A French corporation (*société anonyme*) with capital of 25.034.035 euros
Principal office: 78 rue Taitbout – 75009 PARIS - France
Paris Trade and Companies Registry no. 341 699 106

INTERIM REPORT
FIRST HALF OF 2011/2012
(6 months to September 30, 2011)

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.

SUMMARY INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ million)	Notes	Sept 30, 2011 (6 months)	Sept 30, 2010 restated (1) (6 months)
Revenue	3	16,5	20,9
Cost of goods sold		(1,1)	(10,8)
Gross margin		**15,4**	**10,2**
Research and development expenses	8	(7,0)	(4,1)
Marketing and selling expenses		(4,8)	(4,2)
General and administrative expenses		(5,5)	(7,5)
Share-based payment expense (*)	9	(0,7)	(1,0)
Current operating income (loss)		**(2,6)**	**(6,7)**
Restructuring costs	10	(4,2)	(0,7)
Gains (losses) from disposals of assets		-	-
Impairment of goodwill		-	-
Other income (expense)		-	-
OPERATING INCOME (LOSS)		**(6,8)**	**(7,4)**
Cost of debt	11	(2,2)	(0,7)
Other financial income (expense)	11	(0,5)	0,7
Income tax		-	0,0
PROFIT (LOSS) FROM CONTINUING OPERATIONS		**(9,5)**	**(7,4)**
Profit (loss) from discontinued operations		1,3	(1,8)
NET INCOME (LOSS) FOR THE YEAR		**(8,2)**	**(9,2)**
Minority interests			-
NET INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		**(8,2)**	**(9,2)**
Earnings (loss) per share (in €)			
From continuing and discontinued operations			
- basic		(0,33)	(0,39)
- diluted		(0,33)	(0,39)
From continuing operations (**)			
- basic		(0,39)	(0,31)
- diluted		(0,39)	(0,31)
Weighted average number of shares outstanding		24 572 115	23 886 590
Weighted average number of shares outstanding, assuming full dilution		24 572 115	23 886 590

(1) As prescribed by IFRS 5, the income statement for the period to September 30, 2010 has been restated to present discontinued operations (Cryptic Studios) on a separate line.

(*) Expense reflecting stock options and free shares.

(**) Net earnings per share for the fiscal year ended September 30, 2010 take into account the adjustments made to the consolidated income statement restated in accordance with IFRS 5.

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

CONDENSED CONSOLIDATED INCOME STATEMENT

(€ million)	Sept 30, 2011 (6 months)	Sept 30, 2010 (6 months)
GROUP CONSOLIDATED NET RESULT	**(8,2)**	**(9,2)**
Elements directly incurred in net equity:		
Translation adjustments	2,2	0,6
Total result directly recognised in net equity	**2,2**	**0,6**
GLOBAL RESULT	**(6,0)**	**(8,6)**
Of which :		
Group	(6,0)	(8,6)
Minority interests	-	-

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ million)	September 30, 2011	March 31, 2011
Goodwill	5,7	5,4
Intangible assets	10,9	12,7
Property, plant and equipment	2,6	2,7
Non-current financial assets	1,9	2,1
Deferred tax assets	-	-
Non-current assets	**21,1**	**22,9**
Inventories	3,2	2,9
Trade receivables	4,8	9,7
Current tax assets	0,3	0,6
Other current assets	8,4	2,8
Cash and cash equivalents	11,4	16,4
Assets held for sale	-	42,3
Current assets	**28,1**	**74,7**
Total assets	**49,2**	**97,6**
Capital stock	25,0	24,3
Share premium	257,1	257,8
Consolidated reserves	(294,4)	(286,1)
Shareholders' equity	**(12,3)**	**(3,9)**
Minority interests	0,1	0,1
Total equity	**(12,2)**	**(3,8)**
Provisions for non-current contingencies and losses	-	-
Non-current financial liabilities	3,3	3,4
Deferred tax liabilities	-	-
Other non-current liabilities	4,2	4,8
Non-current liabilities	**7,5**	**8,2**
Provisions for current contingencies and losses	5,0	3,6
Current financial liabilities	25,1	49,0
Trade payables	15,1	21,5
Current tax liabilities	0,4	0,4
Other current liabilities	8,3	7,3
Liabilities held for sale	-	11,4
Current liabilities	**53,9**	**93,2**
Total equity and liabilities	**49,2**	**97,6**

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

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	Sept 30, 2011 (6 months)	Sept 30, 2010 restated (1) (6 months)
Net income (loss) for the year	(9,5)	(7,4)
Profit (loss) from discontinued operations	1,3	(1,8)
Non-cash expenses and revenue	-	-
Charges to (reversals of) depreciation, amortization and provisions for non-current assets	1,1	2,1
Cost of (revenue from) stock options and related benefits	0,7	1,0
Losses (gains) on disposals of intangible assets and property, plant and equipment	-	-
Other	1,3	0,6
Cost of debt	2,2	0,7
Income taxes (deferred and current)	-	-
Cash flow before net cost of debt and taxes	**(2,9)**	**(4,8)**
Income taxes paid	0,3	-
Changes in working capital	-	-
Inventories	(0,4)	0,3
Trade receivables	5,5	5,5
Trade payables	(1,4)	(5,0)
Other current assets and liabilities	(5,4)	(6,0)
Net cash used in operating activities – Continuing operations	**(4,3)**	**(9,9)**
Net cash used in operating activities – Discontinued operations	**(5,0)**	**3,9**
Purchases of/additions to:		
Intangible assets	(3,1)	(7,3)
Property, plant and equipment	-	(0,2)
Non-current financial assets	-	0,0
Disposals/repayments of:		
Intangible assets	-	-
Property, plant and equipment	-	-
Non-current financial assets	-	0,1
Impact of changes in scope of consolidation		-
Net cash used in investing activities – Continuing operations	**(3,1)**	**(7,4)**
Net cash used in investing activities – Discontinued operations	**33,2**	**(2,4)**
Net funds raised from:		
Share issues		-
Issue of ORANE bonds		-
New borrowings	3,5	14,0
Net funds disbursed for:		
Interest and other financial charges, net	(2,4)	(0,4)
Debt repayment	(27,3)	(0,6)
Net sales (purchases) of treasury shares		(0,2)
Net cash provided (used in) by financing activities – Continuing operations	**(26,2)**	**12,8**
Net cash provided (used in) by financing activities – Discontinued operations	**-**	**-**
Impact of changes in exchange rates	0,4	-
Net change in cash and cash equivalents	**(5,0)**	**(3,0)**

CASH AND CASH EQUIVALENTS	Sept 30, 2011 (6 months)	Sept 30, 2010 restated (1) (6 months)
At beginning of year	16,4	10,3
At end of year **(a)**	11,4	7,3
Net change	(5,0)	(3,0)
(a) Of which:		
Cash		
Discontinued operations	-	0,7
Continuing operations	11,4	6,6
Cash equivalents		
Discontinued operations	-	
Continuing operations	-	
Total	11,4	7,3

*As prescribed by IFRS 5, the income statement for the period to September 30, 2010 has been restated to present discontinued operations (Cryptic Studios) 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.

