



1ST HALF OF FY 2010/2011 EARNINGS

Unaudited data

Following the board of directors meeting on November 8, 2010

- Net revenue of €29.6 million for the 1st half of FY 2010/2011 vs. €68.5 million in the same period of the prior fiscal year: Atari is maintaining its focus on selling fewer but more profitable games.
- Online revenue as a percentage of total net revenue increases to 44% in the 1st half of FY 2010/2011 from 3% in the prior fiscal year as Atari rapidly transitions towards online/casual/social gaming.
- Current operating income of -€8.5 million, representing a €11.4 million improvement compared to the 1st half of FY 2009/2010, illustrating the strategic shift towards higher margin revenue streams combined with the results of the actions implemented to reduce the cost structure.
- Extension of the maturity of the BlueBay credit line granted to Atari to June 30th, 2011.
- Outlook for FY 2010/2011: The Group expects Current Operating Income to be slightly negative to break even in the second half of this fiscal year, excluding non-recurring items.

Paris, France - November 10, 2010 - Atari announces its first half earnings for fiscal year 2010/2011 (ended September 30, 2010) with a 56.8% revenue decline to €29.6 million (or -60% at constant exchange rate) while current operating loss is reduced by €11.4 million, or 57.3% to -€8.5 million, in line with its expectations.

<i>in €m</i>	H1 2010/2011	H1 2009/2010
Revenues, net	29.6	68.5
Gross margin	16.5	35.8
% margin	55.8%	52.3%
Current Operating (loss)	(8.5)	(19.9)
Operating Income (loss)	(9.2)	(21.9)
Profit (loss) from continuing operations	(9.2)	(28.9)
Net Income (loss)	(9.2)	(27.0)
Net Income (loss) attributable to equity holders of the parent	(9.2)	(23.2)

1ST HALF EARNING ANALYSIS

■ Revenues

Revenues were €29.6 million registering a 56.8% decrease compared to the same period in the FY 2009/2010 when *Ghostbusters: The Video Game* was released on multiple console and handheld platforms. Revenues are in line with Atari's expectations and result from (i) the focus on selling fewer but more profitable games and (ii) the strategic shift towards online/casual/social gaming, a market segment where Atari intends to benefit from new growth drivers.

Online revenue, comprised primarily of subscription and digital distribution revenue, was €12.9 million – an increase of €11.1 million over the prior year. H1 FY 2010/2011 includes subscription revenue from both *Star Trek Online* and *Champions Online* which were released in the second quarter of FY 2009/2010. As a result, Online revenue was 43.6% of total net revenue as compared to 2.6% in the first half of the prior fiscal year.

Retail and other revenues, comprised primarily of sales to retail stores, was €16.7 million – a decrease of €50.0 million over the prior year primarily due to the planned fewer releases of titles in FY 2010/2011 as compared to the prior fiscal year, as well as lower third-party distribution revenue. As a result, Retail and other revenues were 56.4% of total net revenue as compared to 97.4% in the first half of the previous fiscal year.

Revenue breakdown by segment:

<i>in €m</i>	H1 2010/2011	H1 2009/2010
Online	12.9	1.8
<i>% of revenues</i>	43.6%	2.6%
Retail and other	16.7	66.7
<i>% of revenues</i>	56.4%	97.4%
Revenues, net	29.6	68.5

■ **Operating income (loss)**

Current operating loss for the first half of FY 2010/2011 was -€8.5 million, registering a 57.3% decrease compared to the same period in the FY 2009/2010. This significant improvement was mainly driven by:

- i. the focus on selling fewer but more profitable games, and
- ii. the reduction in operating expenses from research and development as the prior period carried significant impairment of assets related to development projects and reduced marketing expenses while Atari is now selling fewer boxed games as compared to the first half of 2009/2010.

Operating income/loss for the first half of FY 2010/2011 was reduced by €12.7 million to -€9.2 million, versus -€21.9 million in H1 of FY 2009/2010. This mainly results from the improvement in current operating income and lower restructuring expenses.

