1H 2012/13 results in line with titles release agenda
Strong line-up, positive outlook for 2H 2012/13

Paris, France, Oct. 25, 2012 - Unaudited preliminary data – Ongoing audit process, approved by the Board of Directors on Oct. 24, 2012.

in €m	1H 2012/13	1H 2011/12
Revenues, net	**10.9**	**19.6**
Gross margin % margin	5.0 45.9%	15.4 78.6%
Current Operating (loss)	**(4.4)**	**(0.7)**
Operating Income (loss)	(5.8)	(1.4)
Profit (loss) from continuing operations	(5.3)	(4.2)
Net Income (loss)	**(2.0)**	**(8.2)**
Net Income (loss) attributable to equity holders of the parent	(2.0)	(8.2)

- **1H 20112/13 results in line with titles release agenda**
  - 1H 2012/13 sales amounts to €10.9 million, consistent with the timing of the releases of new digital games of 2012/13.
  - Due to optimization around free-to-play business models and platforms, mobile and online games launches will be mainly concentrated during 2H 2012/13 and should drive revenues growth for the rest of FY 2012/13.
  - Given the non-recurring high level of Retail revenues in the mix, Gross Margin is of €5.0 million, ie 45.9% of 1H 2012/13 sales. Gross Profit in 2H 2012/13 expected to increase with the Mobile and Online upcoming launches.
  - Current operating Income (COI) comes at -€4.4 million compared to -€0.7 million last year, while Net Loss was significantly improved to -€2.0 million compared to -€8.2 million in 1H 2011/12.
  - Operations generated positive cash flows of €0.7 million in 1H 2012/13.
- **Strong line-up and positive outlook for 2H 2012/13**
  - Upcoming launches of four to six titles based upon some of Atari's most successful franchises.
  - Partnerships with Zynga and Microsoft in Digital gaming business and Hilco Consumer Capital in consumer products and licensing business.
  - Given the line-up for 2H 2012/13, the Company expects to be profitable in 2H 2012/13, however, due to the timing of the release of mobile games, the Company now expects Current Operating Income to be at or near breakeven for this fiscal year.
  - Financial restructuring is on track, with a first step materialized by the signature of an agreement between Atari S.A. and BlueBay.

Commenting on the period, Jim Wilson, CEO of Atari says: "*First half revenues were driven by continued strength of our Test Drive® and RollerCoaster Tycoon® franchises at retail and via digital download and digital console. Digital revenues also grew from the continued successful development in international markets. In the second half, further digital growth will come from the release of 4-6 mobile and online games based upon new versions of our popular arcade games and the RollerCoaster Tycoon and Dungeons and Dragons® franchises. Strong execution will be driven by recently announced management and team additions and partnerships such as those that we have announced with Microsoft and Zynga. In the licensing business, a newly announced partnership with Hilco Consumer Capital is set to expand our business globally and begin to enter new product categories based upon our world-renowned Atari brand. This significant progress was made while putting together the final phase of the company's debt and capital restructuring which we hope to finalize by the end of 2012."*

1H 2012/13 EARNING ANALYSIS

Revenues: a period marked by few new digital games launches, mainly coming in 2H 2012/13

A mix effect on consolidated 1H 2012/13 net revenues: 1H 2012/13 sales amounts to €10.9 million, ie a -44.4% decline at current exchange rates and a -49.9% decline at constant exchange rate. This drop is mainly due to the change in revenue mix. Due to the optimization around free-to-play business models and new platforms and operating systems, mobile and online games launches will be mainly concentrated in 2H 2012/13 and should drive revenue growth for the rest of FY2012/13. Thus on 1H 2012/13, Retail revenues, even if stable in absolute value, account for a large part of 1H 2012/13 sales.