(€ million)	Capital stock	Share premium	Treasury shares	Consolidated reserves	Cumulative translation adjustments	Shareholders' equity	Minority interests	Total equity
At March 31, 2010	**21,1**	**258,4**	**(0,1)**	**(259,2)**	**(18,4)**	**1,8**	**0,1**	**1,9**
Profit (loss) for the year				(9,2)		**(9,2)**		**(9,2)**
Translation adjustments				(1,1)	0,6	**(0,5)**		**(0,5)**
Global Result				**(10,3)**	**0,6**	**(9,7)**		**(9,7)**
Share issues						-		-
Exercise of stock warrants						-		-
Issue of ORANE bonds	2,8	(2,8)				-		-
Share-based payments				1,0		**1,0**		**1,0**
Acquisition of Cryptic Studios (1)				(0,4)		**(0,4)**		**(0,4)**
Other changes			(0,2)			**(0,2)**		**(0,2)**
At September 30, 2010	**23,9**	**255,6**	**(0,3)**	**(268,9)**	**(17,8)**	**(7,5)**	**0,1**	**(7,4)**
Profit (loss) for the year				3,0		**3,0**		**3,0**
Translation adjustments				1,1	(3,4)	**(2,3)**		**(2,3)**
Global Result				**4,1**	**(3,4)**	**0,7**		**0,7**
Share issues						-		-
Exercise of stock warrants						-		-
Issue of ORANE bonds						-		-
Share-based payments				(0,9)		**(0,9)**		**(0,9)**
Acquisition of Cryptic Studios (1)	0,4	2,5		1,0		**3,9**		**3,9**
Other changes		(0,3)	0,2	(0,1)		**(0,2)**		**(0,2)**
At March 31, 2011	**24,3**	**257,8**	**(0,1)**	**(264,7)**	**(21,2)**	**(3,9)**	**0,1**	**(3,8)**
Profit (loss) for the year				(8,2)		**(8,2)**		**(8,2)**
Translation adjustments					2,2	**2,2**		**2,2**
Global Result				**(8,2)**	**2,2**	**(6,0)**		**(6,0)**
Share issues	0,2	(0,2)				-		-
Exercise of stock warrants						-		-
Issue of ORANE bonds	0,5	(0,5)				-		-
Share-based payments				0,7		**0,7**		**0,7**
Disposal of Cryptic Studios (2)				(3,1)		**(3,1)**		**(3,1)**
Other changes						-		-
At September 30, 2011	**25,0**	**257,1**	**(0,1)**	**(275,3)**	**(19,0)**	**(12,3)**	**0,1**	**(12,2)**

(1) In March 31, 2011, Cryptic completed its earn-out period resulting in an earn-out totaling € 6.1 million of which € 3.1 million in cash and € 3.0 million value in share (383 517 shares issues). The earn-out had a positive impact on consolidated equity of € 3.5 million for the Fiscal Year 2010/2011

(2) On August 9, 2011, the divestiture of Atari's 100% equity interest in Cryptic Studios, Inc. was closed. As per the stock purchase agreement announced on May 31, 2011, Atari received from Perfect World a gross cash amount of approximately €35.0 million. Atari used the proceeds of this sale to reimburse €21.6 million of the BlueBay credit facility (reducing the amount of the facility to €24.2 million), and the balance to finance its operations and continue the implementation of its strategy. The sale of the studios generated a negative impact on consolidated equity of €3.1 million.

NOTE 1 – BASIS FOR THE PREPARATION OF THE INTERIM REPORT

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

Atari (www.atari.com) is a multi-platform, global interactive entertainment and licensing company. The original innovator of video gaming, founded in 1972, Atari owns and/or manages a portfolio of more than 200 games and franchises, including world renowned brands like Asteroids®, Centipede®, Missile Command®, Pong®, Test Drive®, Backyard Sports®, Deer Hunter®, Ghostbusters®, and Rollercoaster Tycoon®. Atari capitalizes on these powerful properties by delivering compelling games online (i.e. browser, Facebook® and digital download), on smartphones and tablets and other connected devices. The Company also develops and distributes interactive entertainment for video game consoles from Microsoft, Nintendo and Sony. As a licensor, Atari extends its brand and franchises into other media, merchandising and publishing categories.

Atari has offices in Los Angeles, New York, Paris, Lyon and London.

The Company’s principal office is at 78, rue Taitbout – 75009 Paris (France).

The summary consolidated financial statements are presented in millions of euros and were approved by the Company’s board of directors on November 4, 2011.

1.1. PRINCIPLES APPLIED TO THE INTERIM FINANCIAL STATEMENTS

The Atari Group’s consolidated financial statements for the period ended September 30, 2011 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, 2011 and approved by the European Union;
- IAS 34 “Interim financial reporting”;
- the same accounting principles and methods as those applied on March 31, 2011.

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, 2011, as included in the annual report filed with the AMF under no. D11-0755 on July 29, 2011.

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, 2012 (see note 1.3 below).

1.2. APPLICATION OF THE GOING CONCERN PRINCIPLE

In order to ensure that it has the requisite funds to finance its operations in 2011/2012 (and after) and to improve its capital structure, the Group’s strategy focused on 4 main priorities:

- Continuing the focus on Atari owned franchises and key strategic licenses for fewer but more profitable releases and further expansion into online, digital download, mobile game segments. This is supported by a strict investment discipline addressing all appropriate platforms. At this stage, Atari’s games will mainly be developed externally with selected third party game studios to contribute to a more flexible and cost efficient organization;
- Reinforcing licensing and franchise revenue streams through licensing of games and merchandising to continually leverage Atari’s strong catalogue of popular games and third party franchises;
- Continuing to optimize operations, focusing at this final stage to adapt the overhead and the Research and Development expenses to Company’s the revenue and product strategy;
- Setting up partnerships to support the Company’s development, publishing and distribution efforts to derive maximum benefit from its large portfolio of intellectual properties, its brand and its organization.

On this basis, the Group has applied the going concern principle in preparing its consolidated financial statements, based on the following assumptions:

- Extension of the maturity of the credit facility line granted by BlueBay after December 30, 2011 for €24.2 million, and
- Operating cash flows for the Fiscal Year 2011/2012 in line with the Business plan.

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.

Based on the above-described measures and assumptions, as well as the Budget for the next 12 months, the management of the Group believes that the Group's financial resources – including the extension of the credit facility as mentioned above- will be sufficient to cover the Group's operating expenses and capital expenditure for the next 12 months (i.e.: for the 12-month period ending as of September 30, 2012. In the case the financial resources of the Group would not be sufficient, the management believes that the credit facility would be extended beyond December 30, 2011.

1.3. NEW IFRS AND INTERPRETATIONS IN EFFECT SINCE APRIL 1, 2011

As of September 30, 2011, new IFRS and interpretations that became applicable on April 1, 2011 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, 2011 (page 52 of the Annual Report for fiscal 2010-2011 filed with the AMF on July 29, 2011 under number D11-0755), 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 the Group to make certain estimates and assumptions it considers reasonable and realistic. These estimates and assumptions have an impact on the value of assets and liabilities, equity, profit and contingent assets and liabilities, as reported at the balance sheet date.

The consolidated financial statements have therefore been prepared taking into account the current financial and economic crisis and on the basis of market inputs at the balance sheet date. The immediate impacts of the crisis have been taken into consideration, in particular as regards the measurement of assets such as inventories, trade receivables and liabilities. Non-current assets such as intangible assets (notably goodwill and trademarks) have been measured on the assumption that the crisis will be limited in time. The value of these assets has been assessed at each period end, on the basis of the long-term economic outlook and on Group Management's best estimate in a context of reduced visibility over future cash flows.

Estimates may be revised following any change in the circumstances on which they were based or when any new information comes to light. Actual results may differ from the estimates and assumptions applied.

The main estimates and assumptions used to prepare the consolidated financial statements generally concern the measurement of goodwill, intangible assets, deferred taxes and provisions for contingencies and losses, returns and discounts and impairment of trade receivables.

Goodwill is tested annually for impairment, on March 31, or more frequently whenever there is an indication that it may be impaired. The discounted future cash flow method that is used to determine the fair value of cash-generating units requires a substantial degree of judgment as it is based on a certain number of factors, including estimates of future cash flows relying on the assumption of business growth, discount rates and other variables.

NOTE 2 – HIGHLIGHTS OF THE PERIOD

2.1. RESTRUCTURING AT EDEN GAMES

In April 2011 Atari announced a project to restructure Eden Games, its development studio headquartered in Lyon (France). The plan, which was effective at the end of the first quarter of fiscal year 2011/2012, reduces the workforce to approximately 25 employees, adjusting costs to the size of the business and its revenues.

2.2. EXTENSION OF THE CREDIT LINE MATURITY

On June 30, 2011, the Company and BlueBay have agreed to an extension of a credit facility of €49 million to December 30, 2011. In August the facility was reduced to €24.2 million.

2.3. EVOLUTION OF CORPORATE GOVERNANCE

Following the resignation of Mr. D'Hinnin, Mr. Lamouche and of The BlueBay High Yield Investment (Luxembourg) SARL, Atari's Board of Directors is composed as follows:

- Frank Dangeard, Chairman, Independent Director;
- Tom Virden, Independent Director;
- The BlueBay Value Recovery (Master) Fund Limited, represented by Gene Davis;
- Jim Wilson, Chief Executive Officer, Director;
- Alexandra Fichelson, General Secretary, Director.

