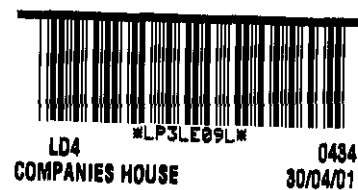


**INFOGRAMES UNITED KINGDOM
LIMITED**

Report and Financial Statements

30 June 2000

**Deloitte & Touche
Hill House
1 Little New Street
London
EC4A 3TR**



INFOGRAMES UNITED KINGDOM LIMITED

CONTENTS

Page

Officers and professional advisers	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the accounts	7

INFOGRAMES UNITED KINGDOM LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

D C Ward
C Sapet
T J Schmider
B Y J Bonnell

SECRETARY

M Lanne (resigned 31 July 2000)
A Carroll (appointed 31 July 2000)

REGISTERED OFFICE

21 Castle Street
Castlefield
Manchester
M3 4SW

BANKERS

Deutsche Bank AG London
6 Bishopsgate
London
EC2P 2AT

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London
EC4A 3TR

INFOGRAMES UNITED KINGDOM LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 30 June 2000.

ACTIVITIES

The company's principal activity during the year was the development and distribution of interactive entertainment software.

REVIEW OF DEVELOPMENTS

The results for the year are shown in the profit and loss account on page 5. No significant developments have taken place out of the ordinary course of business of the company.

DIVIDENDS AND RESULT FOR THE YEAR

The result for the current and prior year is shown on page 5. The directors do not recommend the payment of a dividend (1999 - nil).

FUTURE PROSPECTS

The directors forecast a year of revenue growth as a result of high product quality, new technologies, and an ever improving catalogue of titles deriving from the strategic acquisitions of its parent company, Infogrames Entertainment SA.

DIRECTORS AND THEIR INTERESTS

The following directors held office throughout the year:

D C Ward
C Sapet
T J Schmider
B Y J Bonnell

None of the directors had any interest in the shares of the company or any other group company at 30 June 2000 except as noted below. Directors' interests in the share capital of the ultimate parent company are disclosed in the financial statements of that company, Infogrames Entertainment SA.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

A Carroll

Secretary

27 April 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those 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 accounting standards have been followed; 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 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. 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.

AUDITORS' REPORT TO THE MEMBERS OF INFOGRAMES UNITED KINGDOM LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements, which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

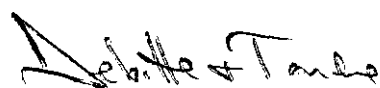
Basis of opinion

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 30 June 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche

30 April 2001

Chartered Accountants and Registered Auditors
Hill House
1 Little New Street
London
EC4A 3TR

INFOGRAMES UNITED KINGDOM LIMITED

PROFIT AND LOSS ACCOUNT Year ended 30 June 2000

	Note	2000 £	1999 £
TURNOVER	2	40,076,412	41,331,726
Cost of sales		(39,730,853)	(41,813,545)
GROSS PROFIT/(LOSS)		345,559	(481,819)
Operating expenses		(4,133,400)	(4,356,306)
OPERATING LOSS	4	(3,787,841)	(4,838,125)
Interest receivable and similar income	5	3,530,761	206,108
Interest payable and similar charges	6	(1,729,842)	(1,394,240)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,986,922)	(6,026,257)
Tax on loss on ordinary activities	7	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR	15	(1,986,922)	(6,026,257)

The company has no recognised gains or losses other than those above.

All turnover and operating loss for the current and prior year relate to continuing activities.

INFOGRAMES UNITED KINGDOM LIMITED

BALANCE SHEET 30 June 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	8	1,210,431		1,369,662	
Investments	9	1,707,032		1,970,006	
			2,917,463		3,339,668
CURRENT ASSETS					
Stocks	10	3,271,325		720,365	
Debtors	11	16,208,322		19,391,895	
Cash at bank		231,741		2,534,007	
		19,711,388		22,646,267	
CREDITORS: amounts falling due within one year	12	(28,721,367)		(46,609,626)	
NET CURRENT LIABILITIES			(9,009,979)		(23,963,359)
TOTAL ASSETS LESS CURRENT LIABILITIES			(6,092,516)		(20,623,691)
CREDITORS: amounts falling due after more than one year	13		-		(23,832)
			(6,092,516)		(20,647,523)
CAPITAL AND RESERVES					
Called up share capital	14		1,000		1,000
Share premium account			461,997		461,997
Profit and loss account	15		(6,555,513)		(21,110,520)
Equity shareholders' deficit			(6,092,516)		(20,647,523)

These financial statements were approved by the Board of Directors on 27 April 2001

Signed on behalf of the Board of Directors


D C Ward

Director

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Consolidated accounts

The company is exempt by virtue of Section 228 of the Companies Act 1985 from the requirements to prepare group accounts. The company is included in the consolidated accounts of its ultimate parent company, Infogrames Entertainment SA.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-term leasehold improvements	Over the term of the lease
Motor vehicles	25% straight line basis
Fixtures, fittings and equipment	25% straight line basis

Investments

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of goods purchased for sale, the weighted average purchase price is used. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded using the rates of exchange ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated using the rates of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Cash flow statement

The company has not prepared a cash flow statement as it was a wholly owned subsidiary throughout the period and the parent company's consolidated financial statements are publicly available.