Digital revenue, composed of Mobile and Online games, is €4.1 million (vs. €10.3 million in 1H 2011/12). As a percentage of total mix, the Digital segment accounts for 37.6% of total sales vs. 52.6% for 1H 2011/12. This decrease is mostly due to the timing of new Mobile and Online releases in this current period versus the prior comparable period. During 1H 2011/2012, Atari had released several higher priced premium digital distribution titles on Xbox Live, Playstation Network and PC that included *Dungeons & Dragons*: *Daggerdale*™ and *The Witcher® 2,* as well as the continued sales of *Test Drive Unlimited 2.* Over the current period, Atari launched a premium version of *Centipede: Origins*™ (iOS and Android), *Circus Atari*™ (iOS) and continued to benefit from *Atari's Greatest Hits*. Following the further optimization of free-to-play business models and new platform and operating system launches, the line-up will be strong in 2H with the Company expecting a 4 to 6 new titles based on renowned franchise brands.

Licensing revenue comprised primarily of revenues from licenses for assets created, developed and financed by licensees (such as *Atari Flashback*® or *Atari Arcade*™) amounts to €0.4 million in 1H 2012/13, ie. a decrease of €2.5 million over the prior first half period, which included the sublicensing of *The Witcher 2* for console.

Retail revenue comprised primarily of revenues associated with the publishing and physical distribution of interactive entertainment is €6.4 million, flat compared to last year's 1H level. Given the low contribution of Digital segment during 1H 2012/13, Retail activities exceptionally accounts for a 58.7% of the total consolidated revenues. After a clear resizing of the Retail business, the Company today operates opportunistically on fewer but more profitable products. This opportunistic strategy was notably illustrated this 1H by the commercial launch of *Tera*™ *Online* (for PC) distributed in retail and via selected digital outlets in the US. Additionally the Company released *Test Drive: Ferrari Racing Legends* on Xbox 360® and PlayStation®3 and *RollerCoaster Tycoon 3D* on the Nintendo 3DS®.

Gross Margin level impacted by revenue mix

Gross Profit for 1H 2012/13 comes at €5.0 million, ie. a 45.9% margin, in comparison with €15.4 million in 1H 2011/2012 ie. a 78.6% margin. The reduced gross margin is mostly due to the weighting of Retail activities versus Digital and Licensing segments in 1H 2012/13, having a negative impact on the gross profit mix. Digital & Licensing segments traditionally display much higher gross margin levels than Retail activities.

Operating Income preserved thanks to a increasingly flexible model

Current Operating Income (COI) for 1H 2012/13 is of -€4.4 million versus -€0.7 million in 1H 2011/12. As a result of lower gross profit level, COI records a drop compared to last year results. However, reduced gross margin has partly been compensated by the flexible cost structure of the Group, notably in terms of R&D and Marketing expenses:

- R&D expenses amounts to €3.5 million in 1H 2012/13 vs. €5.9 million in 1H 2011/12;
- Marketing expenses are €1.6 million in 1H 2012/13 vs. €4.8 million in 1H 2011/12.

COI was also positively impacted by the cancellation of rights to free shares and stock options.

Operating Income for 1H 2012/13 comes at -€5.8 million (vs. -€1.4 million in 1H 2011/12), in line with the decline of the gross margin and COI, with higher restructuring costs of €1.4 million that occurred in 1H 2012/13, mainly relating to the implementation of the strategy (staff and office rationalization, legal fees).

Net Income[1] improvement

For 1H 2012/13, Net Income is of -€2.0 million, ie. an upturn of €6.2 million as compared to a -€8.2 million loss in 1H 2011/12. This strong improvement was both due to:

- lower cost of debt as the amount of the Credit Facility drawn has been lowered in 1H 2012/13 compared to the same period of the previous year;
- in 1H 2012/13, other financial result is positive of €1.8 million, versus -€0.4 million in the prior comparable period, principally due to foreign exchange gains.

Net income for 1H 2012/13 also includes a €3.3 million gain from discontinued operations, which is a combined result of a €3.4 million capital gain from the sale of GameOne, partly offset by the net operating losses from Eden Studios over the period of €0.1 million.