2.4. CRYPTIC STUDIOS DIVESTITURE

On August 9, 2011, the divestiture of Atari's 100% equity interest in Cryptic Studios, Inc. was closed. As per the stock purchase agreement announced on May 31, 2011, Atari received from Perfect World a gross cash amount of approximately €35.0 million, of which, €3.5 is in escrow. Atari used the proceeds of this sale to reimburse €21.6 million of the BlueBay credit facility (reducing the amount of the facility to €24.2 million), and the balance to finance its operations and continue the implementation of its strategy. The sale of the studios generated a capital gain of €2.8 million in the current period.

2.5. RESOLUTION OF THE DUNGEONS & DRANGONS RIGHTS DISPUTE

On August 15, 2011, Wizards of the Coast LLC, Hasbro, Inc. and Atari, S.A. announced the settlement and resolution of the complaint against Atari, S.A. and the counterclaims filed by Atari, S.A. against Hasbro, Inc. in regards to the Dungeons & Dragons brand. Digital licensing rights for Dungeons & Dragons have been returned to Hasbro. Atari will continue to develop and market several games under license from Hasbro and Wizards of the Coast, including the #1 Xbox LIVE® hit Dungeons & Dragons: Daggerdale and Heroes of Neverwinter for Facebook.

NOTE 3 – SEGMENT REPORTING

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

	September 30, 2011			
	Digital	Retail	Corporate & Other	Group
Revenue	10,5	6,0	-	16,5
Gross Margin	**10,4**	**4,9**	**0,0**	**15,4**
R&D costs	(5,5)	(1,5)	-	(7,0)
Marketing & sellling expenses	(1,6)	(3,2)	-	(4,8)
G&A costs	-	-	(5,5)	(5,5)
Share-based payments	-	-	(0,7)	(0,7)
Current Operating Income	**3,3**	**0,2**	**(6,2)**	**(2,6)**
Restructuring and other operating costs	-	-	(4,2)	(4,2)
Operating Income	**3,3**	**0,2**	**(10,4)**	**(6,8)**
Costs of debt				(2,2)
Other financial income / (expense)				(0,5)
Income tax				-
Profit (loss) from continued operations				**(9,5)**
Profit (loss) from discontinued operations				1,3
Net income (loss) for the year				**(8,2)**
Minority interest				-
Net income (loss) for the year attributable to equity holders of the Parent				**(8,2)**
Balance Sheet				
Goodwill	-	5,7	-	5,7
Segment fixed assets	4,4	7,1	3,9	15,4
Other segment assets (1)	4,0	7,9	4,5	16,4
Unallocated assets (2)				11,7
Assets held for sales				-
Total assets	**8,4**	**20,7**	**8,4**	**49,2**
Segment liabilities (3)	6,8	13,4	4,0	24,2
Unallocated liabilities (4)				25,0
Liabilities related to assets held for sale				-
Total liabilities	**6,8**	**13,4**	**4,0**	**49,2**

(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

(in millions of euros, as of Sept. 30,2010)	**Digital**	**Retail**	**Corporate & Other**	**Group**
Revenue	4.2	16.7	-	20.9
Gross Margin	**4.0**	**6.1**	**-**	**10.1**
Current Operating Income	**0.8**	**(3.5)**	**(4.0)**	**(6.7)**
Restructuring and other operating costs	0.0	0.0	(0.7)	(0.7)
Operating income	**0.8**	**(3.5)**	**(4.7)**	**(7.4)**
Cost of debt				(0.7)
Other financial income/(expense)				0.7
Income tax				-
Profit (loss) from continued operations				**(7.4)**
Profit (loss) from discontinued operations				(1.8)
Net Income (loss) for the year				**(9.2)**
Minority interest				-
Net Income (loss) for the year attributable to equity holders of the Parent				**(9.2)**

Balance Sheet	**Digital**	**Retail**	**Corporate & Other**	**Group**
Goodwill	-	5.7	-	5.7
Segment fixed assets	7.9	6.9	2.9	17.7
Other segment assets (1)	0.8	6.9	1.5	9.2
Unallocated assets (2)				11.9
Assets held for sales	-	-	-	-
Total assets	**8.7**	**19.5**	**4.4**	**44.5**
Segment liabilities (3)	5.7	21.7	12.6	40.0
Unallocated liabilities (4)				4.5
Liabilities related to assets held for sale	-	-	-	-
Total liabilities	**5.7**	**21.7**	**12.6**	**44.5**

(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

NOTE 4 – GOODWILL

4.1. CHANGES DURING THE PERIOD

The table below shows changes in goodwill during the period:

(€ million)	Total
April 1, 2010	**24.5**
Changes in scope of consolidation	-
Increase	-
Impairment for the year	-
Reclassification of assets held for sale	(19.8)
Translation adjustments	(1.8)
Other changes	2.5
March 31, 2011	**5.4**
Changes in scope of consolidation	-
Increase	-
Impairment for the year	-
Reclassification of assets held for sale	-
Translation adjustments	0.3
Other changes	-
September 30, 2011	**5.7**

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 may 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:

(€ million)	Online Development	Publishing	TOTAL
September 30, 2011	-	5.7	5.7
March 31, 2011	-	5.4	5.4

NOTE 5 – INTANGIBLE ASSETS

The table below shows changes in intangible assets:

(€ millions)	Games	Trademarks	Licences	Software	Other	Total
Gross value						
April 1, 2011	**26,7**	**14,3**	**54,0**	**22,8**	**4,4**	**122,2**
Change in scope of consolidation						-
Acquisitions / Increase	-	-	4,3	-	-	4,3
Disposals / Decrease	-	-	(9,3)	-	-	(9,3)
Reclassification as assets held for sale	-	-	-	-	-	-
Other changes	1,0	0,8	1,6	0,5	0,3	4,2
September 30, 2011	**27,7**	**15,1**	**50,6**	**23,3**	**4,7**	**121,4**
Amortization and provisions for impairment value						
April 1, 2011	**(23,5)**	**(12,2)**	**(46,7)**	**(22,7)**	**(4,4)**	**(109,5)**
Change in scope of consolidation						-
Charges to amortization and provisions	-	-	(3,3)	-	-	(3,3)
Reversal of amortization and provisions	-	-	-	-	-	-
Disposals / Decrease	-	-	6,3	-	-	6,3
Reclassification as assets held for sale	-	-		-		-
Other changes	(0,9)	(0,7)	(1,5)	(0,5)	(0,3)	(3,9)
September 30, 2011	**(24,4)**	**(12,9)**	**(45,2)**	**(23,2)**	**(4,7)**	**(110,4)**
Net value						**-**
April 1, 2011	**3,2**	**2,1**	**7,3**	**0,1**	**-**	**12,7**
Change in scope of consolidation	-	-	-	-	-	-
Acquisitions / Change to amortization and provisions	-	-	1,0	-	-	1,0
Disposals / Reversal of amortization and provisions	-	-	(3,1)	-	-	(3,1)
Reclassification as assets held for sale	-	-	-	-	-	-
Other changes	0,1	0,1	0,1	-	-	0,3
September 30, 2011	**3,3**	**2,2**	**5,3**	**0,1**	**-**	**10,9**

There were € 3.2 million of capitalized games-in-progress as at September 30, 2011. Other changes primarily reflect variations in exchange rates.

Charges to amortization and provisions for impairment in value of intangible assets recorded in the consolidated income statement amounted to €3.3 million for the period ended September 30, 2011 compared with €4.4 million for the period ended September 30, 2010.

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, 2011, the Company had 25,034,036 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)	September 30, 2011	March 31, 2011
Shares outstanding at the beginning of the period	24 326 500	21 111 153
Share issues	223 000	14 732
Exercise of stock warrants	56	488
Conversion of ORANE bonds	482 009	2 816 610
Conversion of OCEANE convertible bonds	-	-
Creation of shares with debt compensation as part of Cryptic earn out payment	-	383 517
Variation in treasury shares	1	
Shares outstanding at the end of the period	25 031 566	24 326 500

Changes during the period reflected the following:

- The exercise of 43 stock warrants allocated in 2009, leading to the issuance of 56 new shares.
- The conversion of 16 868 ORANE bonds into 482,009 new shares.
- The vesting of 223,000 free shares.

