A French corporation (*société anonyme*) with capital of 23,886,590 euros
Principal office: 1 Place Verrazzano, 69252 Lyon Cedex 09 - France
Paris Trade and Companies Registry no. 341 699 106

INTERIM REPORT
FIRST HALF OF 2010-2011
(6 months to September 30, 2010)

Note to the reader: The English language version of this report is a free translation from the original, which was prepared in French and is available on the company's corporate website (http://corporate.atari.com). In the event of inconsistencies between the original language version of the document in French and the English translation, the French version will take precedence.

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SUMMARY INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Notes	Sept. 30, 2010 (6 months)	Sept. 30, 2009 (6 months) ***
Revenue from ordinary business	Note 3	29.6	68.5
Cost of goods sold		(13.1)	(32.7)
Gross profit		**16.5**	**35.8**
Research and development expenses	Note 8	(11.7)	(35.9)
Sales and marketing expenses		(4.2)	(10.1)
Overhead and administrative expenses		(8.1)	(7.5)
Share-based payments *	Note 9	(1.0)	(2.2)
Current operating income (loss)		**(8.5)**	**(19.9)**
Restructuring charges	Note 10	(0.7)	(2.0)
OPERATING INCOME (LOSS)	Note 3	**(9.2)**	**(21.9)**
Cost of debt	Note 11	(0.7)	(4.8)
Other financial revenue and expenses	Note 11	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)**
Net earnings per share (euros)			
Continued and discontinued operations			
- basic		(0.38)	(1.77)
- diluted		(0.38)	(1.77)
Continued operations (**)			
- basic		(0.38)	(2.20)
- diluted		(0.38)	(2.20)
Weighted average number of shares outstanding (*)		23,886,590	13,141,757
Weighted and diluted average number of shares outstanding (*)		23,886,590	13,141,757

(*) Expense reflecting stock options, awards and incentive bonuses payable in shares.

(**) Net earnings per share for the fiscal year ended September 30, 2009 take into account the adjustments made to the consolidated income statement restated in accordance with IFRS 5.

(***) As prescribed by IFRS 5, the income statement for the period to September 30, 2009 has been restated to show discontinued operations (Distribution Europe and Distribution Asia) on a separate line.

The notes to the interim financial statements form an integral part thereof.

CONDENSED CONSOLIDATED INCOME STATEMENT

(in millions of euros)	**Sept. 30, 2010 (6 months)**	**Sept. 30, 2009 (6 months)**
CONSOLIDATED NET INCOME (LOSS)	**(9.2)**	**(27.0)**
Items recognized directly in equity		
Change in unrealized foreign-exchange gains and losses	0.6	(1.6)
Total income (loss) recognized directly in equity	**0.6**	**(1.6)**
TOTAL INCOME (LOSS)	**(8.6)**	**(28.6)**
Of which:		
Group's share	(8.6)	(24.8)
Minority interests' share	-	(3.8)

The notes to the interim financial statements form an integral part thereof.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in millions of euros)	**Notes**	**Sept. 30, 2010**	**March 31, 2010**
Goodwill	Note 4	23.0	24.5
Intangible assets	Note 5	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
Assets held for sale		-	-
Current assets		**19.3**	**28.7**
Total assets		**85.3**	**91.7**
Capital stock	Note 6	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	Note 7	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	Note 7	27.4	8.6
Trade payables		23.8	28.1
Tax liabilities		0.4	0.5
Other current liabilities		16.9	20.6
Liabilities held for sale		-	-
Current liabilities		**75.3**	**65.5**
Total liabilities and shareholders' equity		**85.3**	**91.7**

The notes to the interim financial statements form an integral part thereof.

CONSOLIDATED CASH FLOW STATEMENT

(in millions of euros)	**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)	(0.0)	(0.1)
Cash flow from operations before debt service costs and taxes	**(1.9)**	**4.3**
Taxes paid		
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		
Intangible assets	-	-
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		
Equity issues	-	-
ORANE bond issues	-	-
New debt	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 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	0.0	(0.1)
Change in net cash	**(3.0)**	**(3.7)**

CASH AND CASH EQUIVALENTS	**Sept. 30, 2010**	**Sept. 30, 2009**
Balance at the start of the period	10.3	21.2
Balance at the end of the period (a)	7.3	17.5
Change	(3.0)	(3.7)
(a) of which:		
Cash		
Discontinued operations	-	-
Continued operations	7.3	17.3
Investment securities		
Discontinued operations	-	-
Continued operations	-	0.2
Total	7.3	17.5

* As prescribed by IFRS 5, the cash flow statement for the period to September 30, 2009 has been restated to show discontinued operations (Distribution Europe and Distribution Asia) on a separate line.

The notes to the interim financial statements form an integral part thereof.

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

The table below shows changes in consolidated shareholders' equity.

(in millions of euros)	Capital stock	Other paid-in capital	Treasury shares	Consoli-dated reserves	Unrealized foreign-exchange gains (losses)	Shareholders' equity, net of minority interests	Minority interests	Total consolidated shareholders' equity
Balance as of April 1, 2009	**12.9**	**224.3**	**(0.1)**	**(238.6)**	**(11.8)**	**(13.3)**	**8.8**	**(22.1)**
Income (loss) for the period				(23.2)		**(23.2)**	(3.8)	**(27.0)**
Change in unrealized foreign-exchange gains (losses)					(1.6)	**(1.6)**		**(1.6)**
Total income (loss) for the first half of 2008				(23.2)	(1.6)	**(24.8)**	(3.8)	**(28.6)**
Equity issues								
Exercise of warrants	0.4	(0.3)				**0.1**		**0.1**
Payments in shares				2.2		**2.2**		**2.2**
Acquisition of Cryptic Studios (3)				(2.6)		**(2.6)**		**(2.6)**
Disposal of 66% of Distribution Partners (4)				5.4	(5.4)	**-**	12.7	**12.7**
Balance as of Sept. 30, 2009	**13.3**	**224.0**	**(0.1)**	**(256.8)**	**(18.8)**	**(38.4)**	**0.1**	**(38.4)**
Income (loss) for the period				3.8		**3.8**		**3.8**
Change in unrealized foreign-exchange gains (losses)					(1.1)	**(1.1)**		**(1.1)**
Total income (loss) for the second half of 2009				3.8	(1.1)	**2.7**		**2.7**
Equity issues (1)	7.6	19.8				**27.4**		**27.4**
Exercise of warrants	0.2	0.3				**0.5**		**0.5**
Issues of ORANE bonds (2)		14.3				**14.3**		**14.3**
Payments in shares				(3.8)		**(3.8)**		**(3.8)**
Acquisition of Cryptic Studios (3)				(0.6)		**(0.6)**		**(0.6)**
Disposal of 66% of Distribution Partners				(1.6)	1.5	**(0.1)**		**(0.1)**
Others				(0.2)		**(0.2)**		**(0.2)**
Balance as of March 31, 2010	**21.1**	**258.4**	**(0.1)**	**(259.2)**	**(18.4)**	**1.8**	**0.1**	**1.9**
Income (loss) for the period				(9.2)		**(9.2)**		**(9.2)**
Change in unrealized foreign-exchange gains (losses)				(1.1)	0.6	**(0.5)**		**(0.5)**
Total income (loss) for the first half of 2010				(10.3)	0.6	**(9.7)**		**(9.7)**
Equity issues								
Exercise of warrants	2.8	(2.8)				**0.0**		**0.0**
Payments in shares				1.0		**1.0**		**1.0**
Acquisition of Cryptic Studios (3)				(0.4)		**(0.4)**		**(0.4)**
Others			(0.2)			**(0.2)**		**(0.2)**
Balance as of Sept. 30, 2010	23.9	255.6	(0.3)	(268.9)	(17.8)	**(7.5)**	0.1	**(7.4)**

(1) In January 2010, the Group completed a rights issuance, resulting in capital increase of €27.4 million by the issuance of 7,610,895 new shares.

(2) In December 2009, Atari launched a financial transaction, which was finalized in January 2010. The Group issued bonds with warrants redeemable in new or existing shares (ORANE) maturing on April 1, 2015. The bonds' nominal value of €15.6 million and comprise both equity and a debt component. The impact of these ORANE bonds on equity and debt can be analyzed as follows:

	Equity	Debt
Nominal value	15.2	0.3
Issuing costs	(0.9)	-
	14.3	0.3

(3) On December 9, 2008, the Group announced that it had agreed to purchase all of the shares of Cryptic Studios Inc. The equity impact of €4.4 million represents the amount payable in shares to Cryptic Studios' vendor shareholders as earnout. Since the acquisition date, the future income assumptions have been revised. Accordingly, as of September 30, 2010, the acquisition of Cryptic Studios had a positive aggregate impact on consolidated equity of €0.8 million.

(4) In February 2009, the Group agreed to sell 34 percent of the shares it held in Namco Bandai Partners to Namco Bandai Games Europe. In March 2009, pursuant to the provisions of the strategic partnership agreement with Namco Bandai Games Europe, Atari exercised its put option on 66 percent of the shares of Namco Bandai Partners. On July 7, 2009, Atari finalized the sale of its distribution operations in Europe and Asia.