As compared to last year, 1H 2011/12 reflected loss from discontinued operations of -€4.0 million due to: 1/ a -€5.4 million operating loss on Eden Studios, 2/ partly compensated by a gain on the sale of Cryptic Studios for €2.8 million.

Reduced Net Debt position and positive Cash Flows generation

As of September 30, 2012, cash and cash equivalents amounts to €6.3 million, versus €5.4 million at the end of March 31, 2012, reflecting Company's capacity to generate positive cash flows, while pursuing its financial restructuring.

A portion of the €5.9 million gross proceeds received from the sale of GameOne has been allocated to:

- reimburse the BlueBay Credit Facility: the €3.3 million reimbursement results in a remaining €20.9 million Credit Facility;
- support Atari's Digital game strategy and notably the strong line-up over the next semester.

As of September 30, 2012, net debt amounted to €17.4 million, compared to €20.8 million as of March 31, 2012.

MAIN CORPORATE EVENTS – 1H 2012/13

Capital gain from the 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 supportive of its cross-platform and Digital development plan. The proceeds of the transaction have been used for corporate purposes and reduction of debt. As of March 31, 2012, the Company reported its stake in GameOne as "asset held for sale" in the balance sheet. The transaction generated a capital gain of €3.4 million in 1H 2012/13.

Atari SA and BlueBay reached an agreement for the restructuring of the debt and capital structure of the Group: This plan will notably include a global capital increase of €20 million to finance the cash repayment of the Credit Facility Agreement entered into with BlueBay and the Digital development of the Company. A minimum of €10 million would be open to all shareholders and up to €10 million would be reserved to certain specific financial investors.

This financial restructuring would represent a major milestone for Atari as, at completion, the Company would benefit from:

i. a more balanced group of shareholders, including stable financial and institutional shareholders as well as financing for the future development of the Company;

ii. a strengthened balance sheet with no debt under the existing Credit Facility Agreement (as The BlueBay Value Recovery (Master) Fund Limited would forgive €10.9 million provided that the Company repays it the remaining € 10 million) and significant available cash position;

iii. a simplified capital structure, comprised essentially of ordinary shares through a restructuring of the ORANEs, as BlueBay would support the cancellation (or quasi-cancellation) of the dilutive effect of the ORANEs they hold.

[1] The net income of Eden Games business, in the process of being disposed as of September 30, 2012, is reported on the line "discontinued operations" as of April 1, 2010. 2011/2012 and 2012/2013 Group revenues exclude Eden Games business.

In order to implement the restructuring process, **the Credit Facility maturity has been extended**: In June 2012, the Company and BlueBay have agreed to extend the maturity of the credit facility of €20.9 million from June 30, 2012 to December 31, 2012. Other terms and conditions remained unchanged.

Atari Europe and Namco Bandai Games Europe SAS (Namco Bandai) signed a strategic distribution partnership, following the disposal of the European and Asian distribution operations from Atari to Namco Bandai Games Europe SAS, completed in two phases, in February 2009 and in July 2009. The parties have entered into a settlement related to that distribution partnership such that Namco Bandai has exclusive rights to distribute a smaller, specific subset of video games until September 30, 2013.

EVENT AFTER THE REPORTING PERIOD

On October 11, 2012, Atari launched *Super Bunny Breakout™*, a character based and reimagined version of the blockbuster Breakout franchise through a traffic partnership with Zynga. The title was released to strong critical and consumer reviews.

On October 24, 2012, Atari and Hilco Brands, a unit of Hilco Trading, LLC ("Hilco"), and joint venture partner, Musterbrand LLC announced an agreement to handle Atari brand licensing in the United States, Canada and Europe, as well as Russia, Australia, New Zealand, South Africa, Japan, Korea and Taiwan.

OUTLOOK FOR 2012/13

Atari is to pursue its efforts to deliver a qualitative and rich catalog of digital games over the next periods. Upcoming 2H 2012/13 releases are mostly based upon highly popular and world renowned game franchises.

