

ROCKSTAR NORTH LIMITED

Directors' Report and Financial Statements

for the year ended 31 October 2004

Registration Number 3312220



ROCKSTAR NORTH LIMITED

Company Information

Directors	B Rutcofsky R Bryant
Secretary	B Rutcofsky
Company Number	3312220
Registered Office	Saxon House 2-4 Victoria Street Windsor Berkshire SL4 1EN
Auditors	Johnston & Co 9-11 Register Street Bo'ness EH51 9AE
Business Address	Calton Square 1 Greenside Row Edinburgh EH1 3AP
Bankers	Llyods TSB Scotland plc Meadowside Dundee
Solicitors	Shepherd & Wedderburn WS Saltire Court 20 Castle Terrace Edinburgh EH1 2ET

ROCKSTAR NORTH LIMITED

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Directors' Report for the year ended 31 October 2004

The directors present their report and the financial statements for the year ended 31 October 2004.

Principal Activity and Review of the Business

The principal activity of the company during the year was the conception and development of entertainment software.

Results and Dividends

The results for the year are set out on page 4.

The directors do not recommend payment of a dividend.

Research and Development

The company is committed to product development with the aim of increasing the group's market share.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2004	2003
B Rutcofsky	-	-
R Bryant	-	-

The interests of the directors in the shares of the parent company are shown in the accounts of that company. The company's Articles of Association do not require directors to retire by rotation.

Directors' Responsibilities

UK company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

ROCKSTAR NORTH LIMITED

**Directors' Report
for the year ended 31 October 2004**

Auditors

The auditors, Johnston & Co have indicated their willingness to accept re-appointment under Section 385 of the Companies Act 1985.

On behalf by the Board



**B Rutcofsky
Director**

Date: 27 August 2005

Independent Auditors' Report to the Shareholders of ROCKSTAR NORTH LIMITED

We have audited the financial statements of ROCKSTAR NORTH LIMITED for the year ended 31 October 2004 which comprise of the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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

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

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

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 October 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Johnston & Co
Chartered Accountants and
Registered Auditor
9-11 Register Street
Bo'ness, EH51 9AE

Date: 30 August 2005

ROCKSTAR NORTH LIMITED

Profit and Loss Account for the year ended 31 October 2004

		2004	2003
	Notes	£	£
Turnover	2	9,774,593	8,736,909
Cost of sales		(7,230,965)	(6,743,892)
Gross profit		2,543,628	1,993,017
Administrative expenses		(1,912,022)	(1,423,833)
Operating profit	3	631,606	569,184
Interest receivable and similar income		15,969	7,218
Profit on ordinary activities before taxation		647,575	576,402
Tax on profit on ordinary activities	6	(216,371)	(175,986)
Retained profit for the year		431,204	400,416
Accumulated (loss) brought forward		(1,438,033)	(1,838,450)
Accumulated (loss) carried forward		(1,006,829)	(1,438,034)

There were no acquisitions and no discontinued operations in the period.

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The annexed notes form an integral part of these financial statements.

ROCKSTAR NORTH LIMITED

Balance Sheet as at 31 October 2004

		2004		2003	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	7		1,254,489		538,607
Current Assets					
Debtors	8	121,231		38,080	
Deferred tax	9	71,970		99,211	
Cash at bank and in hand		25,539		731,684	
		<u>218,740</u>		<u>868,975</u>	
Creditors: amounts falling due within one year	10	<u>(2,480,057)</u>		<u>(2,845,615)</u>	
Net Current Liabilities			<u>(2,261,317)</u>		<u>(1,976,640)</u>
Total Assets Less Current Liabilities			<u>(1,006,828)</u>		<u>(1,438,033)</u>
Capital and Reserves					
Called up share capital	11		1		1
Profit and loss account			<u>(1,006,829)</u>		<u>(1,438,034)</u>
Shareholders' Funds	12		<u>(1,006,828)</u>		<u>(1,438,033)</u>

The financial statements were approved by the Board on 27 August 2005

On behalf of the Board


B Butcofsky
Director

Date: 27 August 2005

The annexed notes form an integral part of these financial statements.

ROCKSTAR NORTH LIMITED

Notes to the Financial Statements for the year ended 31 October 2004

1. Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year and also have been consistently applied within the same accounts.

1.1. Basis of preparation of financial statements

The financial statements are prepared under the historical cost and in accordance with applicable UK accounting standards. There were no material departures from those standards.

The company has consistently applied all relevant accounting standards.

1.2. Research and development

Expenditure on research and development is written off against profits in the year in which it is incurred.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leaschold property	
improvement	- Straight Line over the life of the lease
Computer equipment	- 33 1/3% Straight line basis
Fixtures, fittings	
and equipment	- 20% Straight line basis
Motor vehicles	- 25% Straight line basis

1.4. Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Cash flow statement

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

1.6. Pensions

The company operates a defined contribution scheme for the benefit of its employees. The costs of contributions are written off against profits in the year they are payable.

1.7. Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

ROCKSTAR NORTH LIMITED

Notes to the Financial Statements for the year ended 31 October 2004

..... continued

1.8. Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the date of the transactions. All differences are taken to the Profit and Loss account.

1.9. Going Concern

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

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK and excludes value added tax..