■ **Net income (loss)**

Net income/loss for the first half of FY 2010/2011 was -€9.2 million, recovering €14.0 million when compared to -€23.2 million in H1 of FY 2009/2010. This significant progress was due to:

- i. the sharp decrease of operating costs, and
- ii. reduced interest expenses, due to the lower debt carried in the first half of 2010/2011 as compared to the prior year.

■ **Cash and Debt**

As of September 30, 2010, **cash and cash equivalents** amounted to €7.3 million, versus €10.3 million at the end of March 31, 2010. This is mainly explained by cash used by operations, offset by funds from financing of €12.8 million primarily from borrowings from the credit facility. For the first half of FY 2010/2011 net cash used by operations was -€6.0 million. In addition, funding of investment activities of €9.8 million was primarily dedicated to in-house and outsourced research and development expenditures.

As of September 30, 2010, net debt amounted to €25.8 million, compared to €9.2 million as of March 31, 2010 and the Group had €30.0 million available from its credit facility with BlueBay.

1ST HALF of FY 2010/2011 MAIN EVENTS

Launch of Atari Games Online (Atari GO) a first significant materialization of the evolution of Atari's towards an innovative approach of the flourishing online/social/casual game universe. The Atari GO initiative is supporting the development of new online casual and social games and help game developers navigate the increasing complexities of publishing online games.

Main games released during the first half of FY 2010/2011:

- *Play Atari*, an online platform including new social and multiplayer games (such as *Faeries vs. Darklings Beta*), Atari Arcade Classics (such as *Haunted House*, *Missile Command* and *Centipede*) and a rich catalog of downloadable games, including *Ghostbusters: The Video Game*, was rolled out in August 2010.
- A re-engineered version of the classic Atari game *Haunted House* (on Wii, Xbox LIVE Arcade, and PC) and *Blade Kitten* (on Xbox LIVE Arcade, PlayStation Network and PC download) were released at the end of September, 2010.

EVENT AFTER THE REPORTING PERIOD

Changes corporate governance: Jim Wilson, previously CEO of Atari Inc., has taken the position of Deputy CEO of Atari S.A. Hindol Datta, Vice President of Finance and Administration of Atari is appointed interim Chief Financial Officer. He takes over the functions of Phil Veneziano, who has left the Group to pursue another career path. Further, Jim Wilson has been appointed as a Director of the Board as Pascal Cagni has resigned from the Board.

Credit line maturity extended: The BlueBay credit line maturity has been extended by BlueBay from December 31, 2010 to June 30, 2011. Other terms and conditions remain unchanged. On October 21, 2010, Atari announced that its reference shareholder BlueBay¹ was exploring a disposal of the shares and equity-linked instruments held by them. The Company has agreed to cooperate in this process and not conduct a parallel process during that time.

NEW OUTLOOK FOR 2010/2011

As the retail market remains softer than we anticipated and because of the increasing competitive environment in the online and digital console segments we are modifying our guidance² for the current fiscal year. **The Company expects Current Operating Income to be slightly negative to break even in the second half of this fiscal year, excluding non-recurring items.**

Below is an indicative timeline of projected and already announced releases for later this fiscal year and 2011:

- *Freddi Fish*, October 5th, 2010 on Nintendo DS
- *Backyard Sports*, October 26th, 2010 on Xbox 360, Wii, Nintendo DS
- *Atari's Greatest Hits: Volume 1*, November 16th, 2010 on Nintendo DS
- *The UnderGarden*, November 10, 2010 on XBLA, PC and on PSN in February
- *Star Raiders*, 1st Quarter 2011 on Xbox360, PC
- *Asteriods Online*, Winter 2011
- *Deer Hunter Online*, Winter 2011
- *Champions Online: Free to Play*, January 2011
- *Star Raiders*, 1st Quarter 2011 on Xbox360, PS3, PC
- *Yars Revenge*, 1st Quarter 2011 on PSN, XBLA, PC
- *Test Drive Unlimited 2*, during the 1st quarter of 2011 on Xbox 360, PS3, PC

¹ The BlueBay Value Recovery (Master) Fund Limited and the BlueBay Multi-Strategy (Master) Fund Limited (together « BlueBay »).