Atari today announces an indicative pipeline for the 2H 2012/13:

- *Super Bunny Breakout* for iOS (iPhone, iPad) was released in October 2012
- *Warlords®* for PSN was released in October 2012 and will be released for XBLA in the Winter 2012
- *Atari Outlaw™* will be released for iOS (iPhone, iPad) in November 2012
- *Centipede: Origins v1.3 Update* will be released for iOS (iPhone, iPad) in November 2012
- *Dungeons and Dragons: Warbands™* will be released for iPad in December 2012; PC (Steam, Facebook) and Android are coming soon
- *Atari Casino™* will be released for iOS (iPhone, iPad) for the 4th quarter of 2012
- *RollerCoaster Tycoon* will be released for iOS (iPhone, iPad) and Android in the 1st quarter of 2013
- *Deer Hunter® Online* will be released on Facebook in November 2012.

Outlook for FY 2012/13: Given 1H 2012/13 release and promising outlook for the rest of the fiscal year, the Company expects to be profitable in 2H 2012/13, as Digital activities should be fostered by a strong pipeline and thus significantly contributed to margin improvement during the second half of this fiscal year. Thus, the Company now expects Current Operating Income to be at or near breakeven for this fiscal year[2].

[2] Previous guidance last published on July 30, 2012: "Overall the Company expects flat to continued improvement in Current Operating Income for the full year 2012/2013".

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 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.

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APPENDIX (Unaudited preliminary data – Ongoing audit process)

Note: *The net income of Eden Games business, in the process of being disposed as of September 30, 2012 is reported on the line "discontinued operations" as of April 1, 2009. 2011/12 and 2012/13 Group revenues exclude Eden Games business.*
In addition, since FY 2011/2012 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 1H of the FY 2011/2012 accounts accordingly, with no impact to the gross margin or the rest of the P&L.

APPENDIX I - SEGMENT DETAILS

BREAKDOWN OF REVENUES BY QUARTER

€ million	**Actual 2012/13**	**Actual 2011/12**
1st Quarter (April - June)	6.8	11.2
2nd Quarter (July - Sept.)	4.1	8.4
Total	**10.9**	**19.6**

2ND QUARTER 2012/13 REVENUES

Q2 2012/13 revenues amounted to €4.1 million compared to €8.3 million for the comparable period last year (or a 50.6% decrease). This is mainly due to the change in revenue mix from console oriented games to mobile games and the timing of the release of mobile games in the period vs. prior comparable period.

BREAKDOWN OF REVENUES BY SEGMENT

€ million	**1H 2012/2013**	*% of revenues*	**1H 2011/2012**	*% of revenues*	Change in € m	*Change in %*
Digital	4.1	*37.6%*	*10.3*	*52.6%*	*-6.2*	*-60.2%*
Retail	6.4	*58.7%*	*6.4*	*32.7%*	*0.0*	*0,0%*
Licensing	0.4	*3.7%*	*2.9*	*14.8%*	*-2.5*	*-86.2%*
Revenues, net	**10.9**	***100.0%***	***19.6***	***100.0%***	***-8.7***	***-44.4%***

APPENDIX 2 - ATARI STATEMENT OF INCOME

In million of euros	**September 30, 2012** ***(6 months)***	September 30, 2011 *(6 months)*
Revenues, net	**10.9**	**19.6**
Cost of goods sold	(5.9)	(4.2)
Gross profit	**5.0**	**15.4**
Research and development expenses	(3.5)	(5.9)
Sales and marketing expenses	(1.6)	(4.8)
General and administrative expenses	(4.7)	(4.7)
Non-cash share-based payments	0.4	(0.7)
Current operating income (loss)	**(4.4)**	**(0.7)**
Gain (loss) on disposal of assets	-	(0.8)
Restructuring charges	(1.4)	-
OPERATING INCOME (LOSS)	**(5.8)**	**(1.4)**
Cost of debt	(1.3)	(2.2)
Other financial revenue and expenses	1.8	(0.4)
Corporate income tax	-	-
INCOME (LOSS) FROM CONTINUED OPERATIONS	**(5.3)**	**(4.2)**
Income (loss) from discontinued operations	3.3	(4.0)
CONSOLIDATED NET INCOME (LOSS)	**(2.0)**	**(8.2)**
Minority interests	-	-
NET INCOME (LOSS) (after minority interests)	**(2.0)**	**(8.2)**

