Second Half and Full Year 2011/2012 Consolidated Results

Unaudited preliminary data – Ongoing audit process
Approved by the Board of Directors on May 8, 2012

- **Actual Current Operating Income (COI) in line with the guidance for both H2 and full year;**
- **FY 2011/2012 COI at €2.1 million with improvement in Current Operating Margin of 1.5 points to 5.3% of the total revenues;**
- **Eden Games has been accounted for as "Discontinued Operations" under IFRS 5, as the Company has started a divestiture process of the studio;**
- **Continued operations generated a net income of €0.8 million or a €0.5 million improvement vs. last year, Actual Fiscal Year Net Losses improved by €2.5 million to -€3.7 million;**
- **Operations generated €8.8 million cash in Fiscal Year 2011/2012 vs. €7.6 million in previous fiscal year;**
- **Overall the Company expects flat to continued improvement in Current Operating Income for the full year 2012/2013.**

Paris, France – May 10, 2012 – Atari, S.A. announces consolidated full year results for Fiscal Year 2011/2012 (April 1st 2011 to March 31st, 2012).

Commenting on this announcement, Jim Wilson, CEO of Atari, stated: "*The Company's financial results have continued to improve during FY2011/2012, with the accelerated monetization of Atari's brand and IP portfolio in the mobile and online game segments. Our efforts have focused on execution and maintaining a strict investment discipline, on top of a significant adjustment of the company's perimeter aiming to restore long term profitability. For 2012/2013, we will seek to expand further in the fast-growing mobile games segments and drive the company to further grow its online and franchise licensing businesses."*

KEY FINANCIAL DATA

	Fiscal Year		Second Half	
In millions of euros	**2011/2012**	2010/2011	**2011/2012**	2010/2011
Revenues, net	**39,6**	**60,1**	**20,1**	**37,8**
Gross margin	30,2	34,5	14,8	24,3
% margin	*76,3%*	*57,4%*	*73,6%*	*64,3%*
Current Operating Income / (Loss)	**2,1**	**2,3**	**3,0**	**7,9**
% margin	*5,3%*	*3,8%*	*15,0%*	*20,9%*
Operating Income / (Loss)	**1,7**	**1,4**	**3,3**	**7,7**
Income / (Loss) from continued operations	0,8	0,3	5,2	6,5
Net Income / (Loss)	**(3,7)**	**(6,2)**	**4,5**	**3,0**

Note: The net income of Eden Games business, in the process of being disposed as of March 31, 2012, is reported on the line "discontinued operations" as of April 1, 2010. 2010/2011 and 2011/2012 Group revenues and current operating income exclude Eden's business. Additionally, for presentation purposes, the Company has reflected the 2010/2011 digital distribution revenues on a gross basis. See Notes to Reader in the Appendix section.

ACTUAL SECOND SEMESTER FY 2011/2012 CURRENT OPERATING INCOME

Actual Current Operating Income for the second half of Fiscal Year 2011/2012 was €3.0 million, in line with the "maintain profitability" guidance released earlier in the year. This was a decline of €4.9 million over the Actual Current Operating Income in the second half of the prior year, which can mainly be explained by lower sales in line with expectations, and lower gross profit offset by an improved overall operating structure.

ACTUAL FY 2011/2012 RESULTS

Revenue Analysis

For Fiscal Year 2011/2012 Atari published actual consolidated full year revenues of €39.6 million, versus €60.1 million in the previous fiscal year. This reduction in revenues (-34.1%), resulted primarily from the lower number of retail titles as the Company is focusing on continuing its shift towards building and monetizing its mobile and online games as well as developing its licensing business. This strategy has produced some encouraging results over the period with the successes of *Breakout: Boost*, *Atari's Greatest Hits*, *Asteroids Gunner* that have collectively generated more than 10 million downloads and transactions. Foreign exchange impact was negligible.

Digital revenues (including mobile and online operations) represented €20.8 million or 52.5% of the total revenues (vs. 24.8% in FY 2010/2011) and grew 39.6% vs. last fiscal year. Licensing revenues represented 17.2% of the total revenues and grew by €5.7 million when compared to last year.