NOTE 1 – BASIS FOR THE PREPARATION OF THE INTERIM REPORT

Atari SA (hereinafter referred to as “Atari” or the “Company”) designs, produces, publishes and distributes interactive entertainment software for a wide range of media systems (game consoles, PCs, etc.). The Group derives recurring revenue primarily from the sale and licensing of products developed in-house or under publishing agreements with third parties, the distribution of other publishers’ products and the production of software on behalf of third parties. The Group's customers include general retailers, specialty game software stores, computer superstores, and other publishers and distributors throughout the world.

The Company’s principal office is at 1, Place Verrazzano - 69252 Lyon (France).

The summary consolidated financial statements are presented in millions of euros and were approved by the Company’s board of directors on November 8, 2010.

1.1. PRINCIPLES APPLIED TO THE INTERIM FINANCIAL STATEMENTS

The Atari Group’s consolidated financial statements for the period ended September 30, 2010 have been prepared in accordance with:

- IAS/IFRS and their interpretations, as applied to the preparation of the consolidated financial statements for the year ended March 31, 2010 and approved by the European Union;
- IAS 34 “Interim financial reporting”;
- the same accounting principles and methods as those applied on March 31, 2010.

These are condensed financial statements and they do not include all of the information required by IFRS for annual financial statements. They must therefore be read jointly with the Group’s consolidated financial statements for the year ended March 31, 2010, as included in the annual report filed with the AMF under no. D10-0660 on July 30, 2010.

The Group has chosen not to apply in advance the standards and interpretations that will become mandatory for consolidated financial statements covering periods ending on or after March 31, 2011 (see note 1.3 below).

1.2. APPLICATION OF THE GOING CONCERN PRINCIPLE

During and prior to fiscal year 2009-2010, the Group made significant losses that have eroded its equity and cash position. As of September 30, 2010, shareholders’ equity (net of minority interests) was negative at minus €7.4 million, including a net loss of €9.2 million for the first half of the fiscal year. On that same date, the Group’s net debt was €25.8 million and the Group had unused drawdown capacity of approximately €30 million under its credit facility.

In view of this situation the Group has undertaken (and reached over the second semester of 2009-2010) measures to refocus its business on online activities and reduce operating costs in order to return to operating profit, generate positive cash flows and improve working capital. Those measures had their first positive effects in the second half of FY 2009-2010 when the Group published positive net income over that period.

In order to ensure that it has the requisite funds to finance its operations in 2010-2011 (and beyond) and to strengthen its equity, the Company also:

- launched a financial transaction, which was finalized in January 2010 and enabled to raise €43 million (or €30.4 million paid in cash and €12.6 million paid up by offsetting a portion of the debt held against the Group), resulting from the free allocation, in December 2009, of warrants (the “Warrants”) to its shareholders entitling them to subscribe, at the option of Warrant holders, to new shares (the “New Shares”) and/or to bonds redeemable into new or existing shares (the “ORANEs”), under the conditions set out in the prospectus which received the AMF visa number 09-367 on December 10th, 2009.
- implemented new processes and controls to improve efficiency within the Group and improve profitability of its operations, including strict process to review the development and the profitability of each game, review and control of all litigations, etc.
- applied strict cost control on day-to-day operations.

Accordingly, the Group has prepared its consolidated financial statements under the going concern assumption, mainly based on:

- the extension of the credit line granted by BlueBay to Atari until June 30, 2011 (see note 2.2) with no substantial change in any other terms and conditions.
- the Cash Flow for the second semester of the year 2010-2011 and the first semester of the year 2011-2012, which are based upon the best estimate of management to date.

The management also believes that the credit line granted by BlueBay will be extended beyond its maturity date.

Group management believes that its projections are reasonable. However, in light of the uncertainties inherent in financial negotiations and strategic refocusing under adverse economic circumstances, results may differ from forecasts. Those circumstances could restrict the Group's ability to finance its current operations and result in adjustments in the value of the Group's assets and liabilities, including goodwill and intangible assets valued respectively at €23.0 and €36.2 million in the consolidated balance sheet for September 30, 2010.

Based on the above-described measures and assumptions, as well as the forecast for the next twelve months, management believes that the Group's financial resources – including the extension of the credit facility– will be sufficient to cover the Group's operating expenses and capital expenditure for the period ending September 30, 2011, assuming that the credit facility with BlueBay would be renewed at the end of its maturity date i.e. after June 30, 2011. (See Note 16.1)

1.3. NEW IFRS AND INTERPRETATIONS IN EFFECT SINCE APRIL 1, 2010

As of September 30, 2010, new IFRS and interpretations that became applicable on April 1, 2010 had no impact on the financial statements of the Atari Group. They are described in the Summary of Significant Accounting Policies under note 2.1. "General principles" in the notes to the audited consolidated financial statements for the year ended March 31, 2010 (page 64 of the Annual Report for fiscal 2009-2010 filed with the AMF on July 30, 2010 under number D10-0660), which can be downloaded at http://corporate.atari.com.

1.4. USE OF ESTIMATES

The preparation of consolidated financial statements in accordance with IFRS requires that estimates and assumptions be made that are likely to affect the value of assets and liabilities as well as revenue and expenses. Estimates are based on the going concern assumption and rely on past experience and other factors that are considered reasonable and realistic.

The consolidated financial statements have therefore been prepared taking into account the current financial and economic contraction and on the basis of market data at the end of the period. The immediate effects of the contraction have been taken into account, in particular as regards the measurement of assets such as inventories and trade receivables, and the measurement of liabilities. Non-current assets such as intangibles (including goodwill and trademarks) have been valued based on the assumption that the recession will be limited in time. The value of these assets is estimated for each fiscal period on the basis of long-term economic projections and Group management's best estimates, given the limited ability to anticipate future cash flows.

These estimates serve as a basis for making judgments to determine the book value of assets and liabilities when these cannot be obtained directly from other sources. The final values that will appear in the Group's future financial statements may differ from current estimates. Estimates and assumptions are continually reexamined.

Estimates are used in particular for the following items:

- valuation of goodwill and intangible assets,
- valuation of share-based payments (IFRS 2 expense),
- valuation of provisions,
- valuation of deferred tax assets and liabilities.

NOTE 2 – HIGHLIGHTS OF THE PERIOD

2.1. PROPOSED TRANSFER BY BLUEBAY OF ITS HOLDING IN ATARI

In October 2010, the Company announced that BlueBay[1], which is Atari's reference shareholders, is exploring a disposal of the shares and equity-linked instruments held by them, representing approximately 17.6% of the non-diluted share capital of Atari and 66.9% on a fully diluted basis. The acquisition of BlueBay's shareholding would not create any obligation for the purchaser to file a mandatory public offer pursuant to applicable laws.

The instruments held by BlueBay and that would be sold in the course of the disposal process are the following:

- 4,216,801 shares,
- 1,663,292 warrants ISIN FR0010690099,
- 1,318,664 bonds redeemable into new or existing shares ISIN FR0010696153,
- 342,095 bonds redeemable into new or existing shares ISIN FR0010690081,
- 152,636 bonds redeemable into new or existing shares ISIN FR0010833053.

2.2. EXTENSION OF THE CREDIT FACILITY

As part of the financial transaction initiated in December 2009, the Banc of America credit facility has been transferred to BlueBay as of December 10, 2009. As per amendment 10, signed in April 2010, the total amount of the credit facility to be drawn as been reduced from €61.2 million to €49.3 million and matures on December 31, 2010.

BlueBay undertook to have the maturity date of the credit facility to June 30, 2011, under substantially the same terms and conditions as those currently in effect.

As of September 30, 2010, the total amount of the credit facility outstanding was €30.0 million.

2.3. MANAGEMENT CHANGES

In October 2010, the Company announced Jim Wilson, previously CEO of Atari Inc., is taking the position of Deputy CEO of Atari S.A. and Hindol Datta, Vice President of Finance and Administration of the Company is appointed interim Chief Financial Officer of Atari, S.A. He takes over the functions of Phil Veneziano who is leaving the Group to pursue another career path.

As of the date of the present document, the executive management team is composed as follows:

- Jeff Lapin, Chief Executive Officer and director;
- Jim Wilson, Deputy Chief Executive Officer;
- Hindol Datta, Interim Chief Financial Officer of the Atari Group;
- John Needham, Chief Executive Officer of Cryptic Studios;
- Kristen Keller, VP, General Council;
- Alexandra Fichelson, General Secretary;
- Thom Kosik, Vice-President of Atari, Inc
- John Hayase, SVP, Product Development

At the Board level, Atari also announced in April 2010, the Board of directors co-opted two new Board members: the BlueBay High Yield Investment (Luxembourg) SARL represented by Atari's co-founder Mr. Nolan Bushnell and online entrepreneur Tom Virden, David Gardner and Phil Harrison have resigned from the Board of Directors in April 2010 and Gina Germano in May 2010. Further, in October 2010, Jim Wilson as a Director of the Board as Pascal Cagni has resigned from the Board.

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

As of the date of the present document, the board of directors has the following membership:

- Frank E. Dangeard, Non Executive Chairman;
- Dominique d'Hinnin, Vice Chairman, independent Director;
- Jeff Lapin, Chief Executive Officer and Director;
- Jim Wilson, Deputy Chief Executive Officer and Director;
- Didier Lamouche, independent Director;
- Tom Virden, independent Director;
- The BlueBay Value Recovery (Master) Fund Limited, represented by Gene Davis.
- The BlueBay High Yield Investment (Luxembourg) SARL represented by Nolan Bushnell.