NOTES TO THE ACCOUNTS
Year ended 30 June 2000

1. ACCOUNTING POLICIES (continued)

Royalties and licensing agreements

The company enters into royalty and licensing agreements. Licensing charges and royalties are charged to the profit and loss account in the period in which the liability is incurred. However, in cases where the company is required to make advance payments, these are calculated as a prepayment and a proportion of these costs is written off as the unit sales of the related computer software or games cartridges are made. Royalty income is included in the profit and loss account at the time the software master disks are released.

Development costs

External costs incurred in developing new products are deferred and shown as an asset in the balance sheet where such products are considered technically feasible and commercially viable. Deferred external development costs are included in debtors and are written off against income from the date of the product launch. Internal development costs are expensed when incurred.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax. The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the principal activity of the company.

	2000 £	1999 £
Geographical analysis		
UK	22,190,773	21,037,257
European Union (excluding UK)	14,393,538	13,512,808
Rest of the world	4,792,101	6,781,661
	<u>41,376,412</u>	<u>41,331,726</u>

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £	1999 £
Directors' emoluments	<u>125,000</u>	<u>232,900</u>
Remuneration of the highest paid director	<u>125,000</u>	<u>125,000</u>
Contributions made to money purchase scheme for highest paid director	<u>-</u>	<u>-</u>
	No	No
Number of directors who were members of the company pension scheme		
- Money purchase	<u>-</u>	<u>1</u>
Average number of persons employed		
Office and management	66	58
Software development	37	71
	<u>103</u>	<u>129</u>

INFOGRAMES UNITED KINGDOM LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2000

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

	£	£
Staff costs during the year (including directors)		
Wages and salaries	3,200,762	3,625,227
Social security costs	278,068	309,941
Pension costs	-	9,900
	<u>3,478,830</u>	<u>3,945,068</u>

4. OPERATING LOSS

	2000 £	1999 £
Operating loss is after charging:		
Loss on disposal of fixed assets	11,016	50,066
Restructuring costs	569,033	-
Depreciation and amortisation		
Owned assets	429,667	558,616
Leased assets	12,816	42,048
Rentals under operating leases		
Hire of plant and machinery	79,848	30,426
Other operating leases	645,105	478,907
Exchange loss	354,861	305,604
Auditors' remuneration - audit	40,000	36,000
- non audit	64,982	123,310
	<u></u>	<u></u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000 £	1999 £
Bank interest	56,680	99,043
Other interest	3,474,081	107,065
	<u>3,530,761</u>	<u>206,108</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank loans, overdrafts and other loans repayable within five years	244,670	215,112
Finance leases and hire purchase contracts	8,228	18,946
Other interest	1,476,944	1,160,232
	<u>1,729,842</u>	<u>1,394,290</u>

NOTES TO THE ACCOUNTS
Year ended 30 June 2000

7. TAX ON LOSS ON ORDINARY ACTIVITIES

	2000 £	1999 £
United Kingdom corporation tax recoverable at 30% (1999 - 30.75%) based on the loss for the year	-	-
Adjustments to prior years' tax provisions	-	-
Corporation tax	-	-

The company has tax losses available for future relief of approximately £18.7m (1999 - £16.9m) subject to agreement with the Inland Revenue. Credit for these losses has not been taken.

8. TANGIBLE FIXED ASSETS

	Short-term leasehold improve- ments £	Motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
Cost				
At 1 July 1999	907,277	68,418	1,727,862	2,703,557
Additions	28,365	53,782	245,941	328,088
Transfers from subsidiaries	-	-	-	-
Disposals	-	(68,418)	(480,406)	(548,824)
At 30 June 2000	935,642	53,782	1,493,397	2,482,821
Depreciation				
At 1 July 1999	152,013	30,254	1,151,628	1,333,895
Charge for the year	91,978	11,845	338,660	442,483
Transfers from subsidiaries	-	-	-	-
Disposals	-	(36,497)	(467,491)	(503,988)
At 30 June 2000	243,991	5,602	1,022,797	1,272,390
Net book value				
At 30 June 2000	691,651	48,180	470,600	1,210,431
At 30 June 1999	755,264	38,164	576,234	1,369,662

Included in the total net book value of motor vehicles is £nil (1999 - £8,356) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the period on these assets was £nil (1999 - £19,136). Included in the total net book value of fixtures, fittings and office equipment is £nil (1999 - £12,816) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £12,816 (1999 - £22,912).

