Young LLP

1 More London Place

London SE1 2AF

Solicitors

Harbottle & Lewis

Hanover House

14 Hanover Square

London W1R 0BE

Bankers

JPMorgan Bank N.A

Chaseside

Bournemouth

UK

BH7 7DA

Registered Office

Hanover House

14 Hanover Square

London W1S 1HP

United Kingdom

Strategic report

Registered No. 05584724

The directors present their Strategic report and financial statements for the year ended 31 March 2018.

Results and dividends

The profit for the year after taxation was £948,000 (2017 profit of £247,000) which will be transferred to reserves. The directors do not recommend the payment of a dividend (2017 – £0).

Principal activity and review of the business

The company's ultimate parent undertaking is Take-Two Interactive Software Inc, a leading global publisher, developer and distributor of interactive entertainment software. The immediate parent undertaking is Take Two International GmbH, a company incorporated in Switzerland.

The principal activity of the company during the financial year was to provide marketing execution and service functions to Take-Two Interactive Software UK Limited (TTI UK), which were carried out by an average of 34 FTE's in London.

Functions fulfilled by the company and related to TTI UK's publishing operations outside North America include;

- liaising with group companies in the UK, France, Germany, Spain, Italy, Benelux, Singapore and Australia; and
- management of the day-to-day execution of marketing strategies and delivery of marketing assets.

Turnover in 2018 in the UK represents the recharge made by the company to Take-Two Interactive Software UK Ltd as a remuneration of its activity during the year. The company's key financial and other performance indicators during the year were as follows:

	2018	2017
	£'000s	£'000s
Turnover	6,685	5,213
Operating profit	279	216
Profit for the year	948	247
Shareholders' funds	1,329	381
Average number of employees	34	32

Strategic report (continued)

Registered No. 05584724

Principal risks and uncertainties

The directors have established controls to mitigate the following risks appropriate to the size and complexity of the business.

- Foreign exchange risk

The company is subject to risks and uncertainties against the fluctuations in the values of foreign currencies against the Great British Pound (£). This risk is limited as the majority of our intercompany receivable and payable balances are denoted in Great British Pound (£).

The company has established foreign exchange forecasting models to manage any exposure to foreign exchange fluctuations.

- Cash flow risk

The company has established cash forecasting models to manage cash flow within the constraints of the company's banking facilities.

On behalf of the Board



R Haja]

Director

11 December 2018

Directors report

Registered No. 05584724

The directors present their Directors' report and financial statements for the year ended 31 March 2018.

Results and dividends

The results are outlined in the Strategic Report on pages 2 and 3.

Going concern

The company's business activities along with its future developments, risks and uncertainties are laid out in the Strategic Report and Note 1 of the financial statements. The company provides marketing and service functions on a cost plus basis to Take-Two Interactive Software UK Limited and due to an intercompany pricing agreement, is guaranteed to make an operating profit, with Take -Two Interactive Software UK Limited trading operations expecting to continue.

Along with the ongoing support of Take-Two Interactive Software Inc, the company's ultimate parent company via a letter of parental support for at least 12 months from the date of the approval of the financial statements, the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

Directors

The directors of the company during the year and up to the date of signing these financial statements were as follows:

D Emerson
R Hajaj

Future developments

The company is planning to continue to provide marketing execution and service functions to Take-Two Interactive Software UK Ltd as Take-Two Interactive Software Inc continues to develop and publish key frontline entertainment products.

Disclosure of information to the auditors

Each of the persons who are directors at the time when this Directors' report is approved have confirmed that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all the steps that ought to have been taken as directors in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of Section 418 of the Companies Act 2006.