² Previous guidance initially published on May 25, 2010: *The Group expects to report considerable improvement in current operating income (loss) in each of the semesters in fiscal year 2010/2011 as compared to the equivalent periods in fiscal year 2009/2010.*

- *The Witcher 2: Assassins of King*, in the spring of 2011 on PC
- *Neverwinter*, during the fall of 2011 on PC
- And numerous casual and social online game releases based upon Atari's classic videogame brands in the second half of the fiscal year.

Forward looking statements:

This press release contains forward-looking statements with respect to the financial condition, results of operations, business, strategy and plans of Atari. Although Atari believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Atari's control, and notably some risks described in the 2009/2010 Document de référence of the group filed by Atari with the Autorité des marchés financiers (French securities regulator) under number D.10-0660 and which is also available in English on Atari's corporate web site (<http://www.atari.com>). The present forward-looking statements are made as of the date of the present press release and Atari disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

About Atari, SA

Atari group is a global creator, producer and publisher of interactive entertainment. Atari's brands and content are available across all key traditional and digital distribution touch points, including browser-based and social online platforms, PC, consoles from Microsoft, Nintendo and Sony, and advanced smart phones (i.e. iPhone, Android and RIM devices). Divisions of Atari, SA include Cryptic Studios, Eden Studios, Atari Interactive, Inc. and Atari, Inc.

Atari benefits from the strength of its worldwide brand and its extensive catalogue of contemporary classic game franchises (Asteroids®, Centipede®, Missile Command®, Lunar Lander®), original owned franchises (Test Drive®, Backyard Sports®, Deer Hunter®), MMO games from Cryptic Studios (Star Trek™ Online, Champions™) and third party franchises (Ghostbusters®, Rollercoaster Tycoon®, Dungeons and Dragons®). Atari also leverages the power of its franchises to deliver movies and merchandise to consumers around the world.

For more information please visit: www.atari.com

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APPENDIX

■ APPENDIX I - SEGMENT DETAILS

BREAKDOWN OF REVENUES BY QUARTER

€ million	Actual 2010/2011	Actual 2009/2010
1 st Quarter (April - June)	19.3	54.5
2 nd Quarter (July-Sept.)	10.3	14.0
Total	29.6	68.5

2ND QUARTER 2010/2011 REVENUES

Q2 2010/2010 revenues amounted to €10.3 million compared to €14.0 million for the comparable period last year, representing a decrease of approximately 26.4%, mainly resulting from a lower number of releases over the period.

BREAKDOWN OF REVENUES BY SEGMENT

€ million	HY 2010/2011	% of revenues	HY 2009/2010	% of revenues	Change in € m	Change in %
Online	12.9	43.6%	1.8	2.6%	11.1	616.7%
Retail and Other	16.7	56.4%	66.7	97.4%	-50.0	-75.0%
Revenues, net	29.6	100.0%	68.5	100.0%	-38.9	-56.8%

■ APPENDIX 2 - ATARI STATEMENT OF INCOME

<i>In million of euros</i>	Sept. 30, 2010 <i>(6 months)</i>	Sept. 30, 2009 <i>(6 months)</i>
Revenues, net	29.6	68.5
Cost of goods sold	(13.1)	(32.7)
Gross profit	16.5	35.8
Research and development expenses	(11.7)	(35.9)
Sales and marketing expenses	(4.2)	(10.1)
Overhead and administrative expenses	(8.1)	(7.5)
Non-cash share-based payments *	(1.0)	(2.2)
Current operating income (loss)	(8.5)	(19.9)
Restructuring charges	(0.7)	(2.0)
OPERATING INCOME (LOSS)	(9.2)	(21.9)
Cost of debt	(0.7)	(4.8)
Other financial revenue and expenses	0.7	(2.3)
Corporate income tax	-	0.1
INCOME (LOSS) FROM CONTINUED OPERATIONS	(9.2)	(28.9)
Income (loss) from discontinued operations	-	1.9
CONSOLIDATED NET INCOME (LOSS)	(9.2)	(27.0)
Minority interests	-	3.8
NET INCOME (LOSS) (after minority interests)	(9.2)	(23.2)

ACTUAL NET INCOME (LOSS) TO ADJUSTED NET INCOME (LOSS) RECONCILIATION

Atari considers Adjusted net income (loss), a non-IFRS/GAAP measure, as a relevant indicator of the Group's operating and financial performance. Atari's Management uses Adjusted net income (loss), because it provides a better illustration of the performance from continuing operations by excluding most non-recurring and non-operating items related to costs of transformation.