2.4. TEST DRIVE UNLIMITED 2 RELEASE DATE

In February 2010 Atari announced the initial release date of *Test Drive Unlimited 2*. *Test Drive Unlimited 2* is now scheduled for the first quarter of 2011.

NOTE 3 – SEGMENT REPORTING

The table below shows revenue and income from continued operations, broken down in accordance with the Group's segmentation:

(in millions of euros, as of Sept. 30,2010)	**Online**	**Retail**	**Corporate & Other**	**Group**
Revenue	12.9	16.7	0.0	29.6
Gross Margin	**10.4**	**6.1**	**0.0**	**16.5**
Current Operating Income	**-1.0**	**-3.5**	**-4.0**	**-8.5**
Restructuring and other operating costs	0.0	0.0	-0.7	-0.7
Operating income	**-1.0**	**-3.5**	**-4.7**	**-9.2**
Cost of debt				-0.7
Other financial income/(expense)				0.7
Income tax				0.0
Profit (loss) from continued operations				**-9.2**
Profit (loss) from discontinued operations				0.0
Net Income (loss) for the year				**-9.2**
Minority interest				0.0
Net Income (loss) for the year attributable to equity holders of the Parent				**-9.2**

Balance Sheet	**Online**	**Retail**	**Corporate & Other**	**Group**
Goodwill	17.2	5.7	0.0	23.0
Segment fixed assets	30.0	6.9	2.9	39.7
Other segment assets (1)	1.7	6.9	1.5	10.0
Unallocated assets (2)				12.6
Assets held for sales	0.0	0.0	0.0	0.0
Total assets	**48.9**	**19.5**	**4.4**	**85.3**
Segment liabilities (3)	12.2	21.7	12.6	46.5
Unallocated liabilities (4)				38.8
Liabilities related to assets held for sale	0.0	0.0	0.0	0.0
Total liabilities	**12.2**	**21.7**	**12.6**	**85.3**
Capex (5)	**7.5**	**2.3**	**-**	**9.8**

(1) Other segment assets include inventories and trade accounts receivable and other
(2) Unallocated assets include deferred tax assets, current tax receivables, cash and cash equivalents as well
(3) Segment liabilities include provisions, other non-current liabilities and trade accounts payable
(4) Unallocated liabilities include borrowings and other financial liabilities, deferred tax liabilities, current tax payables
(5) Relates to cash used for capital expenditures of property, plant, equipment and intangible assets.

(in millions of euros, as of Sept. 30,2009)	Online	Retail	Corporate & Other	Group
Revenue	1.8	65.9	0.8	68.5
Gross Margin	**1.4**	**33.6**	**0.8**	**35.8**
Current Operating Income	**-13.9**	**-0.5**	**-5.5**	**-19.8**
Restructuring and other operating costs	0.0	0.5	-2.6	-2.0
Operating income	**-13.9**	**0.0**	**-8.1**	**-21.9**
Cost of debt				-4.8
Other financial income/(expense)				-2.3
Income tax				0.1
Profit (loss) from continued operations				**-28.9**
Profit (loss) from discontinued operations				1.9
Net Income (loss) for the year				**-27.1**
Minority interest				3.8
Net Income (loss) for the year attributable to equity holders of the Parent				**-23.2**
Balance Sheet	**Online**	**Retail**	**Corporate & Other**	**Group**
Goodwill	17.3	5.3	0.0	22.6
Segment fixed assets	23.5	6.7	6.1	36.3
Other segment assets (1)	0.6	15.8	1.7	18.1
Unallocated assets (2)				17.7
Assets held for sales	0.0	0.0	0.0	0.0
Total assets	**41.4**	**27.8**	**4.4**	**94.7**
Segment liabilities (3)	4.2	33.9	19.6	57.7
Unallocated liabilities (4)				37.0
Liabilities related to assets held for sale	0.0	0.0	0.0	0.0
Total liabilities	**4.2**	**33.9**	**19.6**	**94.7**
Capex (5)	**9.5**	**2.9**	**-**	**12.4**

(1) Other segment assets include inventories and trade accounts receivable and other
(2) Unallocated assets include deferred tax assets, current tax receivables, cash and cash equivalents as well
(3) Segment liabilities include provisions, other non-current liabilities and trade accounts payable
(4) Unallocated liabilities include borrowings and other financial liabilities, deferred tax liabilities, current tax payables
(5) Relates to cash used for capital expenditures of property, plant, equipment and intangible assets

NOTE 4 – GOODWILL

4.1. CHANGES DURING THE PERIOD

The table below shows changes in goodwill during the period:

(in millions of euros)	Total
April 1, 2009	**34.9**
Changes in reporting entities	-
Additions	-
Impairment for the period/earn out revaluation	(9.5)
Reclassification of assets held for sale	-
Foreign exchange effect	(0.9)
Other changes	-
March 31, 2010	**24.5**
Changes in reporting entities	-
Additions	-
Impairment for the period/earn out revaluation	(1.3)
Reclassification of assets held for sale	-
Foreign exchange effect	(0.2)
Other changes	-
September 30, 2010	**23.0**

Goodwill allocated to the “Online Development / Publishing” cash generating unit was reduced by €1.3 million following a revision of Cryptic Studios’ projected revenue, which is one of the criteria used to determine the earnout payable to Cryptic’s vendor shareholders.

4.2. IMPAIRMENT TESTS

No impairment test has been perform for the period as there were no indication that the businesses "Online development" and "Us distribution" may be impaired and there were no triggering events that Management is aware of.

As mentioned in § 1.2 above, if the forecast could not be achieved, valuation adjustments could have to be recorded on intangible assets, especially if the going concern should to be put into question.

4.3. ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS (CGU)

The table below shows the allocation of net goodwill:

(in millions of euros)	**Product development and publishing**	**Online game development and publishing**	**US distribution**	**Europe distribution**	**Asia distribution**	**TOTAL**
Sept. 30, 2010	-	17.2	5.8	-	-	23.0
March 31, 2010	-	18.7	5.8	-	-	24.5

The Online Development / Publishing CGU includes other indefinite-life intangibles with an aggregate value of €1.8 million on September 30, 2010 and €1.8 million on March 31, 2010.

NOTE 5 – INTANGIBLE ASSETS

The table below shows changes in intangible assets:

(in millions of euros)	**Games**	**Trademarks**	**Licenses**	**Software**	**Others**	**Total**
Gross value						
01/04/2010	**54.2**	**16.5**	**47.9**	**29.1**	**4.7**	**152.4**
Changes in consolidated entities	-	-	-	-	-	-
Acquisitions / Increases	5.7	-	4.1	-	-	9.8
Disposals / Decreases	-	-	-	-	-	-
Other changes	(0.8)	(0.2)	(0.5)	(0.1)	(0.1)	(1.7)
30/09/2010	**59.1**	**16.3**	**51.5**	**29.0**	**4.6**	**160.5**
Amortization and provision allowances						
01/04/2010	**(30.7)**	**(13.9)**	**(43.7)**	**(28.2)**	**(4.6)**	**(121.1)**
Changes in consolidated entities	-	-	-	-	-	-
Allowances for the period	(2.5)	-	(1.6)	(0.2)	(0.1)	(4.4)
Reversals for the period	-	-	-	-	-	-
Disposals / Decreases	-	-	-	-	-	-
Other changes	0.3	0.2	0.5	0.1	0.1	1.2
30/09/2010	**(32.9)**	**(13.7)**	**(44.8)**	**(28.2)**	**(4.6)**	**(124.3)**
Net value						**-**
01/04/2010	**23.5**	**2.6**	**4.2**	**0.9**	**0.1**	**31.3**
Changes in consolidated entities	-	-	-	-	-	-
Acquisitions / Increases	3.2	-	2.5	(0.2)	(0.1)	5.4
Disposals / Decreases	-	-	-	-	-	-
Other changes	(0.5)	-	-	-	-	(0.5)
30/09/2010	**26.2**	**2.6**	**6.7**	**0.7**	**0.0**	**36.2**

The increase in capitalized games for the period ended September 30, 2010 reflects the capitalization of new in-house development expenditures for € 5.7 million.
As of September 30, 2010 capitalized games in development were valued at € 9.8 million, compared with € 6.4 million on March 31, 2010.
Other changes primarily reflect variations in exchange rates and discontinued development.

Charges to amortization and provisions for impairment in value of intangible assets recorded in the consolidated income statement amounted to €4.4 million for the period ended September 30, 2010 compared with €26.4 million for the period ended September 30, 2009.
There were no indication that the intangible assets, as well as the goodwill, have to be impaired and there were no triggering events that management is aware of. As mentioned in § 4.2 above, if the forecast could not

be achieved, valuation adjustments could have to be recorded intangibles assets, especially if the going concern is to be put into question.

NOTE 6 – SHAREHOLDERS' EQUITY

On September 30, 2010, the Company had 23, 886, 390 shares issued and outstanding, fully paid up, with a nominal value of 1 euro each. The table below shows changes in the number of shares outstanding:

(number of shares)	**Sept. 30, 2010**	**March 31, 2010**
Shares outstanding at the beginning of the period	21,111,153	12,973,390
Equity issues	-	7,610,895
Exercise of warrants	300	22,194
Conversion of ORANE bonds	2,757,935	504,638
Conversion of OCEANE bonds	-	36
Exercise of stock options	14,732	-
Treasury shares	-	-
Shares outstanding at the end of the period	23,884,120	21,111,153

Changes during the period reflected the following:

- The exercise of 300 stock warrants allocated in 2009, leading to the issuance of 300 new shares.
- The conversion of 143 712 ORANE bonds into 2,757,935 new shares.
- The vesting of 14,732 free shares.