NOTE 7 – DEBT

7.1. DEBT BY TYPE

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

(€ million)	OCEANE 2011	OCEANE 2020	ORANE bonds	BlueBay - credit facility	Other debt and borrowings	Total
Short-term	5,3	-	-	42,4	1,3	49,0
Long-term	-	0,6	2,6	-	0,3	3,5
Debt at March 31, 2011	**5,3**	**0,6**	**2,6**	**42,4**	**1,6**	**52,5**
Changes during the period						
New borrowings	-	-	-	3,5	-	3,5
Repayments	(5,3)	-	-	(21,6)	(0,4)	(27,3)
Application of IAS 32 - 39 and increase in accrued interest	-	-	0,1	-	(0,4)	(0,3)
Translation adjustments	-	-	-	-	-	-
Debt at September 30, 2011	**-**	**0,6**	**2,7**	**24,2**	**0,8**	**28,4**
Short-term	-	-	-	24,2	0,8	25,1
Long-term	-	0,6	2,7	-	-	3,3
Debt at September 30, 2011	**-**	**0,6**	**2,7**	**24,2**	**0,8**	**28,4**

As of September 30, 2011, other borrowings and debt amounted to €0.8 million, representing:

- interest and fees of €0.1 million payable to BlueBay;
- leaseback charges of €0.7 million.

Bluebay Credit Facility

As of September 30, 2011, the amount of the credit facility was €24.2 million available in cash. The interest rate on cash drawdown was three-month Euribor + 900 basis points. On June 30, 2011, the Company and BlueBay have agreed to an extension of a credit facility of €49 million to December 30, 2011. In August the facility was reduced to €24.2 million.

The table below shows how the credit facility was used on September 30, 2011 and March 31, 2011:

(€ million)	September 30, 2011	March 31, 2011
Short- and medium-term credit facility (historical)	-	-
New credit facility (cash)	24,2	42,4
Sub-total	**24,2**	**42,4**
New credit facility (standby)	-	-
Total amount drawn down under the BlueBay facility	**24,2**	**42,4**

7.2. DEBT BY MATURITY DATES

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

	Sept 31, 2011	Sept 30, 2012		Sept 30, 2013		Sept 30, 2014		Sept 30, 2015		Sept 30, 2016 and beyond		Total	
€ in million		Nominal	Interests	Nominal	Interests	Nominal	Interests	Nominal	Interests	Nominal	Interests	Nominal	Interests
Bond debt	3,3		0,9		0,9		0,8		0,1	0,6	-	**0,6**	**2,7**
Financial debt	24,4	24,2	0,1									**24,2**	**0,1**
Other financial debt	0,7	0,7										**0,7**	**-**
Total financial liabilities	28,4	24,9	1,0	-	0,9	-	0,8	-	0,1	0,6	-	**25,5**	**2,8**

Debt of €26 million maturing before September 30, 2012 corresponds primarily to the amount drawn down under the BlueBay credit facility (€24.2 million). The maturity date for this debt is December 30th, 2011.

7.3. DEBT BY CURRENCY

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

(€ million)	September 30, 2011	March 31, 2011
European Monetary Union currencies	27.7	51.2
USD	0.7	1.2
Other currencies	-	-
Total	28.4	52.4

7.4. DEBT BY INTEREST RATE (FIXED – VARIABLE)

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

(€ million)	September 30, 2011	March 31, 2011
Floating rate	24.4	42.8
Fixed rate	4.0	9.6
Total	**28.4**	**52.4**

As of September 30, 2011, the fixed-interest portion of the debt consisted mainly of the capitalized interests until maturity for the OCEANE 2020 bonds, for the ORANE bonds, and the leaseback liability.

As of September 30, 2011, an increase in interest rates of 100 basis points would cause interest expense to go up by €0.2 million, compared with €0.2 million on March 31, 2011.

NOTE 8 – RESEARCH AND DEVELOPMENT EXPENSES

The table below shows a breakdown of research and development expenses for September 30, 2011 and September 30, 2010:

(€ million)	September 30, 2011	September 30, 2010 restated
Amortization and impairment of capitalized games	3,1	2,4
Testing, QA and localization	0,3	0,3
Pre-production expenses	-	0,0
Other R&D expenses	3,6	1,4
Research and development expenses	7,0	4,1

NOTE 9 – SHARE-BASED PAYMENTS

9.1. EXPENSES FOR THE PERIOD

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

(€ millions)	September 30, 2011	September 30, 2010
Grant of free Atari shares	0,7	0,0
Atari SA stock option plans	-	1,0
Atari Inc stock option plans	-	-
Employer social security contributions on stock options	-	-
Incentive bonus	-	-
Share-based payment expense (income)	**0,7**	**1,0**

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:

	2011-2012		2010-2011	
	Number of options (in thousands)	Average exercise price	Number of options (in thousands)	Average exercise price
Number of options outstanding at the beginning of the year	**53 360**	**7.8**	**57 605**	**18.2**
Options granted	40	3.0	330	4.0
Options cancelled	(311)	4.0	(785)	4.7
Options exercised			-	-
Options forfeited			(3 790)	165.6
Number of options outstanding at the end of the year	**53 089**	**7.9**	**53 360**	**7.8**
Of which, exercisable	-	-	-	-

No expense in connection with the stock option plans was recognized for the period ended September 30, 2011, compared with an expense of €1.0million for the period to September 30, 2010.

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 2010/2011 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 2011-2012:

Principal assumptions	2011-2012 # 1	2011-2012 # 2	2011-2012 # 3
Valuation model	Black & Scholes	Black & Scholes	Black & Scholes
Price of shares on option grant date	€5,26	€3,96	€4,03
Exercise price on option grant date (per share)	€5,16	€4,28	€4,00
Expected volatility	92,98%	81,30%	72,00%
Risk-free interest rate on grant date	2,05%	1,62%	1,17%
Expected dividend rate	0,00%	0,00%	0,00%
Fair value of options on grant date	€3,14	€1,86	€1,93

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

Free shares were granted during the first half of fiscal 2011/2012 to officers and executives who contributed to the Group's performance.

In order for rights to free shares to vest, their beneficiaries must be part of the Group on the vesting date and awards are contingent on the achievement of performance conditions. In the event of the beneficiary leaves the group, the free shares granted but not vested are lost to the officer and cancelled by the company. 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 2011/2012 and fiscal 2010/2011:

	September 30, 2011	March 31, 2011
Number of free shares outstanding at the beginning of the period	**223 000**	**237 731**
Free shares granted during the period	962 290	
Shares cancelled		
Shares vested	(223 000)	(14 731)
Number of free shares outstanding at the end of the period	**962 290**	**223 000**

An expense of €0.7 million in connection with free share plans was recognized for the period ended September 30, 2011, compared with no expense for the period to September 30, 2010.

NOTE 10 – RESTRUCTURING CHARGES

Restructuring charges consisted of the following:

(€ million)	September 30, 2011	September 30, 2010
Employee-related costs	(3,5)	(0,1)
Unused office space	(0,5)	(0,3)
Professional fees and other costs	(0,2)	(0,3)
Total Restructuring costs	(4,2)	(0,7)

NOTE 11 – NET FINANCIAL INCOME (EXPENSES)

(€ million)	September 30, 2011	September 30, 2010 restated
Interest on bond debt	(0,2)	(0,3)
Interest on bank debt	(2,0)	(0,4)
Other	-	-
Cost of debt	**(2,2)**	**(0,7)**
Foreign-exchange gains and losses	(0,4)	1,2
Other	(0,1)	(0,5)
Other financial income (expense)	**(0,5)**	**0,7**
Total	**(2,7)**	**-**

Debt servicing costs represented an expense of €2.2 million for the period ended September 30, 2011, up from €0.7 million on September 30, 2010. The increase was essentially attributable to the use of the BlueBay credit facility during the period.

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 1.1, net income or losses from discontinued operations includes the net results of the Cryptic Studios. 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: a capital gain of €2.8 million in the current period, Cryptic's P&L as detailed below, and other miscellaneous linked to discontinued operations.