Adjusted net income (loss) should be considered in addition to, and not as a substitute for, other IFRS/GAAP measures.

<i>In million of euros</i>	Actual 2010/2011	Actual 2009/2010
Actual net loss	(9.2)	(23.2)
<u>Adjustments:</u>		
Write offs related to transition	-	-
Restructuring expenses	0.7	2.0
Profit (loss) from discontinued operations	-	(1.9)
Minority interest related to NBP	-	(3.8)
Adjusted net loss	(8.5)	(26.9)

■ APPENDIX 3 - BALANCE SHEETS

<i>In millions of euros</i>	Sept. 30, 2010	March 31, 2010
Goodwill	23.0	24.5
Intangible assets	36.2	31.3
Property, plant and equipment	3.5	4.0
Non-current financial assets	3.3	3.2
Non-current assets	66.0	63.0
Inventories	2.1	2.4
Trade receivables	4.5	9.8
Tax assets	0.7	0.7
Other current assets	4.7	5.5
Cash and cash equivalents	7.3	10.3
Current assets	19.3	28.7
Total assets	85.3	91.7
Capital stock	23.9	21.1
Other paid-in capital	255.3	258.1
Consolidated reserves	(286.7)	(277.4)
Shareholders' equity (net of minority interests)	(7.5)	1.8
Minority interests	0.1	0.1
Total consolidated shareholders' equity	(7.4)	1.9
Non-current contingency and loss provisions	-	-
Non-current debt	5.7	10.9
Deferred tax liabilities	0.7	0.7
Other non-current liabilities	11.0	12.7
Non-current liabilities	17.4	24.3
Current contingency and loss provisions	6.8	7.7
Current debt	27.4	8.6
Trade payables	23.8	28.1
Tax liabilities	0.4	0.5
Other current liabilities	16.9	20.6
Current liabilities	75.3	65.5
Total liabilities and shareholders' equity	85.3	91.7

■ APPENDIX 4 - Cash Flow Statements

<i>In millions of euros</i>	Sept. 30, 2010	Sept. 30, 2009
Consolidated net income (loss)	(9.2)	(27.0)
Income (loss) from discontinued operations	-	(1.9)
Non-cash revenue and expenses		
Allowances (reversals) of amortization and provisions on non-current assets	5.0	24.4
Stock-option related expenses (revenue)	1.0	2.2
Other non-cash revenue and expenses	0.6	1.9
Debt service costs	0.7	4.8
Taxes (payable and deferred)	-	(0.1)
Cash flow from operations before debt service costs and taxes	(1.9)	4.3
Changes in working capital		
Inventories	0.3	(0.1)
Trade receivables	5.6	12.9
Trade payables	(5.1)	16.3
Other current assets and liabilities	(4.9)	(2.2)
Net cash flow used for operations - Discontinued operations	-	(32.5)
Net cash flow used for operations - Continued operations	(6.0)	31.2
Disbursements for acquisitions and capital expenditures		
Intangible assets	(9.6)	(12.2)
Property, plant and equipment	(0.2)	(0.2)
Non-current financial assets	(0.1)	(0.1)
Proceeds from disposals or repayments		
Property, plant and equipment	-	0.2
Non-current financial assets	0.1	1.5
Net cash flow used for investment - Discontinued operations	-	22.0
Net cash flow used for investment - Continued operations	(9.8)	(10.8)
Net funds from:		
Debt borrowing	14.0	19.6
Net funds disbursed for:		
Net interest expense paid	(0.4)	(0.8)
Debt repayment	(0.6)	(27.0)
Net sales (purchases) of the treasury shares	(0.2)	-
Net cash flow from financing activities - Discontinued operations	-	(5.3)
Net cash flow from financing activities - Continued operations	12.8	(8.2)
Impact of exchange-rate fluctuations	-	(0.1)
Change in net cash	(3.0)	(3.7)