NOTE 7 – DEBT

7.1. DEBT BY TYPE

The table below shows changes in the Group's debt:

(in millions of euros)	**OCEANE 2011 bonds**	**OCEANE 2020 bonds**	**ORANE bonds**	**BlueBay (*)**	**Other borrowings and debt**	**Total**
Short term	-	-	-	5.3	3.3	8.6
Long term	5.3	0.6	4.2	-	0.9	10.9
Total debt on March 31, 2010	**5.3**	**0.6**	**4.2**	**5.3**	**4.2**	**19.5**
Changes during the period						
New debt	-	-	-	14.0	-	14.0
Repayments	-	-	-	-	(0.6)	(0.6)
Application of IAS 32 - 39 and increase in accrued interest	-	-	0.2	-	-	0.2
Changes in consolidated entities	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Effect of foreign exchange fluctuations	-	-	-	-	-	-
Total debt on September 30, 2010	**5.3**	**0.6**	**4.4**	**19.3**	**3.6**	**33.1**
Short term	5.3	-	-	19.3	2.8	27.4
Long term	-	0.6	4.4	-	0.7	5.7
Total debt on September 30, 2010	**5.3**	**0.6**	**4.4**	**19.3**	**3.6**	**33.1**

(*) Former BoA credit facility transferred to BlueBay in December 2009 with the exact terms and conditions.

As of September 30, 2010, other borrowings and debt amounted to €3.6 million, representing:

- interest and fees of €1.8 million payable to BlueBay;
- leaseback charges of €1.7 million;
- other short-term debts of €0.1 million.

- **Bluebay Credit Facility**

As of September 30, 2010, the amount of the credit facility was €49.3 million available in cash. The unused drawdown capacity amounts to €30 million. The interest rate on cash drawdown was three-month Euribor + 900 basis points. The maturity date has been extended to June 2011.

The table below shows how the credit facility was used on September 30, 2010 and March 31, 2010:

(in millions of euros)	**Sept. 30, 2010**	**March 31, 2010**
Short and medium-term credit facilities (history)	-	-
New credit facility (cash loans)	19.3	5.3
Subtotal	19.3	5.3
New credit facility (standby letters of credit)	-	-
Total BlueBay credit facility utilized	**19.3**	**5.3**

7.2. DEBT BY MATURITY DATES

The table below shows the Group's debt broken down by maturity dates.

(in millions of euros)	**Sept. 30, 2010**
< September 2011	27.4
< September 2012	0.7
< September 2013	-
< September 2014	4.1
Beyond that date	0.9
Total	**33.1**

Debt of €27.4 million maturing before September 30, 2011 corresponds primarily to the amount drawn down under the BlueBay credit facility (€19.3 million) as well as the corresponding interest and charges (€1.8 million).

7.3. DEBT BY CURRENCY

The table below shows the Group's debt broken down by currency:

(in millions of euros)	**Sept. 30, 2010**	**March 31, 2010**
Euros	31.4	17.3
US dollars	1.7	2.2
Other currencies	-	-
Total	**33.1**	**19.5**

7.4. DEBT BY INTEREST RATE (FIXED – VARIABLE)

The table below shows the Group's debt broken down by interest rate:

(in millions of euros)	**Sept. 30, 2010**	**March 31, 2010**
Variable rate	21.1	7.0
Fixed rate	12.0	12.5
Total	**33.1**	**19.5**

As of September 30, 2010, the fixed-interest portion of the debt consisted mainly of the OCEANE 2011 and OCEANE 2020 bonds, the ORANE bonds and the leaseback liability.

As of September 30, 2010, an increase in interest rates of 100 basis points would cause interest expense to go up by €0.1 million, compared with €0.3 million on March 31, 2010.

NOTE 8 – RESEARCH AND DEVELOPMENT EXPENSES

The table below shows a breakdown of research and development expenses for the periods to September 30 and March 31, 2010:

(in millions of euros)	Sept. 30, 2010	Sept. 30, 2009
Amortization and impairment of capitalized games	(5.3)	(23.0)
Testing, QA and localization	(0.3)	(2.3)
Pre-production expenses	-	-
Other R&D expenses	(6.1)	(10.6)
Research and development expenses	**(11.7)**	**(35.9)**

NOTE 9 – SHARE-BASED PAYMENTS

9.1. EXPENSES FOR THE PERIOD

The table below shows expenses incurred in connection with share-based payments:

(in million of euros)	Sept. 30, 2010	Sept. 30, 2009
Atari SA share awards	-	1.1
Atari SA stock options	1.0	1.6
Atari, Inc. stock options	-	-
Incentive bonuses	-	(0.5)
Employer social security contributions on share awards and stock options	-	-
Share-based payment expense (income)	**1.0**	**2.2**

9.2. STOCK OPTIONS

The Company may grant stock options to its officers and senior executives, as well as to other employees for their contribution to the Group's performance. At the grant date, the option's exercise price is set close to the trading price of the Company's shares. The options granted have an eight-year life and a vesting period of between zero and three years.

The table below contains summarized information about the Company's stock options:

	2010-2011		2009-2010	
(In thousands and in euros)	Number of options	Average exercise price	Number of options	Average exercise price
Number of options outstanding at the beginning of the period	**57,605**	**19.3**	**275,613**	**18.2**
Options granted	-	-	2,495	36.3
Options cancelled	-	-	(218,252)	11.9
Options exercised	-	-	-	-
Options forfeited	-	-	(2,251)	335.0
Number of options outstanding at the end of the period	**57,605**	**19.3**	**57,605**	**19.3**
Of which, exercisable	-	-	-	-

An expense of €1.0 million in connection with the stock option plans was recognized for the period ended September 30, 2010, compared with €1.6 million for the period to September 30, 2009.

9.3. FAIR VALUE OF OPTIONS GRANTED DURING THE PERIOD

Stock options were granted during the period to officers and executives who contributed to the Group's performance. As explained in note 2.17 to the 2009-2010 consolidated financial statements, the fair value of options is calculated on the grant date using the Black & Scholes option pricing model. Subsequent changes in fair value are not recognized.

The Group used the following principal assumptions to determine the fair value of options granted by the Company in fiscal 2010-2011:

Principal assumptions	2010 - 2011	2010 - 2011
	# 1	# 2
Valuation model	Black & Scholes	Black & Scholes
Price of shares on option grant date	€3.96	€4.03
Exercise price on option grant date (per share)	€4.28	€4.00
Expected volatility	81.3%	81.3%
Risk-free interest rate on grant date	1.62%	1.17%
Expected dividend rate	0.00%	0.00%
Fair value of options on grant date	€1.86	€2.13

Volatility relates to the propensity of an asset's value to fluctuate significantly. The more an asset's value experiences substantial changes over a short period of time, the higher its volatility. As prescribed by IFRS 2, volatility is measured by considering historical fluctuations in the price of the underlying shares over a period equal to the expected life of the options. Based on the Group's dividend history, no dividend payment is factored in.

The risk-free interest rate corresponds to the interest rate on government bonds (OAT) with a maturity equal to the estimated life of the options on the various option grant dates.

9.4. SHARE AWARDS

During the first half of fiscal 2010-2011 a member of management was awarded free shares under the authority granted by the shareholders' meeting of November 15, 2006.

In order for rights to free shares to vest, their beneficiaries must be part of the Group on the vesting date and awards are generally contingent on the achievement of certain performance conditions. After the vesting period, shares are subject to a two-year lock-up period.

The table below shows a summary of transactions involving share awards in fiscal 2010-2011 and fiscal 2009-2010:

	2010-2011	2009-2010
Number of free shares outstanding at the beginning of the year	237,731	487,417
Free shares granted during the period	-	-
Shares cancelled	-	(249,689)
Shares vested	(14,731)	-
Number of free shares outstanding at the end of the period	223,000	237,731

NOTE 10 – RESTRUCTURING CHARGES

Restructuring charges consisted of the following:

(in millions of euros)	Sept. 30, 2010	Sept. 30, 2009
Layoffs	(0.1)	0.3
Unused offices	-	(1.7)
Fees and other expenses	(0.6)	(0.6)
Total	(0.7)	(2.0)

NOTE 11 – NET FINANCIAL INCOME (EXPENSES)

(in millions of euros)	Sept. 30, 2010	Sept. 30, 2009
Interest on bond debt	(0.3)	(0.6)
Interest on bank debt	(0.4)	(4.0)
Other debts	-	(0.2)
Net cost of debt	**(0.7)**	**(4.8)**
Foreign-exchange gains and losses	1.2	(2.9)
Other financial income (expenses)	(0.5)	0.6
Other financial income (expenses)	**0.7**	**(2.3)**
Net financial income (expenses)	**0.0**	**(7.1)**

Debt servicing costs represented an expense of €0.7 million for the period ended September 30, 2010, up from €4.8 million on September 30, 2009. The increase was essentially attributable to the use of the BlueBay credit facility during the first half.