Income Analysis

Actual Current Operating Income for the Fiscal Year 2011/2012 was €2.1 million, slightly down in absolute value when compared to the €2.3 million Actual Current Operating Income last year, but Current Operating Margin increased by 1.5 percentage points to 5.3% of the total revenues. This improvement was mainly driven by:

i. the Group's gross margin improvement due to the focus on more profitable games, as well as a reversal of provisions following the disposal of some licenses, which had been previously impaired,

ii. the reduction of general and administrative expenses and marketing expenses,

iii. mainly offset by increased R&D costs as percentage of revenues (principally due to the timing of amortization related to product releases as well as an increase in development costs in accordance to the publishing plan) and higher non-cash share-based payment resulting from the implementation of free shares plans.

Net income from continued operations for the Fiscal Year 2011/2012 was €0.8 million, an improvement of €0.5 million. This improvement was primarily due to the income from the equity method investment in GameOne (the Company disposed of its 38.6% stake in GameOne in April 2012), which was offset by higher cost of debt (due to a higher amount drawn of the credit line in H1 2011/2012, which has been reduced in H2 2011/2012).

Discontinued operations (Eden Games) generated €4.5 million losses (vs. €6.5 million in the previous year). As a result, consolidated net losses amounted to €3.7 million (vs. losses of €6.2 million in the previous fiscal year).

Cash and Debt

As of March 31, 2012, Cash and Cash Equivalents amounted to €5.4 million, versus €16.4 million at the end of March 31, 2011. As of March 31, 2012 the Net Debt of the group decreased significantly by €15.2 million to €20.8 million, as the Company reduced its borrowings from its credit facility from €42.3 million to €24.2 million, mainly as a result of the Cryptic Studio disposal. In the coming year, the Company will continue to work on reducing significantly the level of its debt.[1]

In Fiscal year 2011/2012, the operations (before debt costs and taxes) generated €8.8 million of cash, representing a €1.2 million improvement vs. last Fiscal Year, resulting from the focus on profitable mobile/online games.

[1] As a reminder, in December 2011, the Company and BlueBay have agreed to extend to June 30, 2012 the maturity of the credit facility of €24.2 million.

EVENTS OCCURRED AFTER THE REPORTING PERIOD[2]

Sale of Atari's stake in GameOne: In April, 2012, Atari and Viacom entered into an agreement, whereby Atari disposed of its 38.6% stake in GameOne to Viacom, for a purchase price, in cash, of approximately €5.9 million. This transaction is part of Atari's strategy to focus on core gaming assets. The proceeds of the transaction have been used for corporate purposes and reduction of debt. As of March 31, 2012, the Company accounted for its stake in GameOne as "asset held for sale" in the balance sheet. The disposal is expected to generate a capital gain that will be accounted in 1H 2012/2013.

OUTLOOK FOR 2012/2013

For Fiscal Year 2012/2013, Atari's s strategy will again be driven by four priorities:

- **To build and monetize Atari's digital games:** Atari's will continue to expend on the fast growing digital market segment, with a specific focus on mobile games as a core business as well as on online games on cross platform initiatives.
- **To leverage Atari's brand and IP portfolio** through licensing and strategic partnerships.
- **To remaining opportunistic on the retail market to promote Atari's IPs:** Atari will opportunistically explore commercial partnerships in order to derive maximum benefit from its large portfolio of intellectual properties, its brand and all of its assets.
- **To continue to seek profitability improvement:** Atari will again follow a strict investment and cost control discipline.

Overall the Company expects flat to continued improvement in Current Operating Income for the full year 2012/2013.

Atari expects to continue launching new mobile and online games in FY 2012/2013 based upon its highly popular and world renowned game brands. Announcements of such titles are done at the time of release.

Forward looking statements:

*This press release contains forward-looking statements with respect to the financial condition, results of operations, business, strategy and plans of Atari. Although Atari believes that such forward-looking statements are based on reasonable assumptions, such statements are not guarantees of future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, many of which are outside Atari's control, and notably some risks described in the 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 press release and Atari disclaims any intention or obligation to provide, update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

About Atari, SA

Atari (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®, and Rollercoaster Tycoon®. Atari capitalizes on these powerful properties by delivering compelling games on smartphones, tablets and other connected devices and online (i.e. browser, Facebook® and digital download). 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.