Directors report (continued)

Registered No. 05584724

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



R Hajaj

Director

11 December 2018

Directors' responsibilities statement

The directors are responsible for preparing the Strategic Report, 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) including FRS 102 'The Financial Reporting standard applicable in the UK and Republic of Ireland'. 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 judgements and 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; and
- 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 auditors' report

To the members of Rockstar International Limited

Opinion

We have audited the financial statements of Rockstar International Limited for the year ended 31 March 2018 which comprise the Income Statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 March 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditors' report (Continued)

To the members of Rockstar International Limited

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Independent auditors' report (Continued)

To the members of Rockstar International Limited

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

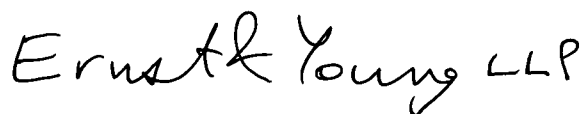
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.



Naresh Alimchandani (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

13 December 2018

Income statement

For the year ended 31 March 2018

		2018	2017
	Notes	£000	£000
Turnover	2	6,685	5,213
Administrative expenses		(6,406)	(4,997)
Operating Profit	3	279	216
Interest receivable and other income			
Interest payable and other charges		(43)	(22)
Profit on ordinary activities before taxation		236	194
Tax on profit on ordinary activities	6	712	53
Retained profit for the financial year		948	247

The profit and loss account relates to continuing operations.

Statement of comprehensive income

For the year ended 31 March 2018

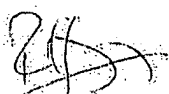
There are no comprehensive income/(losses) other than the profit of £948,000 attributable to the shareholders for the year ended 31 March 2018 (2017 : £247,000).

Statement of financial position

As at 31 March 2018

		At 31 March 2018	At 31 March 2017
	Notes	£000	£000
Fixed assets			
Tangible assets	7	917	898
		<u>917</u>	<u>898</u>
Current assets			
Debtors: amounts falling due within one year	8	3,078	1,160
Cash at bank		2,019	594
		<u>5,097</u>	<u>1,754</u>
Creditors: amounts falling due within one year	9	(4,590)	(2,071)
		<u>507</u>	<u>(317)</u>
Net current assets (liabilities)			
		<u>507</u>	<u>(317)</u>
Total assets less current liabilities		<u>1,424</u>	<u>581</u>
Non current assets	10	64	4
Non current liabilities	11	(159)	(204)
		<u>1,329</u>	<u>381</u>
Net assets			
		<u>1,329</u>	<u>381</u>
Capital and reserves			
Called up share capital	12	1	1
Share based payment reserve			
Profit and loss account		1,328	380
		<u>1,329</u>	<u>381</u>
Total equity shareholders' funds		<u>1,329</u>	<u>381</u>

These financial statements were approved by the Board of Directors and are signed on its behalf by:



R Hajaj
Director
11 December 2018

Statement of changes in equity

for the year ended 31 March 2018

	Called up Share capital £000	Share based payment reserve £000	Profit and loss account £000	Total £000
At 31 March 2016	1		133	134
Profit for the year			247	247
Share based payment charge		930		930
Distribution		(930)		(930)
At 31 March 2017	1		380	381
Profit for the year			948	948
Share based payment charge		1,319		1,319
Distribution		(1,319)		(1,319)
At 31 March 2018	1		1,328	1,329

Notes to the financial statements

For the year ended 31 March 2018

1. Accounting policies

Statement of compliance

Rockstar International Limited is a limited company incorporated in England and Wales. The registered office is shown on page 1, and the principal place of business is 555 Kings Road, London SW6 2EB.

The financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the company for the year ended 31 March 2018.

Basis of preparation

The financial statements of Rockstar International Limited have been prepared on a going concern basis, in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 2006. The financial statements are prepared under the historical cost convention.

The financial statements have been prepared in sterling, which is the functional currency of the company and rounded to the nearest £'000.

The company has taken advantage of the following disclosure exemptions under FRS 102:

- (a) the requirements of Section 4 Statement of Financial Position paragraph 4.12(a)(iv)
- (b) the requirements of Section 7 Statement of Cash Flows and Section 3 Financial Statement Presentation paragraph 3.17(d)
- (c) the requirements of Section 11 Basic Financial Instruments paragraphs 11.39 to 11.48A and Section 12 Other Financial Instruments paragraphs 12.26 to 12.29
- (d) the requirements of Section 26 Share Based Payment paragraphs 26.18(b); 26.19 to 26.23
- (e) the requirements of Section 33 Related Party Disclosures paragraph 33.7.