NOTE 12 – DISCONTINUED OPERATIONS

12.1. Financial results of discontinued operations

As prescribed by IFRS 5, the principles of which are set forth in note 1.2, net income or losses from discontinued operations includes the net results of the Group's video game distribution business in Europe, Asia, Africa, the Middle East and South America. The income statements of these operations are included in Atari's consolidated income statement on the line "Results of discontinued activities" and can be broken down as follows:

(in millions of euros)	Sept. 30, 2010	Sept. 30, 2009
Revenue from discontinued operations	-	26.2
Cost of goods sold	-	(19.8)
Gross profit	**-**	**6.4**
Research and development expenses	-	(0.1)
Sales and marketing expenses	-	(8.0)
Overhead and administrative expenses	-	(10.1)
Current operating income (loss) - Discontinued operations	**-**	**(11.8)**
Gains (losses) from disposals of assets	-	13.2
Restructuring costs	-	(0.2)
Other income (expenses)		
OPERATING INCOME (LOSS) - Discontinued operations	**-**	**1.2**
Cost of debt	-	(0.4)
Other financial income (expenses)	-	(0.1)
Corporate income tax	-	1.2
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS	**-**	**1.9**

12.2. Segment reporting on discontinued operations

Revenue from discontinued operations	Sept. 30, 2010	Sept. 30, 2009
Europe	-	19.5
Asia	-	6.7
Net revenue from discontinued operations	**-**	**26.2**

Operating income from discontinued operations	Sept. 30, 2010	Sept. 30, 2009
Europe	-	1.4
Asia	-	(0.2)
Income (loss) from discontinued operations	**-**	**1.2**

12.3. Net cash flow from discontinued operations

(in millions of euros)	Sept. 30, 2010	Sept. 30, 2009
Net income (loss) from discontinued operations	-	1.9
Non-cash expenses and revenue	-	(13.5)
Cost of debt	-	0.4
Taxes (deferred and current)	-	(1.2)
Cash flow before debt service and taxes	**-**	**(12.4)**
Taxes paid	-	-
Changes in working capital	-	(20.1)
Net cash flow from operating activities	**-**	**(32.5)**
Net cash flow from investment activities	**-**	**22.0**
Net cash flow from financing activities	**-**	**(5.4)**
Impact of changes in exchange rates	-	0.6
Net change in cash and cash equivalents	**-**	**(15.3)**
CASH AND CASH EQUIVALENTS		
At the beginning of the period	-	15.3
At the end of the period	-	-
Change	**-**	**(15.3)**

NOTE 13 – CONTINGENT LIABILITIES

In the ordinary course of their business, Group companies may be involved in various judicial, arbitral, administrative and tax proceedings. The material legal risks to which the Group is exposed are set forth below.

13.1. Litigation between a former employee and the Company

A significant case arose in a previous year, in which the Company was sued by a former employee who claimed that he had co-authored one of the Group's best-selling franchises. The plaintiff was seeking damages for moral prejudice and financial loss suffered as a result of the allegedly unlawful distribution by the Group of games based on that universe.

The claim was for close to €17 million. At this stage of the proceeding, the Company is categorically rejecting the plaintiff's claim of authorship and/or co-authorship and considers the grounds and amount of his claim to be unfounded. The parties have filed their respective briefs with the judge in charge of preparations for the trial, after no significant progress was made during the fiscal 2009-2010. No date has been set for the trial and no decision is expected before 2011. The preliminary audience's court has been postponed to early in December 2010. Based on pending proceedings and the available information, the Company considers that a contingent liability must be recognized

13.2. BVT production funds v. Atari Europe SAS

This dispute concerns two German entities, the BVT production funds, which financed the production of certain interactive games, under a series of agreements entered into with various Group companies.
Following exchanges of letters and an audit in December 2008, the BVT funds instituted proceedings in February and March 2009 in Germany, claiming that Atari Europe had failed to perform several contractual obligations arising from its publishing agreements with the funds. The funds are suing Atari Europe in the German courts for €2 million in damages. Atari Europe has filed its briefs with the Munich Court and is contesting all of the plaintiffs' allegations. A full complaint was filed with the courts of competent jurisdiction in early November 2009. A hearing took place in November 2009.

Subsequent to the hearing in November 2009, the Munich Court issued an opinion in February of 2010. Most of BVT's claims were dismissed, with the primary exception related to claim that Atari's improperly developed and sold certain titles on the MAC platform. The Munich Court ordered Atari to provide data related to the MAC sales to BVT. Atari complied but appealed the Munich Court's ruling. BVT has also appealed the court's decision. Oral argument on these appeals is scheduled for December 2010.

13.3. Hasbro v. Atari SA

Hasbro, Atari's licensor for exclusive, world-wide rights to create, design, develop, manufacture, have manufactured, market and sell digital games based upon the Dungeons & Dragons worlds, sued Atari in federal District Court in Rhode Island on December 16, 2009. Hasbro's Complaint alleged breach of contract, asserting that Atari had entered into unapproved sublicenses, allowed access by an un-authorized sublicensee to confidential information as well as other claims such as intentional misrepresentation and an accounting of monies paid for certain activities. Hasbro is requesting that the court determine that contract can be terminated. Atari countersued Hasbro on December 22, 2009 for over $100 million in damages, alleging, among other things, breaches of contract including unapproved removal of certain Dungeons and Dragons realms, and a claim of tortious interference with Atari's relationship with its potential sublicensees. On June 1 and 2, Atari and Hasbro engaged in mediation. The parties engaged in discussions subsequent to the mediation but the parties did not settle. Subsequently, discovery commenced and will be ongoing through early 2011. There is no scheduled trial date.

NOTE 14 – OFF-BALANCE-SHEET COMMITMENTS

The table below summarizes the Group's off-balance-sheet commitments:

(in millions of euros)	**Sept. 30, 2010**	**March 31, 2010**
Commitments made		
Non-cancellable operating leases and rentals	16.7	15.5
Development and licensing agreements	5.6	1,0
Total commitments made	**22.3**	**16.5**
Commitments received		
Financing commitments (standby, letters of credit, documentary credits, etc.)	30.0	43.9
Total commitments received	**30.0**	**43.9**

NOTE 15 – RELATED PARTY TRANSACTIONS

15.1. Relationship with BlueBay and its affiliates

As of September 30, 2010, BlueBay is the Company's principal shareholder and was represented on the Atari board of directors by two directors: the BlueBay High Yield Investment (Luxembourg) SARL represented by Atari co-founder: Nolan Bushnell; and the BlueBay Value Recovery (Master) Fund Limited represented by Tom Virden. Frank E. Dangeard, the Atari board of directors' non-executive chairman, was appointed as BlueBay's special advisor.

During the period ended September 30, 2010, BlueBay and its affiliated funds performed the following transactions:

- new credit lines for €14.0 million;

On September 30, 2010, the total amounts draw on the credit line is €19.3 million.

15.2. Officers' compensation and benefits

The table below shows compensation and benefits received by the Group's executives and directors for the periods to September 30 and March 31, 2010:

(in millions of euros)	**Sept. 30, 2010**	**March 31, 2010**
Cash compensation		
Fixed compensation	0.2	2.0
Variable compensation	-	0.6
Special bonuses	-	0.1
Severance benefits	-	1.7
Directors' fees	0.2	0.5
Benefits		
Employee benefits	-	-
Share-based compensation (excl. employer social security contributions)	1.0	(1.6)
Total	1.4	1.9

NOTE 16 – EVENTS SUBSEQUENT TO THE END OF THE PERIOD

16.1. EXTENSION OF THE CREDIT FACILITY BLUEBAY

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 BlueBay (see note on page 10) 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.

16.2. MANAGEMENT CHANGES

In October 2010, the Company announced Jim Wilson, previously CEO of Atari Inc., is taking the position of Deputy CEO of Atari S.A. and Hindol Datta, Vice President of Finance and Administration of the Company is appointed interim Chief Financial Officer of Atari, S.A. He takes over the functions of Phil Veneziano who is leaving the Group to pursue another career path.

As of the date of the present document, the executive management team is composed as follows:

- Jeff Lapin, Chief Executive Officer and Director;
- Jim Wilson, Deputy Chief Executive Officer;
- Hindol Datta, Interim Chief Financial Officer of the Atari Group;
- John Needham, Chief Executive Officer of Cryptic Studios;
- Kristen Keller, VP, General Council;
- Alexandra Fichelson, General Secretary;
- Thom Kosik, Vice-President of Atari, Inc;
- John Hayase, SVP, Product Development.

At the Board level, Atari also announced in April 2010, the Board of directors co-opted two new Board members: the BlueBay High Yield Investment (Luxembourg) SARL represented by Atari's co-founder Mr. Nolan Bushnell and online entrepreneur Tom Virden, David Gardner and Phil Harrison have resigned from the Board of Directors in April 2010 and Gina Germano in May 2010. Further, in October 2010, Jim Wilson was appointed as a Director of the Board as Pascal Cagni has resigned from the Board.

As of the date of the present document, the board of directors has the following membership:

- Frank E. Dangeard, Non executive Chairman;
- Dominique d'Hinnin, Vice Chairman, independent director;
- Jeff Lapin, Chief Executive Officer and director;
- Jim Wilson, Deputy Chief Executive Officer and director;
- Didier Lamouche, independent director;
- Tom Virden, independent director;
- The BlueBay Value Recovery (Master) Fund Limited, represented by Gene Davis.
- The BlueBay High Yield Investment (Luxembourg) SARL represented by Nolan Bushnell.