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[2] All significant events occurring during the period have already been disclosed and are available on Atari's corporate website at : www.atari.com/corporate/financial-and-corporate-news

APPENDIX

Unaudited preliminary data – Ongoing audit process
Approved by the Board of Directors on May 8, 2012

Notes to the readers:
The net income of Eden Games business, in the process of being disposed as of March 31, 2012, is reported on the line “discontinued operations” as of April 1, 2010. 2010/2011 and 2011/2012 Group revenues and current operating income exclude Eden’s business.

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 building and monetizing Atari’s mobile and online games as well as developing the licensing operations, while remaining opportunistic on the retail business. As a result, the management decided to report its segments as digital, licensing and, retail.

In addition, the management of the Company decided, in conjunction with the Company’s evaluation of its segments, to change the presentation of the “digital revenues”, and that the mobile and social portions of the “Digital” segment should be reflected on a gross basis, with corresponding costs reflected in cost of goods sold. For consistency of presentation purposes the Company has reflected the respective digital distribution revenues in the same manner and restated FY 2010/2011 accounts accordingly, with no impact to the gross margin or the rest of the P&L.

APPENDIX I
Revenues

Breakdown of revenues by quarter

	Fiscal Year 2011/2012		Fiscal Year 2010/2011	
In million of euros	**Actual**	***% of total revenues***	**Actual**	***% of total revenues***
1st quarter (April - June)	11,2	*28,3%*	15,3	*25,5%*
2nd quarter (July - Sept.)	8,3	*21,0%*	7	*11,6%*
3rd quarter (Oct. - Dec.)	11,0	*27,8%*	8,9	*14,8%*
4th quarter (Jan. - March)	9,1	*23,0%*	28,9	*48,1%*
TOTAL	**39,6**	***100,0%***	**60,1**	***100,0%***

Fourth quarter 2011/2012 revenues

Fourth quarter revenues amounted to €9.1 million compared to €28.9 million for the comparable period last year, representing a 68.5% decrease, mainly due to a lower number of releases.

Contribution by segment

In million of euros	**FY 2011/2012**	*% of revenues*	**FY 2010/2011**	*% of revenues*	Change in € m	Change in %
Digital	20,8	*52,5%*	14,9	*24,8%*	5,9	39,6%
Retail	12,0	*30,3%*	44,1	*73,4%*	-32,1	-72,8%
Licensing	6,8	*17,2%*	1,1	*1,8%*	5,7	518,2%
Revenues, net	**39,6**	***100,0%***	**60,1**	***100,0%***	**-20,5**	**-34,1%**

APPENDIX II
Statement of Income

	Actual - FULL YEAR		Actual - 1st Half		Actual - 2nd Half	
In million of euros	2011/2012	2010/2011	2011/2012	2010/2011	2011/2012	2010/2011
Revenues, net	39,6	60,1	19,5	22,3	20,1	37,8
Cost of goods sold	(9,4)	(25,6)	(4,1)	(12,1)	(5,3)	(13,5)
Gross profit	**30,2**	**34,5**	**15,4**	**10,2**	**14,8**	**24,3**
Research and development expenses	(10,8)	(12,3)	(5,8)	(3,8)	(5,0)	(8,5)
Sales and marketing expenses	(6,3)	(9,8)	(4,8)	(4,2)	(1,5)	(5,6)
General and administrative expenses	(9,3)	(10,0)	(5,0)	(6,8)	(4,3)	(3,2)
Non-cash share-based payments	(1,7)	(0,1)	(0,7)	(1,0)	(1,0)	0,9
Current operating income (loss)	**2,1**	**2,3**	**(0,9)**	**(5,6)**	**3,0**	**7,9**
Gain (loss) on disposal of assets	-	(0,5)	-	-	-	(0,5)
Restructuring charges	(0,4)	(0,4)	(0,7)	(0,7)	0,3	0,3
OPERATING INCOME (LOSS)	**1,7**	**1,4**	**(1,6)**	**(6,3)**	**3,3**	**7,7**
Cost of debt	(2,7)	(1,9)	(2,2)	(0,7)	(0,5)	(1,2)
Other financial revenue and expenses	(0,1)	0,7	(0,6)	0,8	0,5	(0,1)
Share of net income of equity method investments	1,9	-	-	-	1,9	-
Corporate income tax	-	0,1	-	-	-	0,1
INCOME (LOSS) FROM CONTINUED OPERATIONS	**0,8**	**0,3**	**(4,4)**	**(6,2)**	**5,2**	**6,5**
Income (loss) from discontinued operations	(4,5)	(6,5)	(3,8)	(3,0)	(0,7)	(3,5)
CONSOLIDATED NET INCOME (LOSS)	**(3,7)**	**(6,2)**	**(8,2)**	**(9,2)**	**4,5**	**3,0**
Minority interests	-	-	-	-	-	
NET INCOME (LOSS) (after minority interests)	**(3,7)**	**(6,2)**	**(8,2)**	**(9,2)**	**4,5**	**3,0**