(€ million)	September 30, 2011	September 30, 2010
Revenue from discontinued operations	4.4	8.7
Cost of goods sold	(1.5)	(2.3)
Gross profit	**2.9**	**6.3**
Research and development expenses	(2.8)	(7.6)
Marketing and selling expenses	(0.0)	-
Overhead and administrative expenses	(0.1)	(0.6)
Current operating income (loss) - Discontinued operations	**(0.0)**	**(1.8)**
Gains (losses) from disposals of assets*	-	-
Restructuring costs	-	-
Other income (expenses)	-	-
OPERATING INCOME (LOSS) - Discontinued operations	**(0.0)**	**(1.8)**
Cost of debt	-	-
Other financial income (expense)	(0.1)	(0.1)
Income tax	(0.0)	(0.0)
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	**(0.1)**	**(2.0)**

12.2. Segment reporting on discontinued operations

	September 30, 2011	September 30, 2010
Online	4,4	8,7
Publishing	-	-
Corporate & other	-	-
Net revenue from discontinued operations	**4,4**	**8,7**

	September 30, 2011	September 30, 2010
Online	-	(1,8)
Publishing	-	-
Corporate & other	-	-
Oerating Income (loss) from discontinued operations	**-**	**(1,8)**

12.3. Assets and liabilities held for sale

(€ million)	September 30, 2011	March 31, 2010
Goodw ill, net	-	19,7
Intangible assets	-	20,1
Property, plant and equipment	-	0,4
Non-current financial assets, net	-	0,6
Other non-current assets	-	-
Deferred tax-assets, net	-	-
Non-current assets	**-**	**40,8**
Inventories, net	-	-
Trade receivables	-	0,4
Current tax assets	-	-
Other current assets	-	0,4
Cash and cash equivalents	-	0,7
Current assets	**-**	**1,5**
Assets held for sale	**-**	**42,3**

(€ million)	September 30, 2011	March 31, 2010
Provisions for non-current contingencies and losses	-	-
Non-current financial liabilities	-	-
Deferred tax liabilities	-	0,1
Other non-current liabilities	-	5,5
Other non-current financial liabilities	-	-
Non-current liabilities	**-**	**5,6**
Provisions for current contingencies and losses	-	-
Current financial liabilities	-	-
Trade payables	-	1,3
Tax liabilities payable	-	0,1
Other current liabilities	-	4,4
Current liabilities	**-**	**5,8**
Liabilities held for sale	**-**	**11,4**

12.4. NET CASH FLOW FROM DISCONTINUED OPERATIONS

(€ millions)	September 30, 2011	September 30, 2010
Profit (loss) from discontinued operations	(0,1)	(2,0)
Non-cash expenses and revenue	(6,0)	2,9
Cost of debt	-	-
Income taxes (deferred and current)	-	-
Cash flow before net cost of debt and taxes	**(6,1)**	**0,9**
Income taxes paid	-	-
Changes in working capital	1,1	0,8
Net cash used in operating activities	**(5,0)**	**1,7**
Purchases of/additions to non-current assets	(1,4)	(2,3)
Disposals/repayments of non-current assets	34,6	-
Net cash provided by investing activities	**33,2**	**(2,3)**
Net funds raised from:		
New borrowings	-	-
Net funds disbursed for:		
Interest and other financial charges, net	(0,3)	0,3
Debt repayment	-	-
Net cash provided by (used in) financing activities	**(0,3)**	**0,3**
Impact of changes in exchange rates	(0,0)	0,0
Net change in cash and cash equivalents	**27,9**	**(0,3)**
CASH AND CASH EQUIVALENTS:		
At beginning of year	0,7	1,0
At end of year **(a)**	-	0,7
Change	**(0,7)**	**(0,2)**

(a) Of which:		
Cash	-	0,7
Cash equivalent	-	-

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 2012. The preliminary audience's court has been postponed to end of January 2012. Based on pending proceedings and the available information, the Company considers that a contingent liability must be recognized

13.2. Hasbro, Inc. vs. 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 sub-licensee 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 tortuous interference with Atari's relationship with its potential sub-licensees. On June 1 and 2, 2010 Atari and Hasbro engaged in mediation. Upon the conclusion of the mediation, the case had not settled. Subsequently, discovery commenced. The parties engaged in motion practice on various issues. There were discussion between the parties about re-engaging in mediation in early 2011, but this process became unnecessary. The case settled in July 2011 and each party fully released the other. Atari will continue to develop and market several games under license from Hasbro and Wizards of the Coast, including the #1 Xbox LIVE® hit Dungeons & Dragons: Daggerdale and Heroes of Neverwinter for Facebook.

13.3. 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 euros 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 took place in December 2010. Subsequently, the parties successfully settled the suit. In exchange for a full release, Atari agreed to pay 400K Euros for each suit for a total of 800K Euros. These payments have been made in full and the settlement was filed with the court. There is nothing additional to report with regard to this matter.

13.4. Atari, Inc. vs. Zoo Publishing, Inc.

On March 2, 2011, Atari, Inc. filed suit against Zoo Publishing, Inc. in the federal court of the Southern District of New York. Atari alleged that Zoo breached its contracts with Atari by failing to deliver games and make payments to Atari as were appropriate under those agreements. Atari has alleged damages of $1.5 million. The parties commenced settlement discussions and a settlement agreement and release is being negotiated. Atari agreed to provide Zoo with an extension of time to answer the complaint. In May of 2011 the parties settled this matter and there has been no further activity.

13.5. Walker Digital v. Atari, Inc., Cryptic Studios, Inc. and others.

Atari, Inc. and Cryptic Studios, Inc. have been sued, along with 20 other video-game-industry entities by a company known as Walker Digital LLC for patent infringement. Walker Digital has not made a specified the amount of money that they are claiming as damages. The suit resides in federal court in the District of Delaware and was filed on April 11, 2011. Atari has been served. Walker Digital is operated out of Stamford, CT. Cryptic is being sued for technology associated with the game known as Star Trek Online and Champions Online. The technology allegedly infringed is associated with making and using systems for remote auditing of computer generated outcomes, allowing saving of game outcomes for further use as well as monitoring the amount of time a player spends playing a game. Atari is being sued for technology that is claimed to be utilized by Faries vs. Darklings, Yar's Revenge and Asteroids Online in that the Atari system allows the saving of game outcomes for further use, as well as monitoring the amount of time a player spends playing a game. Company is participating in a joint defense. Atari has filed an Answer and Counterclaims. A trial date is currently scheduled to take place in the last calendar quarter of 2013. Atari is indemnifying Cryptic for its legal costs and Atari is running the defense for Cryptic as per the terms of the Atari/Cryptic Share Purchase Agreement.

13.6. WALKER DIGITAL V. CRYPTIC STUDIOS, INC.

Cryptic was sued and served this past summer by Walker Digital for technology related to pre-paid game card technology. The games at issue are Star Trek Online and Champions Online. Walker Digital has not made a specified the amount of money that they are claiming as damages. Again, Cryptic was one of number of interactive game companies that was sued by Walker Digital. Cryptic has entered into a joint defense group. Cryptic has filed an answer and counterclaims. A trial date will likely be set for the first calendar quarter of 2014. Atari is indemnifying Cryptic for its legal costs and Atari is running the defense for Cryptic as per the terms of the Atari/Cryptic Share Purchase Agreement.

13.7. LODSYS V. ATARI INTERACTIVE, INC.

Atari Interactive, Inc. was sued and served this past September by Lodsys. The technology related to the Lodsys patents involves systems and methods for providers of products and services that interact with users of those products and services and to gather such information and transmit it to the provider. The video games at issue is Atari's Greatest Hits. Lodsys has not made a specified the amount of money that they are claiming as damages. Atari was one of number of interactive game companies that was sued by Lodsys. Atari has entered into a joint defense group. Atari has filed an answer and counterclaims. A trial date has not yet been set.

NOTE 14 – OFF-BALANCE-SHEET COMMITMENTS

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

(€ million)	September 30, 2011	March 31, 2011
Commitments given		
Guarantees given to suppliers (letters of credit)	-	-
Non-cancelable operating leases	10,7	11,3
Development and licensing agreements	4,2	3,9
Assignments of receivables (under "Dailly Act" arrangements, etc.)	-	-
Total commitments given	**14,9**	**15,2**
Commitments received		
Bank guarantees (standby credit, letters of credit, documentary credit, etc.)	-	6,6
Other credit facilities secured by trade receivables	-	-
Total commitments received	**-**	**6,6**

NOTE 15 – RELATED PARTY TRANSACTIONS

15.1. RELATIONSHIP WITH BLUEBAY AND ITS AFFILIATES

As of September 30, 2011, BlueBay is the Company's principal shareholder and was represented on the Atari Board of directors by one director: the BlueBay Value Recovery (Master) Fund Limited represented by Gene Davis.