A summary of the more important accounting policies, which have been applied consistently throughout the financial year, is set out below.

Notes to the financial statements (continued)

For the year ended 31 March 2018

1. Accounting policies (continued)

Significant Accounting Judgements and Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements:

Taxation

The company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies. Further details are contained in note 10.

Tangible fixed assets

Property, plant and machinery are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Computer Equipment	–	3 years
Leasehold Improvements	-	Life of the underlying lease

The carrying value of tangible fixed assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements (continued)

For the year ended 31 March 2018

1. Accounting policies (continued)

Software Development

The company incurs software development expenditure on behalf of its ultimate parent company, which is recharged to the ultimate parent company.

Deferred taxation

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Pension costs

The company operates a funded defined contribution pension scheme for a certain number of its employees. The assets of the scheme are held separately from those of the company. The company's contributions to these schemes are charged to the profit and loss account when due (no contributions were prepaid as at 31 March 2018).

Share based transactions – Equity settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by an external valuer using an appropriate pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions). No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Notes to the financial statements (continued)

For the year ended 31 March 2018

1. Accounting policies (continued)

Share based transactions – Equity settled transactions (continued)

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the income statement, with a corresponding entry in equity.

Revenue

Turnover is recognised as the services are provided stated net of value added tax.

2. Turnover

Turnover of £6,685,000 (31 March 2017: £5,213,000) arises from the provision of marketing execution and service functions to its sister company, Take-Two Interactive Software UK Limited. Turnover is earned and accrued in the United Kingdom.

3. Operating Profit

This is stated after charging:

	2018	2017
	£000	£000
Depreciation of tangible fixed assets (note 7)	218	85
Auditors' remuneration – Audit of financial statements	13	13
Foreign exchange loss	7	1
Share based payment charge (note 13)	1,319	930
Research and development costs (software development)	725	654
	<u>2,282</u>	<u>1,683</u>

4. Directors' emoluments

	2018	2017
	£000	£000
Directors' emoluments	-	-
Company contribution to money purchase pension scheme	-	-
	<u>-</u>	<u>-</u>

Both directors were paid for by other group companies.

Notes to the financial statements (continued)

For the year ended 31 March 2018

5. Staff

The average monthly number of persons employed by the company during the year was:

	2018	2017
	No.	No.
<i>By activity</i>		
Sales and distribution	18	18
Administration	5	4
Product Management	11	10
	<u>34</u>	<u>32</u>

	2018	2017
	£000	£000
<i>Staff costs (for the above persons)</i>		
Wages and salaries	2,223	2,030
Social security costs	732	453
Other pension costs	132	125
Share based payment charge (note 13)	1,319	930
	<u>4,406</u>	<u>3,538</u>

Notes to the financial statements (continued)

For the year ended 31 March 2018

6. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2018	2017
	£000	£000
<i>Current tax:</i>		
UK corporation tax at 19% (2017 – 20%)	(269)	(66)
Adjustment in respect of previous years	(39)	11
Total current tax (note 6b)	(308)	(55)
<i>Deferred tax:</i>		
Current year temporary differences / change in rate	(404)	2
Total deferred tax (note 10)	(404)	2
Tax on profit on ordinary activities	(712)	(53)

(b) Factors affecting the current tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the UK of 19% (2017 – 20%). The differences are explained below:

	2018	2017
	£000	£000
Profit on ordinary activities before tax	236	194
Profit on ordinary activities multiplied by standard rate in the UK 19% (2017 – 20%)	44	39
<i>Effects of:</i>		
Adjustment in respect of previous years	(39)	11
Expenses not deductible for tax purposes	4	3
Net deduction on stock options	(381)	(106)
Other movements in respect of stock options	(340)	
Tax charge for the year	(712)	(53)

(c) Factors that may affect future tax charges

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability settled, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

The main UK corporation tax rate reduced from 20% to the current rate of 19% on 1 April 2017. The Finance Act 2016 includes legislation which will reduce the tax rate further to 17% from 1 April 2020. This became law when The Finance Act 2016 received Royal Assent on 15 September 2016. As all rate reductions were substantively enacted at the balance sheet date, deferred tax has been recognised at the applicable rates when timing differences are expected to reverse.