16.3. PROPOSED TRANSFER BY BLUEBAY OF ITS HOLDING IN ATARI

BlueBay Value Recovery (Master) Fund Limited and BlueBay Multi-Strategy (Master) Fund Limited (collectively referred to as "BlueBay"), which are Atari's reference shareholders, are exploring a disposal of the share and equity-linked instruments held by them, representing approximately 17.6% of the non-diluted share capital of Atari and 66.9% on a fully diluted basis.

INFORMATION CONCERNING MANAGEMENT AND THE FINANCIAL STATEMENTS

First half, ended September 30, 2010

1. BUSINESS ENVIRONMENT AND HIGHLIGHTS OF THE PERIOD INCLUDING SUBSEQUENT EVENTS

1.1. BUSINESS ENVIRONMENT

- **Corporate Profile**

Atari ("the Company" or "the Group") is listed on the Euronext Paris market, compartment C (ISIN code: FR0010478248, ticker: ATA).

Atari group is a global creator, producer and publisher of interactive entertainment for key platforms, including online (casual, social, Massively Multiplayer Online Game – "MMO" games), PC, consoles from Microsoft, Nintendo and Sony, and advanced smart phones (i.e. iPhone, Android and RIM devices).

Atari benefits from its global brand and an extensive catalogue of popular games based on classic owned game franchises (Asteroids, Centipede, Missile Command, Lunar Lander), original owned franchises (Test Drive, Backyard Sports, Deer Hunter, Champions) and third party franchises (Ghostbusters, Star Trek, Dungeons and Dragons). After several years of transformation and restructuring, fiscal year 2009-2010 marked the beginning of the Company's migration from retail to an online business oriented company.

- **Europe and North America (Source: IDG – January 2010)**

IDG estimates that Europe and North America market (including, hardware, software, Online and Mobile) raised USD 49.4 billion in 2009. New market opportunities raised in 2009 across multiple formats and distribution channels. In 2009, mobile game revenues represented 9.3% of total revenues (or USD 4.6 billion) and online revenues represented 18.0% of total revenues (or USD 8.9 billion).

According to IDG, while global game market (hardware, software, Online and mobile) should increase by 2.8% to USD 49.4 billion, traditional software market should decline by 7.6% while online market is expected to increase by 50.6% and mobile game market is expected to increase by 41.3%.

- **North America (Source: IDG – January 2010)**

IDG's research suggests that in 2009, software sales for consoles and handheld platforms in the United States declined 10% in value compared to 2008. Unit volumes lagged. These trends can be explained by pronounced softness in demand and also increasing consumer price sensitivity.

IDG estimates that new market opportunities rose in 2009 across multiple formats and distribution channels. As per IDG, global North America game market (software, hardware, online and mobile) represented USD 24.6 billion, out of which mobile game revenues represented 8.9% of total revenues (or USD 2.2 billion) and online revenues represented 19.1% of total revenues (or USD4.7 billion).

According to IDG, while global game market (software, hardware, online and mobile) should increase by 4.5% to USD 25.7 billion, traditional software market should decline by 3.8% while online market is expected to increase by 51.1% and mobile game market is expected to increase by 40.9%.

- **Europe (Source: IDG – January 2010)**

IDG's research suggests that in 2009, software sales for consoles and handheld platforms in the United States declined 14% in value compared to 2008, due to difficult consumer spending environment, shift by some consumer to digital distribution, pressure on prices as well as piracy. IDG estimates that new market opportunities rose in 2009 across multiple formats and distribution channels as in North America.

According to IDG, while European global game market (software, hardware, online and mobile) is expected to increase by 1.2% to USD 24.8 billion, traditional software market should decline by 11.3% while online market is expected to increase by 50.0% and mobile game market is expected to increase by 41.7%.

- **Global market overview (Source: IDG – January 2010):**

North America and European market Revenues

(in billions of USD)	**2010**	**2009**	**Change**
Console hardware	7.8	10.4	-25.0%
Handheld hardware	3.7	4.5	-17.8%
TOTAL hardware	**11.5**	**14.9**	**-22.8%**
Console software	14.0	15.3	-8.5%
Handheld and PC software	5.4	5.7	-5.3%
Total software	**19.4**	**21**	**-7.6%**
Mobile	6.5	4.6	41.3%
Global market	**50.8**	**49.4**	**2.8%**

1.2. Highlights of the period including subsequent events

- **Proposed transfer by BlueBay of its holding in ATARI**

In October 2010, The Company announced that BlueBay (see note on page 10), which is Atari's reference shareholders, are exploring a disposal of the shares and equity-linked instruments held by them, representing approximately 17.6% of the non-diluted share capital of Atari and 66.9% on a fully diluted basis. The acquisition of BlueBay's shareholding would not create any obligation for the purchaser to file a mandatory public offer pursuant to applicable laws.

The instruments held by BlueBay and that would be sold in the course of the disposal process are the following:

- 4,216,801 shares,
- 1,663,292 warrants ISIN FR0010690099,
- 1,318,664 bonds redeemable into new or existing shares ISIN FR0010696153,
- 342,095 bonds redeemable into new or existing shares ISIN FR0010690081, and
- 152,636 bonds redeemable into new or existing shares ISIN FR0010833053.

- **Extension of the Credit Facility**

As part of the financial transaction initiated in December 2009, the Banc of America credit facility has been transferred to BlueBay as of December 10, 2009. As per amendment 10, signed in April 2010, the total amount of the credit facility to be drawn as been reduced from €61.2 million to €49.3 million and matures on December 31, 2010.

BlueBay undertook to have the maturity date of the credit facility extended to June 30, 2011, under substantially the same terms and conditions as those currently in effect. As of September 30, 2010, the total amount of the credit facility outstanding was €30.0 million.

On October 21, 2010, Atari announced that its reference shareholder BlueBay 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.

- **Management Changes**

In October 2010, the Company announced Jim Wilson, previously CEO of Atari Inc., is taking the position of Deputy CEO of Atari S.A. and Hindol Datta, Vice President of Finance and Administration of the Company is appointed interim Chief Financial Officer of Atari, S.A. He takes over the functions of Phil Veneziano who is leaving the Group to pursue another career path.

As of the date of the present document, the executive management team is composed as follows:

- Jeff Lapin, Chief Executive Officer and director;
- Jim Wilson, Deputy Chief Executive Officer;
- Hindol Datta, Interim Chief Financial Officer of the Atari Group;
- John Needham, Chief Executive Officer of Cryptic Studios;

- Kristen Keller, VP, General Council;
- Alexandra Fichelson, General Secretary;
- Thom Kosik, Vice-President of Atari, Inc.;
- John Hayase, SVP, Product Development.

At the Board level, Atari also announced in April 2010, the Board of directors co-opted two new Board members: the BlueBay High Yield Investment (Luxembourg) SARL represented by Atari's co-founder Mr. Nolan Bushnell and online entrepreneur Tom Virden, David Gardner and Phil Harrison have resigned from the Board of Directors in April 2010 and Gina Germano in May 2010. Further, in October 2010, Jim Wilson as a Director of the Board as Pascal Cagni has resigned from the Board.

As of the date of the present document, the board of directors has the following membership:

- Frank E. Dangeard, Non Executive Chairman;
- Dominique d'Hinnin, Vice Chairman, independent Director;
- Jeff Lapin, Chief Executive Officer and Director;
- Jim Wilson, Deputy Chief Executive Officer and Director;
- Didier Lamouche, independent Director;
- Tom Virden, independent Director;
- The BlueBay Value Recovery (Master) Fund Limited, represented by Gene Davis.
- The BlueBay High Yield Investment (Luxembourg) SARL represented by Nolan Bushnell.

2. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. SUMMARY ACTUAL CONSOLIDATED INCOME STATEMENT

(in millions of euros)	Sept. 30, 2010		Sept. 30, 2009		Change	
Revenue	**29.6**		**68.5**		**(38.9)**	**-56.8%**
Cost of goods sold	(13.1)	-44.3%	(32.7)	-47.7%	19.6	-59.9%
Gross margin	**16.5**	**55.7%**	**35.8**	**52.3%**	**(19.3)**	**-53.9%**
Research and development expenses	(11.7)	-39.5%	(35.9)	-52.4%	24.2	-67.4%
Marketing and selling expenses	(4.2)	-14.2%	(10.1)	-14.6%	5.9	-58.4%
General and administrative expenses	(8.1)	-27.3%	(7.5)	-10.8%	(0.6)	8.0%
Share-based payment expense	(1.0)	-3.4%	(2.2)	-3.2%	1.2	-54.5%
Current operating income (loss)	**(8.5)**	**-28.7%**	**(19.9)**	**-29.1%**	**11.4**	**-57.3%**
Restructuring costs	(0.7)	-2.4%	(2.0)	-2.9%	1.3	
Impairment of goodwill	0.0		0.0		0.0	
Other operating income (expenses)	0.0		0.0		0.0	
Operating income (loss)	**(9.2)**	**-31.1%**	**(21.9)**	**-32.0%**	**12.7**	**-58.0%**

- **Revenue**

Revenue was €29.6 million for the six-months ended September 30, 2010, compared with €68.5 million for the previous fiscal period, a decrease of 56.8%.