During the period ended September 30, 2011, BlueBay and its affiliated funds performed the following transactions:

- extension of the maturity of the Credit Facility until December 30, 2011, as per addendum 12,
- Atari used the proceeds of the Cryptic sale to reimburse, in August 2011, €21.6 million of the BlueBay credit facility (reducing the amount of the facility to €24.2 million)

On September 30, 2011, the total amount draw on the credit line is €24.2 million.

In November 2011, the BlueBay Value Recovery (Master) Fund Limited and The BlueBay Multi-Strategy (Master) Fund Limited ("BlueBay") have informed Atari that they have requested the conversion of a portion of the Oranes held by them, pursuant to which their direct shareholding in Atari will amount to 29.2% of the outstanding number of shares of Atari upon delivery of such shares, which is expected to occur on November

10, 2011. On a fully diluted basis, BlueBay's stake remains unchanged, and represents approximately 63.7% of the share capital of Atari.

As indicated in the press releases of Atari of 21 October 2010 and 31 January 2011, BlueBay initiated in 2010 a sales process for their stake in Atari, which was interrupted in January 2011. BlueBay has indicated to Atari that its intention remains, however, to divest its stake in Atari, and the sole purpose of the current conversion of the Oranes referred to above is to simplify BlueBay's holding structure of its stake in Atari. BlueBay has indicated to Atari that it does not intend to further increase, directly or indirectly, its shareholding in Atari.

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, 2011:

(in millions of euros)	Sept. 30, 2011	March 31, 2011
Cash compensation		
Fixed compensation	0.4	1.1
Variable compensation	0.4	0.3
Special bonuses and other	0.1	0.2
Severance benefits	-	0.5
Directors' fees	0.5	0.3
Benefits		
Employee benefits	-	-
Share-based compensation (excl. employer social security contributions)	0.4	0.1
Total	1.8	2.5

The Company's main officers are entitled to severance benefits if their employment contract and/or corporate office is terminated for reasons other than (i) serious misconduct or gross negligence or (ii) resignation. The aggregate gross maximum amount of these benefits is estimated at approximately €0.6 million.

NOTE 16 – EVENTS SUBSEQUENT TO THE END OF THE PERIOD

16.1. REDUCTION OF CAPITAL OF ATARI S.A.

As permitted by the September 30, 2011 shareholders meeting, Atari S.A. reduced its capital, not motivated by losses, by reducing the nominal value of the shares from 1 euro to 0.5 euro. The amount of the reduction, €12.5 million, was allocated to a premium account and the Company's bylaws were modified accordingly.

16.2. BLUEBAY STAKE

The BlueBay Value Recovery (Master) Fund Limited and The BlueBay Multi-Strategy (Master) Fund Limited ("BlueBay") have informed Atari that they have requested the conversion of a portion of the Oranes held by them, pursuant to which their direct shareholding in Atari will amount to 29.2% of the outstanding number of shares of Atari upon delivery of such shares, which is expected to occur on November 10, 2011. On a fully diluted basis, BlueBay's stake remains unchanged, and represents approximately 63.7% of the share capital of Atari.

As indicated in the press releases of Atari of 21 October 2010 and 31 January 2011, BlueBay initiated in 2010 a sales process for their stake in Atari, which was interrupted in January 2011. BlueBay has indicated to Atari that its intention remains, however, to divest its stake in Atari, and the sole purpose of the current conversion of the Oranes referred to above is to simplify BlueBay's holding structure of its stake in Atari. BlueBay has indicated to Atari that it does not intend to further increase, directly or indirectly, its shareholding in Atari.

INFORMATION CONCERNING MANAGEMENT AND THE FINANCIAL STATEMENTS

First half 2011/2012, ended September 30, 2011

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 (www.atari.com) is a multi-platform, global interactive entertainment and licensing company. The original innovator of video gaming, founded in 1972, Atari owns and/or manages a portfolio of more than 200 games and franchises, including world renowned brands like Asteroids®, Centipede®, Missile Command®, Pong®, Test Drive®, Backyard Sports®, Deer Hunter®, Ghostbusters®, and Rollercoaster Tycoon®. Atari capitalizes on these powerful properties by delivering compelling games online (i.e. browser, Facebook® and digital download), on smartphones and tablets and other connected devices. The Company also develops and distributes interactive entertainment for video game consoles from Microsoft, Nintendo and Sony. As a licensor, Atari extends its brand and franchises into other media, merchandising and publishing categories.

Atari has offices in Los Angeles, New York, Paris, Lyon and London.

- **H1 2011 (calendar year) software market volumes (Source: IDG – August 2011)**

In the US and Europe, Xbox 360 SW showed impressive growth in H1'11 vs. the prior year. However, this was not enough to offset declines on nearly every other platforms.

- **Software global market (Source: IDG – August 2011)**

IDG estimates that global (US, Europe and Japan) software market (including, PC retail, console and handheld) will raise USD 22.8 billion in 2011, representing a -5.7% decline when compared to 2010. North American software sales are expecting to decline -9.7% in 2011 when compared to 2010, and European software sales are expecting to decline -4.6% in 2011 when compared to 2010.

- **Non-traditional game market (Source: IDG – August 2011)**

IDG estimates that worldwide non-traditional game market (including, mobile, tablets, PC fill game downloads, social gaming, MMOs casual gaming and online console gaming) will raise USD 26.3 billion in 2011, representing 24.6% increase when compared to 2010.
Mobile gaming segment would reach USD 5.0 billion, representing a 22.1% increase when compared to 2010. Social gaming would reach USD 2.0 billion, representing a 43.5% increase yoy when compared to 2010, casual games are expected to increase by 15.0% to USD 2.3 billion when compared to 2010.

Non-traditional game market overview (IDG estimates – August 2011):

(billions)		**2010**		**2011E**	**Change**
Worldwide	**$**	**21.1**	**$**	**26.3**	**24.6%**
Mobile	$	4.1	$	5.0	22.1%
Tablet	$	0.1	$	0.2	185.7%
PC Full Game DL	$	1.4	$	2.1	54.7%
MMOs	$	9.2	$	10.1	10.3%
Social	$	1.4	$	2.0	43.5%
Casual	$	2.0	$	2.3	15.0%
Online Console/HH	$	3.0	$	4.5	51.3%

1.2. HIGHLIGHTS OF THE PERIOD INCLUDING SUBSEQUENT EVENTS

Restructuring at Eden Games: In April 2011 Atari announced a project to restructure Eden Games, its development studio headquartered in Lyon (France). The plan, which was effective at the end of the first quarter of fiscal year 2011/2012, reduces the workforce to approximately 25 employees, adjusting costs to the size of the business and its revenues.

Extension of the credit line maturity: On June 30, 2011, the Company and BlueBay have agreed to an extension of a credit facility of €49 million to December 30, 2011. In August the facility was reduced to €24.2 million.

Evolution of corporate governance: Following the resignation of Mr. D'Hinnin, Mr. Lamouche and of The BlueBay High Yield Investment (Luxembourg) SARL, Atari's Board of Directors is composed as follows:

- Frank Dangeard, Chairman, Independent Director;
- Tom Virden, Independent Director;
- The BlueBay Value Recovery (Master) Fund Limited, represented by Gene Davis;
- Jim Wilson, Chief Executive Officer, Director;
- Alexandra Fichelson, General Secretary, Director.

Cryptic Studios divestiture: On August 9, 2011, the divestiture of Atari's 100% equity interest in Cryptic Studios, Inc. was closed. As per the stock purchase agreement announced on May 31, 2011, Atari received from Perfect World a gross cash amount of approximately €35.0 million, of which, €3.4 is in escrow. Atari used the proceeds of this sale to reimburse €21.6 million of the BlueBay credit facility (reducing the amount of the facility to €24.2 million), and the balance to finance its operations and continue the implementation of its strategy. The sale of the studios generated a capital gain of €2.8 million in the current period.

Resolution of the Dungeons & Dragons rights dispute: On August 15, 2011, Wizards of the Coast LLC, Hasbro, Inc. and Atari, S.A. announced the settlement and resolution of the complaint against Atari, S.A. and the counterclaims filed by Atari, S.A. against Hasbro, Inc. in regards to the Dungeons & Dragons brand. Digital licensing rights for Dungeons & Dragons have been returned to Hasbro. Atari will continue to develop and market several games under license from Hasbro and Wizards of the Coast, including the #1 Xbox LIVE® hit Dungeons & Dragons: Daggerdale and Heroes of Neverwinter for Facebook.