APPENDIX III

Actual Balance Sheets

In millions of euros	March 31, 2012	March 31, 2011
Goodwill	5,8	5,4
Intangible assets	9,2	12,7
Property, plant and equipment	0,2	2,7
Non-current financial assets	0,3	2,1
Non-current assets	**15,5**	**22,9**
Inventories	1,1	2,9
Trade receivables	6,6	9,7
Tax assets	0,3	0,6
Other current assets	5,5	2,8
Cash and cash equivalents	5,4	16,4
Assets held for sale	3,2	42,3
Current assets	**22,1**	**74,7**
Total assets	**37,6**	**97,6**
Total consolidated shareholders' equity	**(7,5)**	**(3,8)**
Non-current debt	2,0	3,4
Deferred tax liabilities	-	-
Other non-current liabilities	0,1	4,8
Non-current liabilities	**2,1**	**8,2**
Current contingency and loss provisions	1,8	3,6
Current debt	24,2	49,0
Trade payables	9,2	21,5
Tax liabilities	0,5	0,4
Other current liabilities	6,2	7,3
Liabilities held for sale	1,1	11,4
Current liabilities	**43,0**	**93,2**
Total liabilities and shareholders' equity	**37,6**	**97,6**

Net Debt

In millions of euros	March 31, 2012	March 31, 2011
Non-current debt	2,0	3,4
Current debt	24,2	49,0
Gross debt	**26,2**	**52,4**
Cash and cash equivalents	(5,4)	(16,4)
Net debt	**20,8**	**36,0**

APPENDIX IV
Actual Cash Flow Statements

In millions of euros	FY 2011/2012	FY 2010/2011
Consolidated net income (loss)	(3,7)	(6,2)
Income (loss) from discontinued operations	4,5	6,5
Non-cash revenue and expenses		
Allowances (reversals) of amortization and provisions on non-current assets	4,8	8,7
Stock-option related expenses (revenue)	1,7	0,1
Other non-cash revenue and expenses	(1,2)	(3,4)
Debt service costs	2,7	1,9
Taxes (payable and deferred)	-	-
Cash flow from operations before debt service costs and taxes	**8,8**	**7,6**
Income tax paid	-	0,1
Changes in working capital		
Inventories	1,7	(0,7)
Trade receivables	3,8	(0,6)
Trade payables	(12,0)	(4,6)
Other current assets and liabilities	(2,0)	(13,2)
Net cash flow used for operations - Continued operations	**0,3**	**(11,4)**
Net cash flow used for operations - Discountinued operations	**(13,2)**	**3,0**
Disbursements for acquisitions and capital expenditures		
Intangible assets	(4,4)	(12,5)
Property, plant and equipment	(0,1)	(0,2)
Non-current financial assets	(0,2)	-
Proceeds from disposals or repayments	1,9	0,3
Change in scope	0,8	-
Net cash flow used for investment - Continued operations	**(2,0)**	**(12,4)**
Net cash flow used for investment - Discontinued operations	**31,8**	**(4,5)**
Net funds from:		
Debt borrowing	3,5	37,1
Net funds disbursed for:		
Net interest expense paid	(4,3)	(3,6)
Debt repayment	(28,1)	(1,1)
Net sales (purchases) of the treasury shares	-	-
Net cash flow from financing activities - Continued operations	**(28,9)**	**32,4**
Net cash flow from financing activities - Discontinued operations	**-**	**-**
Impact of exchange-rate fluctuations	0,3	(0,2)
Change in net cash	**(11,7)**	**6,9**

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