Notes to the financial statements (continued)

For the year ended 31 March 2018

7. Tangible fixed assets

	<i>Leasehold improvements</i> £000	<i>Computer and Office equipment</i> £000	<i>Total</i> £000
Cost:			
At 1 April 2017	873	111	984
Additions	37	199	236
At 31 March 2018	910	310	1,220
Accumulated depreciation:			
At 1 April 2017	71	15	86
Charge for the year	142	75	217
At 31 March 2018	213	90	303
Net book value:			
At 31 March 2018	697	220	917
At 1 April 2017	802	96	898

8. Debtors

	2018	2017
	£000	£000
Intercompany receivables	977	322
Prepayments	1,398	671
Deferred Tax	434	91
Income Tax Receivable	269	76
	3,078	1,160

Notes to the financial statements (continued)

For the year ended 31 March 2018

9. Creditors

Amounts falling due within one year:

	2018	2017
	£000	£000
Trade creditors	1,878	1,529
Other taxes and social security costs	96	86
Accruals	461	269
Intercompany payables	2,155	187
	<u>4,590</u>	<u>2,071</u>

On 16 November 2007, a charge over all the Company's assets was established as part of a Security Agreement with Wells Fargo Foothill Inc. to establish a loan facility in the US. This charge remains in place as at 31 March 2018.

10. Deferred tax

The recognised deferred taxation asset is as follows:

	2018	2017
	£000	£000
Differences between capital allowances and depreciation	64	4
Unvested share options	434	91
	<u>498</u>	<u>95</u>
Asset at 1 April	95	97
(Debit) / Credit to the profit and loss account (note 6)	403	(2)
Asset at 31 March (note 6)	<u>498</u>	<u>95</u>

The directors believe that it is more likely than not that there will be sufficient taxable profits in future years to realise the deferred tax assets, and therefore the asset has been recognised in these financial statements.

11. Non Current Liabilities

	2018	2017
	£000	£000
Accrued Rent	159	204
	<u>159</u>	<u>204</u>

Notes to the financial statements (continued)

For the year ended 31 March 2018

12. Issued share capital

	2018	2017
<i>Authorised, allotted, called up and fully paid</i>	£000	£000
1,000 ordinary shares of £1 each	1	1

13. Employee share schemes

The following stock-based compensation plans are granted to certain employees of the company:

Restricted stock unit awards (RSU)

A restricted stock unit is the right to receive Common Share stock of the company's ultimate parent undertaking. The stock units vest if the employee remains in continuous service for a period of three years from the date of grant and the company meets various financial performance criteria. The stock units are awarded free of charge.

Restricted stock is issued and outstanding upon grant; holders of Restricted Stock awards are restricted from selling the shares until such time as they are vested. Upon vesting, the company will typically withhold shares to satisfy tax liabilities.

Stock Option Plan – '2002 Plan'

Employees may receive stock options to purchase shares of Take- Two Interactive Inc's common stock. The options vest if the employee remains in continuous service for a defined period of time from the date of grant and the company meets various financial performance criteria.

14. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Take Two International GmbH, a company incorporated in Switzerland.

The ultimate parent undertaking, controlling party and only company to consolidate the financial statements of the company is Take-Two Interactive Software Inc., a company incorporated in the United States of America. Copies of the group financial statements of Take-Two Interactive Software Inc. are available from 251 Little Falls Drive, Wilmington, Delaware, USA, 19808, United States of America.