Reduction of capital of Atari S.A.: As permitted by the September 30, 2011 shareholders meeting, Atari S.A. reduced its capital, not motivated by losses, by reducing the nominal value of the shares from 1 euro to 0.5 euro. The amount of the reduction, €12.5 million, was allocated to a premium account and the Company's bylaws were modified accordingly.

BlueBay stake: The BlueBay Value Recovery (Master) Fund Limited and The BlueBay Multi-Strategy (Master) Fund Limited ("BlueBay") have informed Atari that they have requested the conversion of a portion of the Oranes held by them, pursuant to which their direct shareholding in Atari will amount to 29.2% of the outstanding number of shares of Atari upon delivery of such shares, which is expected to occur on November 10, 2011. On a fully diluted basis, BlueBay's stake remains unchanged, and represents approximately 63.7% of the share capital of Atari.

As indicated in the press releases of Atari of 21 October 2010 and 31 January 2011, BlueBay initiated in 2010 a sales process for their stake in Atari, which was interrupted in January 2011. BlueBay has indicated to Atari that its intention remains, however, to divest its stake in Atari, and the sole purpose of the current conversion of the Oranes referred to above is to simplify BlueBay's holding structure of its stake in Atari. BlueBay has indicated to Atari that it does not intend to further increase, directly or indirectly, its shareholding in Atari.

2. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. SUMMARY ACTUAL CONSOLIDATED INCOME STATEMENT

(€ million)	Sept 30, 2011 (6 months)	Sept 30, 2010 (6 months)
Revenue	16,5	20,9
Cost of goods sold	(1,1)	(10,8)
Gross margin	**15,4**	**10,2**
Research and development expenses	(7,0)	(4,1)
Sales and Marketing expenses	(4,8)	(4,2)
General and administrative expenses	(5,5)	(7,5)
Non-cash Share-based payment expense	(0,7)	(1,0)
Current operating income (loss)	**(2,6)**	**(6,7)**
Restructuring costs	(4,2)	(0,7)
Gains (losses) from disposals of assets	-	-
OPERATING INCOME (LOSS)	**(6,8)**	**(7,4)**

- **Revenue**

Consolidated first half net revenue for fiscal year 2011/2012 amounted to €16.5 million, a 21.1% decline at current exchange rates and a 21.8% decline at constant exchange rate. This is mainly due to the Company's continued shift toward digital (online, mobile) revenues where Atari intends to benefit from new growth drivers, while fewer and more profitable retail games were released.

€ million	H1 2011/2011	*% of revenues*	HY 2010/2011	*% of revenues*	Change in € m	Change in %
Digital	*10.5*	*63.6%*	*4.2*	*20.1%*	*6.3*	*150.0%*
Retail	*6.0*	*36.4%*	*16.7*	*79.9%*	*-10.7*	*-64.1%*
Revenues, net	***16.5***	***100.0%***	***20.9***	***100.0%***	***-4.4***	***-21.1%***

Digital revenue, comprised primarily of digital distribution revenues, online, mobile and licensing, was €10.5 million – an increase of €6.3 million over the prior year as the Company continues to expand its business in the digital space. This significant improvement resulted mainly from higher licensing revenues and the success of Atari's launch of *Dungeons and Dragons: Daggerdale* as well as the continued strong performance of catalogue titles (such as *Test Drive Unlimited 2,* and *RollerCoaster Tycoon)*. Digital revenue was 63.6% of total net revenue as compared to 20.1% in the first half of the prior fiscal year.

Retail revenue, comprised primarily of sales to retail stores, decreased from € 16.7 million in HY 2010/2011 to €6.0 million in HY 2011/2012, primarily due to continued focus on fewer but more profitable products and the strategic exit from the third-party distribution business. Retail and other revenues were 36.4% of total net revenue as compared to 79.9 % in the first semester of the previous fiscal year.

- **Gross margin**

The gross margin for the first half of fiscal 2010/2011 was 93.3% of revenue, compared with 48.3% the previous period. An improvement resulting from the focus on fewer but more profitable games, but also as a result of a reversal of provisions after the disposal of some licenses, which had been previously impaired.

- **Research and development expenses**

In the first half of fiscal 2011/2012, research and development expenses amounted to €7.0 million, up from €4.1 million for the first half of fiscal 2010-2011. This increase can mainly be explained by the timing of amortization related to product releases as well as an increase in development costs in accordance to the publishing plan

- **Sales and marketing expenses**

Sales and marketing expenses totaled €4.8 million, slightly up from €4.2 million for the first half of fiscal 2010/2011. The slight increase of €0.6 million was primarily attributable to timing of new releases such as *Dungeons and Dragons: Daggerdale*, *Heroes of Neverwinter*, *Centipede* and *RollerCoaster Tycoon3* 3DS.

- **General and administrative expenses**

General and administrative expenses decreased by €2.0 million to €5.5 million during the first half of 2011/2012 as compared to the prior period. This improvement can mainly be explained by strong overall cost cuttings implemented over the last year, as part of the new strategy.

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

Share-based, non-cash payments fell to €0.7 million, from €1.0 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 2010/2011 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 €4.2 million, compared to €0.7 million for the first half of fiscal 2010/2011, as the current period contained costs relating to the restructuring of operations, primarily at Eden, that occurred in the first half of this year, which have been finalized.

- **Operating income**

Operating income slightly improved by €0.6 million, with losses amounting to €6.8 million from €7.4 million the first half of fiscal 2010/2011, improved Current Operating Income being less than offset by higher restructuring charges.

- **Other income statement items**

(€ million)	Sept 30, 2011 (6 months)	Sept 30, 2010 (6 months)
Cost of debt	(2,2)	(0,7)
Other financial income (expense)	(0,5)	0,7
Income tax	-	-
INCOME (LOSS) FROM CONTINUED OPERATIONS	**(9,5)**	**(7,4)**
Profit (loss) from discontinued operations	1,3	(1,8)
CONSOLIDATED NET INCOME (LOSS)	**(8,2)**	**(9,2)**
Minority interests	-	-
NET INCOME (LOSS) (after minority interests)	**(8,2)**	**(9,2)**

- **Cost of debt**

Cost of debt costs increased by approximately €1.5 million, as the debt outstanding on average was higher in the first half of 2011/2012 than in the first half of 2010/2011, as the credit facility was fully drawn during the 1st half of the current fiscal year.

- **Other financial income and expenses**

Other financial expenses decreased by €1.2 million, principally due to change in foreign exchange gains and losses for the periods.

- **Income from discontinued operations**

The net income of Cryptic Studios business, in the process of being disposed as of March 31, 2011, is reported on the line "discontinued operations" as of April 1, 2009. In the first half of 2011/2012, the Company had four months of activity related to Cryptic studios.

The first half of FY 2011/2012 net income included a €1.3 million income from discontinued operations which was mainly comprised of a €2.8 million of capital gain resulting from the sale of Cryptic Studios and by the losses incurred by the studio over the period.

Cryptic studios represented a loss of €1.8 million in the first half of 2010/2011.

- **Net income after minority interests**

The Group posted a net loss after minority interests of €8.2 million for the first half of fiscal 2011/2012, compared with a loss of €9.2 million for the first half of fiscal 2010/2011.

2.2. SEGMENT REPORTING

IFRS 8.5 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 8.5 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)	**Digital**	**Retail**	**Corp & other**	**Total**
Revenue	**10.5**	**6.0**	**-**	**16.5**
% revenue of total	*63.6%*	*36.4%*	*0.0%*	*100.0%*
Gross Margin	10.1	5.3	-	15.4
Current Operating Income	**3.3**	**0.2**	**(6.2)**	**(2.7)**
Operating income	3.3	0.2	(10.4)	(6.8)

Digital revenue, comprised primarily of digital distribution revenues, online, mobile and licensing, was €10.5 million – an increase of €6.3 million over the prior year as the Company continues to expand its business in the digital space. This significant improvement resulted mainly from higher licensing revenues and the success of Atari's launch of *Dungeons and Dragons: Daggerdale* as well as the continued strong performance of catalogue titles (such as *Test Drive Unlimited 2,* and *RollerCoaster Tycoon)*. Digital revenue was 63.6% of total net revenue as compared to 20.1% in the first half of the prior fiscal year.