The decrease was primarily due to lower publishing revenue in the six months September 2010 period, partially offset by increased online revenue. For FY2009-2010, the Company had numerous retail releases and sales were driven by Atari's major releases over the period (*Ghostbusters: The Video Game*, *The Chronicles of Riddick, Backyard Football 2010,* and *Champions Online*). The current period only contained few title releases, in line with the Company's expectation.

(in millions of euros)	Sept. 30, 2010		Sept. 30, 2009		Change	
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%
Total	**29.6**	**100.0%**	**68.5**	**100.0%**	**-38.9**	**-56.8%**

Online revenue, comprised primarily of subscription and digital distribution revenue, was €12.9 million, an increase of €11.1 million over the prior period. This increase was primarily due to subscription and digital distribution revenue from the launch of the Star Trek Online and Champions Online MMO games. As of September 30, 2009, online revenue related to only two months of Champions Online activity as the product launch in late August 2009. Star Trek online launched in February 2010. Online revenues were 43.6% of total net sales as compared to 2.6% in the prior fiscal year.

Retail and other revenues, comprised primarily of sales to retail stores, decreased by €50.0 million to €16.7 million, due to a lower number of titles in line with the Company's expectations. Retail and other revenues were 56.4% of total net revenue as compared to 97.4% in the prior fiscal year.

- **Gross margin**

The gross margin for the first half of fiscal 2009-2010 was 55.7% of revenue, compared with 52.3% the previous period. An improvement resulting from growth in the online revenue for the Company which carries a better margin than the retail segment offset by an increase in the share of revenue accounted for by the distribution of third-party products in the United States, on which margins are lower.

- **Research and development expenses**

In the first half of fiscal 2010-2011, research and development expenses amounted to €11.7 million, down from €35.9 million for the first half of fiscal 2008-2009. The previous period included charges of €14.2 million for the impairment of intangible assets (primarily games and licenses, including *Champions Online* and *Test Drive Unlimited 2*), against none for the first half of fiscal 2010-2011. Other expenses included the development costs of products not yet at the technical feasibility stage and of online gaming, testing and localization expenses and overhead.

- **Sales and marketing expenses**

Sales and marketing expenses totaled €4.2 million, down from €10.1 million for the first half of fiscal 2010-2011. The decrease of €5.9 million was primarily attributable to the current period having fewer new releases as compared to the prior period. The current period had one new release, *Backyard Sports: Sandlot Sluggers* as compared to the previous period containing marketing expense for, *Ghostbusters: The Video Game*, *The Chronicles of Riddick: Assault on Dark Athena* and *Champions Online*.

- **Overhead and administrative expenses**

Overhead and administrative expenses increased by €0.6 million to €8.1 million during the first half of 2010-2011 as compared to the prior period. The cost increase relates generally to impact on foreign exchange as the majority of general and administrative cost is now in the US as opposed to Europe in prior periods offset by savings from implemented cost savings plan announced in prior periods.

- **Non-cash payments in shares (incentives)**

Share-based, non-cash payments fell to €1.0 million, from €2.2 million in the first half of fiscal 2010-2011. The decrease was primarily due to cost included in the prior period from officers who departed later in fiscal year 2009/2010 no longer included in the current period offset by non-cash payments in shares to new members of management.

- **Restructuring charges**

Restructuring charges amounted to €0.7 million, compared to €2.0 million for the first half of fiscal 2010-2011, as the prior period contained accruals relating to European staff reorganizations and office lease transition. The current period amounts primarily relate to adjustments to office lease accruals established in previous periods.

- **Operating income**

Operating income improved by €12.7 million, with losses down to €9.2 million from €21.9 million the first half of fiscal 2010-2011, due to a significant improvement in margins as the Company shifts to more online products and the reduction of operating costs.

- **Other income statement items**

(in millions of euros)	Sept. 30, 2010		Sept. 30, 2009		Change	
Operating income (loss)	**(9.2)**	**-31.1%**	**(21.9)**	**-31.0%**	**12.7**	**-58.0%**
Cost of debt	(0.7)	-2.4%	(4.8)	-7.0%	4.1	-85.4%
Other financial income (expense)	0.7	2.4%	(2.3)	-3.4%	3.0	-130.4%
Income tax	0.0	0.0%	0.1	0.1%	-0.1	-100.0%
Profit (loss) from continued operations	**(9.2)**	**-31.1%**	**(28.9)**	**-42.2%**	**19.7**	**-68.2%**
Profit (loss) from discontinued operations	0.0	0.0%	1.9	2.7%	-1.9	
Consolidated net loss	**(9.2)**	**-31.1%**	**(27.0)**	**-39.4%**	**17.8**	**-65.9%**
Minority interests	0.0	0.0%	3.8	6.5%	-3.8	
Net loss attributable to equity holders	**(9.2)**	**-31.1%**	**(23.2)**	**-33.9%**	**14.0**	**-60.3%**

- **Cost of debt**

Cost of debt costs decreased by approximately €4.1 million, as the debt outstanding on average was lower in the first half of 2010-2011 than in the first half of 2009-2010, as the Company had minimal use of the credit facility during the current period.

- **Other financial income and expenses**

Other financial expenses improved by €3.0 million, as transactional foreign exchange impact has been reduced as the majority of the business has shifted to United States and the majority of the transaction are within the same currency, the dollar. .

- **Income from discontinued operations**

Atari's sale of its 66-percent stake in Namco Bandai Partners to Namco Bandai Games Europe was completed July 7, 2009. Therefore, the Company had no activity related to discontinued operations during the first half of 2010-2011. In the first half of 2009-2010, the Company had three months of activity related to discontinued operations which resulted in income of €1.9 million.

- **Minority interests**

On September 30, 2009, this item consisted primarily of minority interests related to the first quarter profits of Namco Bandai Partners, assumed by Namco Bandai Games Europe on July 7, 2009. The current period has no activity related to minority interests.

- **Net income after minority interests**

The Group posted a net loss after minority interests of €9.2 million for the first half of fiscal 2010-2011, compared with a loss of €23.2 million for the first half of fiscal 2009-2010.

2.2. SEGMENT REPORTING

IFRS 8.2 defines an operating segment as a component of an entity:

- that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- whose operating results are reviewed regularly by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and
- for which discrete financial information is available.

The Group has adopted the provisions of IFRS 8.2 and will present segment information in accordance with how the Group's chief operating decision maker reviews financial operations. The Group has focused its future operations on the expansion of its online businesses and will report its segments as online, retail and other. In addition, management believes that geographic and platform revenue analyses are not relevant to the operations of its business. Therefore, the Group has discontinued the past practice of disclosing these analyses.

(in millions of euros)	Online	Retail	Corp & other	Total
Revenue	**12.9**	**16.7**	**-**	**29.6**
% revenue of total	*43.6%*	*56.4%*	*0.0%*	*100.0%*
Gross Margin	10.4	6.1	-	16.5
Current Operating Income	**(1.0)**	**(3.5)**	**(4.0)**	**(8.5)**
Operating income	(1.0)	(3.5)	(4.7)	(9.2)

(in millions of euros)	Online	Retail	Corp & other	Total
Revenue	**1.8**	**65.9**	**0.8**	**68.5**
% revenue of total	*2.6%*	*96.2%*	*1.2%*	*100.0%*
Gross Margin	1.4	33.6	0.8	35.8
Current Operating Income	**(13.8)**	**(0.5)**	**(5.5)**	**(19.8)**
Operating income	(13.8)	-	(8.1)	(21.9)

- **Online**

Online revenue, comprised primarily of subscription and digital distribution revenue, was €12.9 million, an increase of €11.1 million over the prior period. This increase was primarily due to subscription and digital distribution revenue from the launch of the Star Trek Online and Champions Online MMO games. As of September 30, 2009, online revenue related to only two months of Champions Online activity as the product launch in late August 2009. Star Trek online launched in February 2010. Online revenues were 43.6% of total net sales as compared to 2.6% in the prior fiscal year. The online division posted a loss of €1 million and improvement of €12.8 million as the prior period contained write-offs related to intangible assets and only contain two months of revenue related to *Champions Online*.

- **Retail**

The retail division which is comprised primarily of sales to retail stores, decreased by €49.2 million to €16.7 million, due to a lower number of titles released in the period, in line with the Company's expectations. Retail division's net revenues were 56.4% of total net revenue as compared to 96.2% in the prior fiscal year. The retail division posted a loss of €3.5 million, a decrease of €3 million as the Company released a lower number of titles in the current period.

- **Corporate and other**

The corporate and other division generated limited revenue during the first half of the prior fiscal year from services sold to third parties and subleasing agreements, no such revenue was recorded in the current year. It posted a loss of €4.7 million for the first half of fiscal 2010-2011, a decrease of €3.4 million due to savings from reduced overhead and restructuring costs as compared to the prior period.