APPENDIX 3 - BALANCE SHEETS

In million of euros	**September 30, 2012**	March 31, 2012
Goodwill	6.0	5.8
Intangible assets	8.6	9.2
Property, plant and equipment	0.2	0.2
Non-current financial assets	0.5	0.4
Non-current assets	**15.3**	**15.6**
Inventories	0.7	1.1
Trade receivables	3.1	6.6
Tax assets	0.3	0.3
Other current assets	3.6	5.4
Cash and cash equivalents	6.3	5.4
Assets held for sale	0.6	3.2
Current assets	**14.6**	**22.0**
Total assets	**29.9**	**37.6**
Total consolidated shareholders' equity	**(11.5)**	**(7.5)**
Non-current debt	2.2	2.0
Deferred tax liabilities	-	-
Other non-current liabilities	-	0.1
Non-current liabilities	**2.2**	**2.1**
Current contingency and loss provisions	1.4	1.8
Current debt	21.5	24.2
Trade payables	9.5	9.2
Tax liabilities	0.5	0.5
Other current liabilities	5.8	6.3
Liabilities held for sale	0.5	1.1
Current liabilities	**39.2**	**43.1**
Total liabilities and shareholders' equity	**29.9**	**37.6**

In million of euros	**September 30, 2012**	March 31, 2012
Oceanes 2020	**(0.6)**	(0.6)
ORANEs	(1.7)	(1.4)
BlueBay Credit Facility*	(21.4)	(24.2)
Gross debt	**(23.7)**	**26.2**
Cash and cash equivalent	6.3	5.4
Net debt	**(17.4)**	**(20.8)**

* Blue Bay Credit Facility as of September 30, 2012 is €20.9 million plus accrued interest.

APPENDIX 4 – CASH FLOW STATEMENTS

In million of euros	**September 30, 2012**	September 30, 2011 *(restated)*
Consolidated net income (loss)	(5.3)	(4.1)
Income (loss) from discontinued operations	3.3	(4.1)
Non-cash revenue and expenses		
Allowances (reversals) of amortization and provisions on non-current assets	2.2	1.1
Stock-option related expenses (revenue)	(0.4)	0.7
Other non-cash revenue and expenses	(0.4)	0.3
Debt service costs	1.3	2.2
Taxes (payable and deferred)	-	-
Cash flow from operations before debt service costs and taxes	**0.7**	**(3.9)**
Income tax paid	-	0.3
Changes in working capital		
Inventories	0.4	(0.4)
Trade receivables	2.7	5.5
Trade payables	(0.9)	(1.4)
Other current assets and liabilities	(2.0)	(1.9)
Net cash flow used for operations - Continued operations	**0.9**	**(1.7)**
Net cash flow used for operations - Discountinued operations	**(0.4)**	**(7.6)**
Disbursements for acquisitions and capital expenditures		
Intangible assets	(1.9)	(3.1)
Property, plant and equipment	(0.1)	-
Non-current financial assets	0.1	-
Proceeds from disposals or repayments	-	-
Net cash flow used for investment - Continued operations	**(1.9)**	**(3.1)**
Net cash flow used for investment - Discontinued operations	**6.0**	**33.2**
Net funds from:		
Debt borrowing	-	3.5
Net funds disbursed for:		
Net interest expense paid	(0.5)	(2.4)
Debt repayment	(3.3)	(27.3)
Net sales (purchases) of the treasury shares	-	-
Net cash flow from financing activities - Continued operations	**(3.8)**	**(26.2)**
Net cash flow from financing activities - Discontinued operations	**-**	**-**
Impact of exchange-rate fluctuations	0.2	0.4
Change in net cash	**1.0**	**(5.0)**

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