Retail revenue, comprised primarily of sales to retail stores, decreased from € 16.7 million in HY 2010/2011 to €6.0 million in HY 2011/2012, primarily due to continued focus on fewer but more profitable products and the strategic exit from the third-party distribution business. Retail and other revenues were 36.4% of total net revenue as compared to 79.9 % in the first semester of the previous fiscal year.

2.3. CONSOLIDATED BALANCE SHEET

Simplified consolidated balance sheet for September 30, 2011 and March 31, 2011

(€ million)	September 30, 2011	March 31, 2011
Goodwill	5,7	5,4
Intangible assets	10,9	12,7
Property, plant and equipment	2,6	2,7
Non-current financial assets	1,9	2,1
Deferred tax assets	-	-
Non-current assets	**21,1**	**22,9**
Inventories	3,2	2,9
Trade receivables	4,8	9,7
Current tax assets	0,3	0,6
Other current assets	8,5	2,8
Cash and cash equivalents	11,4	16,4
Assets held for sale	-	42,3
Current assets	**28,1**	**74,7**
Total assets	**49,2**	**97,6**
Capital stock	25,0	24,3
Share premium	257,1	257,8
Consolidated reserves	(294,4)	(286,1)
Shareholders' equity	**(12,3)**	**(3,9)**
Minority interests	0,1	0,1
Total equity	**(12,2)**	**(3,8)**
Provisions for non-current contingencies and losses	-	-
Non-current financial liabilities	3,3	3,4
Deferred tax liabilities	-	-
Other non-current liabilities	4,2	4,8
Non-current liabilities	**7,5**	**8,2**
Provisions for current contingencies and losses	5,0	3,6
Current financial liabilities	25,1	49,0
Trade payables	15,1	21,5
Current tax liabilities	0,4	0,4
Other current liabilities	8,3	7,3
Liabilities held for sale	-	11,4
Current liabilities	**53,9**	**93,2**
Total equity and liabilities	**49,2**	**97,6**

- **Shareholders' equity**

As of September 30, 2011, negative consolidated shareholders' equity had declined to -€12.2 million from -€3.8 million on March 31, 2011. The table below shows changes during the period:

(in millions of euros)	**Liabilities and shareholders' equity**
Consolidated shareholders' equity on March 31, 2010	(3.8)
Unrealized foreign exchange (losses)	2.2
Share-based payments	0.7
Net loss	(8.2)
Acquisition of Cryptic Studios	-
Other	(3.1)
Consolidated shareholders' equity on September 30, 2011	**(12.2)**

Changes during the period were attributable mainly to a net loss of €8.2 million,

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

As of September 30, 2011, the Group had a net debt of €17.0 million, compared with €36.0 million at the close of fiscal 2010/2011. The table below breaks down the net debt:

(in millions of euros)	**Sept. 30, 2011**	**March 31, 2011**
OCEANEs 2011 & 2020 (capitalized interest until maturity)	(0,6)	(5.9)
ORANEs	(2,7)	(2.6)
BlueBay credit facility	(24.2)	(42.4)
Other	(0,9)	(1.5)
Total debt	**(28.4)**	**(52.4)**
Cash and cash equivalent	11.4	16.4
Net (debt)	**(17.0)**	**(36.0)**

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

As of September 30, 2011, **cash and cash equivalents** amounted to €11.4 million, versus €16.4 million at the end of March 31, 2011. The €35 million gross proceeds received from the sale of Cryptic Studios have been allocated to reimburse €21.6 million of the BlueBay credit facility (reducing the amount of the facility to €24.2 million), and the balance to finance Atari's operations and continue the implementation of the strategy. In July 2011, the Group fully reimbursed approximately €5.3 million of Oceane 2011. In April 2011, the group funded €3 million to an escrow account to finance the restructuration of Eden games studio.

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

(in millions of euros)	**Sept. 30, 2011**
< September 2012	26.0
< September 2013	0.9
< September 2014	0.8
< September 2015	0.1
Beyond that date	0.6
Total	**28.4**

Debt of €26 million maturing before September 30, 2012 corresponds primarily to the amount drawn down under the BlueBay credit facility €24.2 million as well as the corresponding interest and charges (€0.1 million).

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

(in millions of euros)	**Sept. 30, 2011**	**March 31, 2011**
ORANEs (capitalized interest until maturity)	(3.3)	(8.5)
BueBay credit facility	(24.2)	(42.4)
Other	(0.9)	(1.5)
Total debt	**(28.4)**	**(52.4)**
Cash and cash equivalent	**11.4**	**16.4**

- **Other balance sheet items**

Goodwill was valued at €5.7 million on September 30, 2011, up €0.3 million since March 31, 2011. The increase was attributable to the impact of exchange rates.

Intangible assets were valued at €10.9 million on September 30, 2011, compared with €12.7 million on March 31, 2011. Intangible assets on the balance sheet for September 30, 2011 included €3.0 million for *Test Drive Unlimted 2* and other games and €7.9 million for trademarks and other intangibles, including the Hasbro license. On March 31, 2011 those assets essentially were comprised of €3.7 million for *Test Drive Unlimited 2* and other games scheduled for release, and €9.0 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 and Assets and Liabilities held for sale) was negative at €0.7 million on September 30, 2011, compared with negative working capital of €0.4 million on March 31, 2011. Working capital remained relatively flat through decreases in payments of trade payables. Changes in current assets also affected working capital negatively as cash decreased to fund operations and changes in accounts receivable decreased 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 €7.5 million on September 30, 2011 (€8.2 million on March 31, 2011). The majority of the change relates to the decrease of other non-current liabilities.

2. 4. CONSOLIDATED CASH FLOW

As of September 30, 2011, cash and cash equivalents amounted to €11.4 million, compared with €16.4 million on March 31, 2011.

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

- €35 million gross proceeds received from the sale of Cryptic Studios,
- The balance of Atari's operations,

The principal uses of funds for the period were:

- Reimbursement of BlueBay credit line for €21.6 million
- Reimbursement of Oceanes 2011 for €5.3 million
- Financing of the group restructuration for €4.3 million

3. OUTLOOK FOR FISCAL 2011/2012

The Company confirms that it expects to maintain profitability in semester 2 in Fiscal Year 2011/2012, as compared to the equivalent period in Fiscal Year 2010/2011.

Overall the Company expects continued improvement in Current Operating Income for the full year 2011/2012.

Below is an indicative timeline of projected and already announced releases for the second half of the Fiscal Year 2011/2012:

- *Dungeons & Dragons: Heroes of Neverwinter* for Facebook was released in October 2011;
- *Warlords* for XBLA and PSN is to be released in Winter 2011;
- *Centipede: Infestation* for 3DS and Wii was released in October 2011;
- *Dungeons and Dragons: Daggerdale* for PSN releases during Holiday 2011;
- *Atari's Greatest Hits* for Android was released in October 2011;
- *Asteroids Gunner* for iOS (iPhone and iPad) releases in November 2011;
- *Putt Putt Saves the Zoo* for iOS (iPhone, iPad) released in November 2011.

Atari’s partner, Discovery Bay, also launched the Atari Arcade gaming controller for iPad in October 2011. The units are available for sale in Apple Stores worldwide and other key retailers, including Target.

***

Safe harbor statement

This document 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 2010/2011 Document de référence of the group filed by Atari with the Autorité des Marchés Financiers (AMF: French securities regulator) on July 29, 2011 under number D.11-0755 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 document 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.

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 2011/2012 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.”

Paris, November 29, 2011

Jim Wilson
Chief Executive Officer, Atari S.A.

AUDITORS' REPORT ON THE 2011-2012 INTERIM FINANCIAL REPORT

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, 2011;
- 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, 2011. 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 above conclusion, we would draw your attention to the going concern uncertainty referred to in Note 1.2 to the financial statements which:
- describes the main assumptions underlying Executive Management's decision to apply this principle,
- specifies that, should the financial resources of the Group prove inadequate, Executive Management considers that the Blue Bay credit line will be renewed beyond December 30, 2011.

In addition, notes 1.4, 4.2 and 5 to the financial statements set out the resulting consequences on the valuation of assets and liabilities and, in particular, the valuation of intangible assets.

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.

Villeurbanne, November 29, 2011
The Statutory Auditors

MAZARS	**DELOITTE & ASSOCIÉS**
Christine DUBUS	Dominique VALETTE