INFOGRAMES UNITED KINGDOM LIMITED

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

9. FIXED ASSETS INVESTMENTS

	Shares in group undertakings £
Cost	
At beginning of year	2,872,995
Additions	-
Disposals – Eutechnyx	(262,974)
At end of year	2,610,021
Provisions	
At beginning and end of year	902,989
Net book value	
At 30 June 2000	1,707,032
At 30 June 1999	1,970,006

The companies in which the company's interest is more than 10% are as follows:

Subsidiary undertakings	Country of registration or incorporation	Principal activity	Percentage of shares held
Teepee Two Limited *	England	Dormant	100%
Curved Logic Limited	England	Software development	100%
Maritquest Limited	England	Holding company	100%
Infogrames Castlefield Limited	England	Software development	100%
Associated undertakings	Country of registration or incorporation	Principal activity	Percentage of shares held
Bizarre Love Triangle Limited	England	Sales promotion	33.3%

The addition in the period relates to the purchase of the remaining share capital of Infogrames Castlefield Limited.

* Company dissolved 26 September 2000

10. STOCKS

	2000 £	1999 £
Finished goods and goods for resale	3,271,325	720,365

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

11. DEBTORS

	2000 £	1999 £
Trade debtors	8,547,587	7,699,245
Amounts owed by group undertakings	5,555,930	5,333,093
Other debtors	3,800	70,082
Tax recoverable	-	-
Prepayments and accrued income	2,101,005	6,289,475
	<u>16,208,322</u>	<u>19,391,895</u>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Bank overdraft	3,357,749	797,434
Trade creditors	2,712,344	1,421,232
Obligations under finance leases	23,832	53,037
Amounts owed to group undertakings	21,589,213	41,021,050
Other taxes and social security	483,256	754,282
Other creditors	-	428
Accruals and deferred income	554,973	2,562,163
	<u>28,721,367</u>	<u>46,609,626</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts	-	23,832
Obligations under finance leases and hire purchase contracts		
Minimum lease payments due:		
Within one year	24,647	61,265
Within two to five years	-	22,921
	<u>24,647</u>	<u>84,186</u>
Finance charges allocated to future periods	(815)	(7,317)
	<u>23,832</u>	<u>76,869</u>
Due within one year	23,832	53,037
Due after more than one year	-	23,832
	<u>23,832</u>	<u>76,869</u>

INFOGRAMES UNITED KINGDOM LIMITED

NOTES TO THE ACCOUNTS Year ended 30 June 2000

14. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised 50,000 ordinary shares of £1 each	50,000	50,000
Called up, allotted and fully paid 1,000 ordinary shares of £1 each	1,000	1,000

15. PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
Retained loss brought forward	(21,110,520)	(15,084,263)
Loss for the year retained	(1,986,922)	(6,026,257)
Waiver of loan financing	16,541,929	-
Retained loss carried forward	(6,555,513)	(21,110,520)

A loan from the company's parent company, Infogrames Entertainment SA, was waived during the period.

16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2000 £	1999 £
Loss for the year	(1,986,922)	(6,026,257)
Waiver of loan financing	16,541,929	-
Net reduction/(increase) in shareholders' deficit	14,555,007	(6,026,257)
Opening shareholders' deficit	(20,647,523)	(14,621,266)
Closing shareholders' deficit	(6,092,516)	(20,647,523)

17. FINANCIAL COMMITMENTS

- (i) At 30 June 2000 the company had commitments totalling £nil (1999 - £93,250) in respect of payments in relation to software licences.
- (ii) At 30 June 2000 the company had commitments totalling £nil (1999 - £3,656,250) in respect of contracts for the development of computer software.

NOTES TO THE ACCOUNTS

Year ended 30 June 2000

18. OPERATING LEASE COMMITMENTS

At 30 June 2000 the company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings 2000 £	Other 2000 £	Land and buildings 1999 £	Other 1999 £
Leases which expire:				
Within one year	-	168,521	-	32,250
Within two to five years	834,200	59,848	397,600	215,103

19. ULTIMATE PARENT COMPANY

The immediate parent company is Ocean Holdings Limited, a company registered in England and Wales.

At the year end the largest and smallest group in which the results of the company were consolidated was that headed by Infogrames Entertainment SA, a company incorporated in France, the ultimate parent company and ultimate controlling entity. The accounts of this group may be obtained from its registered office.

20. RELATED PARTY TRANSACTIONS

Fees negotiated at arm's length of £nil (1999 - £1,030,642) were charged and paid to Eutechnyx Limited during the year for royalties and royalty advances.

Fees negotiated at arms length of £86,153 (1999 - £23,863) were charged by Bizarre Love Triangle Limited for marketing and distribution services during the year. £nil payments (1999 - £nil) were made during the year and a balance of £48,483 (1999 - £29,487) was outstanding at the year end. In addition the company loaned Bizarre Love Triangle Limited £40,000 interest free in 1998 which remains outstanding at 30 June 2000. This loan has no fixed repayment terms.

Eutechnyx Limited and Bizarre Love Triangle Limited are both associated undertakings as detailed in note 10.

The company has taken advantage of paragraph 3(c) of FRS8 in not disclosing transactions with members of the same group.

21. POST BALANCE SHEET EVENTS

On 20 September 2000, Infogrames United Kingdom Limited issued 18,305,329 £1 ordinary shares to Ocean Holdings Limited. In consideration for the issue of these shares, Ocean Holdings Limited reassigned to Infogrames United Kingdom Limited a promissory note for £18,305,329 from the ultimate parent company, Infogrames Entertainment SA.