Turnover attributable to geographical markets outside the United Kingdom amounted to 100% for the year.

3. Operating profit

	2004	2003
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	372,253	314,976
Operating lease rentals		
- plant & machinery	60,466	66,137
- other	309,374	181,071
Auditors' remuneration	3,000	2,900

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Notes to the Financial Statements for the year ended 31 October 2004

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4. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2004 Number	2003 Number
Development	81	73
Administration	5	5
	<u>86</u>	<u>78</u>

Employment costs

	£	£
Wages and salaries	5,920,912	4,837,333
Social security costs	1,043,661	1,916,726
Other pension costs	107,027	88,050
	<u>7,071,600</u>	<u>6,842,109</u>

5. Pension costs

The company operates a defined contribution pension scheme in respect of certain of its employees. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £107,027 (2003 - £88,050).

6. Taxation

	2004 £	2003 £
UK current year taxation		
Corporation Tax	183,903	151,197
Transfer to deferred taxation	27,241	26,783
	<u>211,144</u>	<u>177,980</u>
Prior years		
UK Corporation Tax	5,227	-
Transfer to deferred taxation	-	(1,994)
	<u>216,371</u>	<u>175,986</u>

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Notes to the Financial Statements for the year ended 31 October 2004

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6. Taxation (continued)	2004 £	2003 £
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	647,575	576,402
Profit on ordinary activities before taxation multiplied by standard rate of UK Corporation tax of 30% (2003 : 30%)	194,273	172,921
Effects of :		
Non deductible expenses	16,871	5,059
Accelerated capital allowances/other timing differences	(27,241)	(26,783)
	(10,370)	(21,724)
Current tax charge for the year	183,903	151,197

7. Tangible fixed assets

	Leasehold property improvement £	Computer equipment £	Fixtures, fittings, equipment £	Motor vehicles £	Total £
Cost					
At 1 November 2003	156,853	1,623,766	106,262	5,775	1,892,656
Additions	554,243	373,586	184,307	-	1,112,136
Disposals	-	(64,286)	-	-	(64,286)
At 31 October 2004	711,096	1,933,066	290,569	5,775	2,940,506
Depreciation					
At 1 November 2003	60,571	1,224,364	63,339	5,775	1,354,049
On disposals	-	(40,286)	-	-	(40,286)
Charge for the year	59,358	279,755	33,141	-	372,254
At 31 October 2004	119,929	1,463,833	96,480	5,775	1,686,017
Net book values					
At 31 October 2004	591,167	469,233	194,089	-	1,254,489
At 31 October 2003	96,282	399,402	42,923	-	538,607

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Notes to the Financial Statements for the year ended 31 October 2004

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8. Debtors

	2004	2003
	£	£
Amounts owed by group undertakings	34,172	-
Other debtors	87,059	38,080
	<u>121,231</u>	<u>38,080</u>

9. Deferred tax

The company has included the deferred tax asset arising from the interaction of depreciation and capital allowances. The directors are of the opinion that suitable profit will arise in the future against which this asset can be recovered.

	Deferred Taxation
	£
Balance at 1st November 2003	(99,211)
Profit and loss account	27,241
Balance at 31st October 2004	<u>(71,970)</u>

Deferred taxation provided in the financial statements is as follows:

	2004	2003
	£	£
Accelerated capital allowances	(71,130)	(98,370)
Short term timing differences	(840)	(841)
	<u>(71,970)</u>	<u>(99,211)</u>

10. Creditors: amounts falling due within one year

	2004	2003
	£	£
Trade creditors	313,424	60,424
Amounts owed to group undertakings	1,112,073	1,202,901
Corporation tax	106,477	151,197
Other taxes and social security costs	199,909	1,240,477
Other creditors	6,964	-
Accruals and deferred income	741,210	190,616
	<u>2,480,057</u>	<u>2,845,615</u>

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Notes to the Financial Statements for the year ended 31 October 2004

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11. Share capital	2004	2003
	£	£
Authorised equity		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid equity		
1 Ordinary shares of £1 each	<u>1</u>	<u>1</u>
12. Reconciliation of movements in shareholders' funds	2004	2003
	£	£
Profit for the year	431,204	400,416
Opening shareholders' funds	<u>(1,438,032)</u>	<u>(1,838,448)</u>
Closing shareholders' funds	<u>(1,006,828)</u>	<u>(1,438,032)</u>
13. Financial commitments		

At 31 October 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004	2003	2004	2003
	£	£	£	£
Expiry date:				
Within one year	230,144	-	24,084	-
Between one and five years	-	160,848	-	61,104
In over five years	<u>609,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>839,144</u>	<u>160,848</u>	<u>24,084</u>	<u>61,104</u>

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Notes to the Financial Statements for the year ended 31 October 2004

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14. Capital commitments

Commitments for capital expenditure at the end of the year were as follows:

	2004 £	2003 £
Authorised	<u>28,455</u>	<u>-</u>

15. Related party transactions

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

16. Ultimate parent undertaking

The ultimate parent company and controlling party of the company is Take Two Interactive Software Inc. Copies of the group financial statements of Take Two Interactive Software Inc. are available from 622 Broadway, New York, NY 10012, United States of America.