2.3. CONSOLIDATED BALANCE SHEET

Simplified consolidated balance sheet for September 30, 2010 and March 31, 2010

(in millions of euros)	Notes	Sept. 30, 2010	March 31, 2010
Goodwill	Note 4	23.0	24.5
Intangible assets	Note 5	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
Assets held for sale		-	-
Current assets		**19.3**	**28.7**
Total assets		**85.3**	**91.7**
Capital stock	Note 6	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	Note 7	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	Note 7	27.4	8.6
Trade payables		23.8	28.1
Tax liabilities		0.4	0.5
Other current liabilities		16.9	20.6
Liabilities held for sale		-	-
Current liabilities		**75.3**	**65.5**
Total liabilities and shareholders' equity		**85.3**	**91.7**

- **Shareholders' equity**

As of September 30, 2010, negative consolidated shareholders' equity had declined to -€7.4 million from €1.9 million on March 31, 2010. The table below shows changes during the period:

(in millions of euros)	Liabilities and shareholders' equity
Consolidated shareholders' equity on March 31, 2010	1.9
Unrealized foreign exchange (losses)	(0.5)
Share-based payments	1.0
Net loss	(9.2)
Acquisition of Cryptic Studios	(0.4)
Treasury shares	(0.2)
Consolidated shareholders' equity on September 30, 2010	**(7.4)**

Changes during the period were attributable mainly to a net loss of €9.2 million, the adjustment of the purchase price of Cryptic in accordance with IFRS 3 and the recognition of unrealized foreign-exchange losses. These items were only partly offset by changes resulting from share-based payments.

- **Net cash / (net debt)**

As of September 30, 2010, the Group had a net debt of €25.8 million, compared with €9.2 million at the close of fiscal 2009-2010. The table below breaks down the net debt:

(in millions of euros)	**Sept. 30, 2010**	**March 31, 2010**
OCEANEs 2011 & 2020	(5.9)	(5.9)
ORANEs	(4.4)	(3.7)
BueBay credit facility	(19.3)	(5.3)
Other	(3.5)	(4.6)
Total debt	**(33.1)**	**(19.5)**
Cash and cash equivalent	7.3	10.3
Net (debt)	**(25.8)**	**(9.2)**

Net (debt), is defined as cash and cash equivalents less current and non-current debt.

The €16.6 million increase in net debt as of September 30, 2010 came primarily from cash usage of €3.0 million for the period and by additional borrowings under the credit facility of €14.0 million offset by net payments of all other debts of €0.4 million.

The table below shows the Group's debt broken down by maturity dates.

(in millions of euros)	**Sept. 30, 2010**
< September 2011	27.4
< September 2012	0.7
< September 2013	-
< September 2014	4.1
Beyond that date	0.9
Total	**33.1**

Debt of €27.4 million maturing before September 30, 2011 corresponds primarily to the amount drawn down under the BlueBay credit facility (€19.3 million) as well as the corresponding interest and charges (€1.8 million).

The table below shows the ratio of net debt to equity:

(in millions of euros)	**Sept. 30, 2010**	**March 31, 2010**
ORANEs	(25.8)	(9.2)
BueBay credit facility	(7.5)	1.8
Other	(7.4)	1.9
Total debt	**-348.8%**	**511.1%**
Cash and cash equivalent	**-348.6%**	**484.2%**

- **Other balance sheet items**

Goodwill was valued at €23.0 million on September 30, 2010, down €1.5 million since March 31, 2010. The decline was attributable to (i) the adjustment of the purchase price in relation to Cryptic's earn-out in accordance with IFRS 3 and (ii) the impact of exchange rates.

Intangible assets were valued at €36.2 million on September 30, 2010, compared with €31.3 million on March 31, 2010. Intangible assets on the balance sheet for September 30, 2010 included Cryptic Studios' intangible assets of €16.6 million, €9.8 million for *Test Drive Unlimted 2* and other games and €9.8 million for trademarks and other intangibles, including the Hasbro license. On March 31, 2010 those assets essentially were comprise of Cryptic Studios' intangible assets for €22.1 million, €3.5 million for *Test Drive Unlimted 2*and other games scheduled for release, and €5.7 million for trademarks and other intangibles, including the Hasbro license.

Working capital (i.e. current assets less current liabilities, exclusive of interest-bearing short-term liabilities) was negative at €35.9 million on September 30, 2010, compared with negative working capital of €33.4 million on March 31, 2010. Working capital remained relatively flat through decreases in payments of trade payables offset by certain debt being reclassed to short-term as the maturity is within twelve months and additional borrowings on the credit facility. Changes in current assets were also affected working capital negatively as cash decreased to fund operations and changes in accounts receivable due to timing and collections based on the Group's title release schedule.

Other non-current liabilities (including current provisions and excluding interest bearing liabilities, non-current) amounted to €18.5 million on September 30, 2010 (€21.1 million on March 31, 2010). The majority of the change relates to the decrease of current provisions.

2. 4. CONSOLIDATED CASH FLOW

As of September 30, 2010, cash and cash equivalents amounted to €7.3 million, compared with €10.3 million on March 31, 2010.

During the period, the Company's principal sources of funds were:

- borrowings of €14.0 million (primarily under the credit facility)

The principal uses of funds for the period were:

- operations of €6.0 million,
- debt repayment and other disbursement of €1.2 million,
- funding of investment activities of €9.8 million, primarily from in-house and outsourced research and development expenditures.

3. OUTLOOK FOR FISCAL 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 guidance[2] 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
- *The Witcher 2: Assasins 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.

[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*.

APPENDIX TO THE CONSOLIDATED FINANCIAL STATEMENTS

Atari considers adjusted net income, which is not a strictly accounting measurement, to be a relevant indicator of the Group's operating and financial performance. Atari's management uses adjusted net income because it provides a better indication of performance from continuing operations, especially for the second half of fiscal 2008-2009 (which is the most relevant comparison period as it includes most of the transformation-related expenses). Adjusted net income is restated net of non-recurring, non-operating and transformation-related expenses.

Adjusted net income (loss) should be considered an addition to purely accounting information, not as a substitute for that information.

(in millions of euros)	**Actual 2010-2011**	**Actual 2009-2010**
Actual net loss	**(9.2)**	**(23.2)**
Adjustments:		
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)**

***

Safe harbor statement

*This document contains forward-looking statements with respect to Atari's financial position, results of operations, business, strategy and projects. Although Atari believes that such forward-looking statements are based on reasonable assumptions, they do not represent guarantees of future performance. Actual results may differ materially from those in forward-looking statements because they involve risks and uncertainties, many of which are outside Atari's control, including some risks described in the Group's 2009-2010 Registration Document (*Document de référence*) filed by Atari with the AMF securities regulator under number D.10-0660 and available in English on Atari's corporate web site (http://corporate.atari.com). The forward-looking statements contained herein are made as of the date of this document and Atari disclaims any intention or obligation to make, update or revise forward-looking statements, whether as a result of new information, future events or otherwise.*

STATEMENT BY THE PERSON RESPONSIBLE FOR THE INTERIM FINANCIAL REPORT

"I hereby certify that, to the best of my knowledge, the interim consolidated financial statements for the first half of fiscal 2010-2011 have been prepared in accordance with applicable accounting standards and provide a true picture of the assets, financial position and income of the Company and its consolidated entities, and that the interim report accurately describes the key events of the first six months of the fiscal year, their impact on the financial statements, the principal transactions with related parties and the principal risks and uncertainties of the last six months of the fiscal year."

Lyon, November 8, 2010

Jeff Lapin
Chief Executive Officer, Atari S.A.

Period from April 1 to September 30, 2010

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Statutory auditors' report on the 2010 half-year financial information

For the period April 1 to September 30, 2010

This is a free translation into English of the Statutory Auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France. The Statutory Auditors' report includes information specifically required by French law in such reports, whether qualified or not. Such report should be read in conjunction with and construed in accordance with French law and French auditing professional standards.

To the Shareholders,

In accordance with our appointment as statutory auditors by your Annual General Meeting and pursuant to the requirements of Article L. 451-1-2 III of the French Monetary and Financial Code (*Code monétaire et financier*) , we hereby report to you on:

- the limited review of the accompanying condensed half-year consolidated financial statements of Atari, for the six-month period from April 1 to September 30, 2010;
- the verification of the information contained in the half-year management report.

These condensed half-year consolidated financial statements have been prepared under the responsibility of the Board of Directors, in a context described in Note 1.4 to the condensed half-year financial statements of heavy market volatility and uncertain economic outlooks that already existed as of the accounts closing for the year ended March 31, 2010. Our role is to express a conclusion on these financial statements based on our limited review.

1. Conclusion on the financial statements

We conducted our limited review in accordance with professional standards applicable in France. A limited review of interim financial information consists of making inquiries, primarily of the executive management team responsible for financial and accounting matters, and applying analytical and other review procedures. These inquiries are substantially less in scope than an audit conducted in accordance with professional standards applicable in France. Accordingly, a limited review provides a moderate assurance that the financial statements taken as a whole are free of material misstatement to a lesser extent than would result from an audit.
Based on our limited review, nothing has come to our attention that causes us to believe that the condensed half-year consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34 - the standard of IFRSs as adopted by the European Union applicable to interim financial information.

Without qualifying the conclusion expressed above, we draw your attention to:
- the uncertainty relating to the risks weighing on the company's ability to continue to operate as a going concern as described in Note 1.2 to the condensed half-year financial statements,
- the consequences that arise there from on the valuation of assets and liabilities, and in particular on the valuation of intangible assets, as set forth in Notes 4.2 and 5 to the financial statements.

2. Specific procedures

We have also verified the information provided in the half-year management report in respect of the condensed consolidated half-year financial information, which were subject to our limited review. We have no matters to report on the fairness of this information and its consistency with the condensed consolidated half-year financial statements.

Courbevoie and Villeurbanne, November 23, 2010

The Statutory Auditors

MAZARS	**DELOITTE & ASSOCIÉS**
Jean-Paul STEVENARD	Dominique VALETTE