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## 2010 Annual Results

16% sales growth

Record current operating income of €17.1M, up 64%

Net profit of €13.6M, up 127%

Earnings per share reach 0.18€

### 2010 Annual Results

Gameloft's financial statement for the year ending 31 December 2010 breaks down as follows:

In € millions	2010	2009
<b>Sales</b>	<b>141.0</b>	<b>122.0</b>
Other income	0.1	0.3
Cost of sales	-19.4	-15.5
<b>Gross margin</b>	<b>121.7</b>	<b>106.8</b>
R&D	-65.7	-57.4
Sales & Marketing	-26.5	-28.1
Administration	-11.3	-9.2
Other operating income and expenses	-1.1	-1.6
<b>Current operating income</b>	<b>17.1</b>	<b>10.4</b>
Stock-based compensation	-2.3	-2.7
Other income and expenses	-0.2	0.0
<b>Operating income</b>	<b>14.6</b>	<b>7.7</b>
Net financial income	1.3	0.4
Tax expense	-2.3	-2.2
<b>Net profit/loss (group share)</b>	<b>13.6</b>	<b>6.0</b>
Net profit per basic share	0.18	0.08
Net profit per diluted share	0.17	0.08

In 2010, Gameloft consolidated sales reached €141 million, up by 16% year on year. This solid growth was driven by sales in emerging countries and by the massive success of Gameloft games on

Smartphone devices around the world. Gameloft has successfully positioned itself as a leading game publisher on Apple's App Store since launch and has seen its sales on iPhone and iPad grow by 63% in 2010.

The robust growth in sales and efficient cost control in the company's three departments, R&D, Sales & Marketing and Administration, have allowed Gameloft to grow its current operating income by 64% in 2010. Therefore the current operating income of fiscal year 2010 stands at €17.1 million compared with €10.4 million in 2009.

Gameloft continues to benefit from investments in its development and distribution abilities. These investments enabled the company to grow quickly and to position itself as one of the top industry leaders. It has also led to a steady increase of its profitability in the past couple of years: Gameloft's 2010 operating margin stands at 12.1%, compared with 8.6% in 2009 and with 3.0% in 2008.

The annual impact from expensing stock options is €2.3 million. Net financial income amounted to €1.3 million and is comprised of exchange gains and interest on the company's net cash.

The full year net profit stands at €13.6 million, up 127% compared with 2009. The Group's net margin reached 9.6% compared with 4.9% in 2009. Earnings per share and fully diluted earnings per share stand at 0.18€ and 0.17€ respectively.

#### Healthy Financial Position

Gameloft's financial position was very solid on December 31, 2010. The company's equity stood at €77.8 million and net cash and cash equivalents totaled €25.1 million. Cash generation was strong during 2010: Gameloft's self-financing capacity reached €17.2 million compared with €10.7 million in 2009 and net cash increased by €5.4 million. Therefore, the company has the financial resources necessary to continue its fast growth and take market share around the world.

#### Outlook for 2011

- Gameloft should continue to win over market share in Java and Brew phones, as a result of the progressive withdrawal of a large number of competitors. Emerging countries should continue to help drive growth as well.
- The recent and future releases of high-performance Smartphones from Apple, Samsung, Nokia, LG, Sony Ericsson, HTC and Google should continue sustaining Gameloft's growth in the upcoming quarters.
- The release of new gaming devices such as tablets, Smart TVs and the next generation of set top boxes should allow Gameloft to continue its diversification on additional platforms.
- The emergence of social gaming on networks such as Facebook could provide the company with interesting growth opportunities. Gameloft aims at becoming one of the major players in social gaming within the next 3 to 5 years. After launching Green Farm, the company's first social game which is present on six different social networks around the world and already profitable, Gameloft plans to release a new slate of social games covering all genres. The games will also be available on mobile phones. The company's knowledge of the mobile industry coupled with its development and deployment capacity, enable Gameloft to be well positioned to make rapid progress in the space.

Therefore, the company is expecting further growth in 2011 in terms of sales, profitability and net cash. In the long term, the company appears to be in an ideal position to benefit from the rapid emergence of the digital distribution of video games on smartphones, tablets, TVs, consoles and social networks.

Sales for the first quarter of 2011 will be published on 27 April 2011.

**About Gameloft**

A leading developer and publisher of digitally distributed games, Gameloft® has established itself as one of the top innovators in its field since 2000. Gameloft creates games for all digital platforms, including mobile phones, smartphones and tablets (including Apple® iOS and Android® devices), set top box, connected TVs and consoles. Gameloft partners with leading international brands such as UNO®, Spider-Man®, James Cameron's Avatar™, Ferrari® and Sonic Unleashed®. Gameloft also operates its own established franchises, such as Real Football, Asphalt™, Modern Combat 2 : Black Pegasus and N.O.V.A Near Orbit Vanguard Alliance®. Gameloft is present in all continents, distributes its games in 100 countries and employs over 4,000 developers. Gameloft is listed on the Paris Stock Exchange (ISIN: FR0000079600, Bloomberg: GFT FP, Reuters: GLFT.PA).

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<b>P&amp;L (€K)</b>	<b>2010</b>	<b>2009</b>
<b>Revenue</b>	<b>140 958</b>	<b>121 972</b>
Other revenue from the activity	149	334
Cost of sales	-19 434	-15 528
<b>Gross margin</b>	<b>121 673</b>	<b>106 778</b>
R&D	-65 687	-57 421
Sales and Marketing	-26 469	-28 124
Administration	-11 324	-9 164
Other operating income and expenses	-1 122	-1 629
<b>Current operating income</b>	<b>17 072</b>	<b>10 439</b>
Stock-based compensation	-2 283	-2 686
Other income and expenses	-222	-41
<b>Operating income</b>	<b>14 567</b>	<b>7 712</b>
Cost of net financial indebtedness	123	88
Interest income	6 625	2 669
Interest expense	-5 437	-2 312
<b>Net financial income</b>	<b>1 312</b>	<b>445</b>
Employee profit-sharing	-117	-146
Tax expense	-2 197	-2 040
<b>Net profit/loss (group share)</b>	<b>13 566</b>	<b>5 972</b>
Earnings per share	0.18	0.08
Fully diluted earnings per share	0.17	0.08

<b>BALANCE SHEET (€K)</b>	<b>31/12/2010</b>	<b>31/12/2009</b>
<b>ASSETS</b>		
Net intangible fixed assets	14 564	12 602
Net tangible fixed assets	5 964	4 579
Non-current financial assets	2 337	1 948
Assets from deferred assets	4 066	2 762
<b>Total non-current assets</b>	<b>26 932</b>	<b>21 892</b>
Inventory	0	457
Clients receivables	42 100	32 626
Cash and cash equivalents	27 038	19 804
Other current assets	10 826	8 674
<b>Total current assets</b>	<b>79 965</b>	<b>61 562</b>
<b>TOTAL</b>	<b>106 896</b>	<b>83 454</b>
<b>LIABILITIES</b>		
Capital	3 754	3 740
Issue premium	67 452	66 593
Reserves	-6 990	-16 368
Result	13 566	5 972
<b>Shareholders' equity</b>	<b>77 783</b>	<b>59 936</b>
Non-current liabilities	2 307	1 639
Current liabilities	26 807	21 878
<b>TOTAL</b>	<b>106 896</b>	<b>83 454</b>

<b>Cash flow statement (€K)</b>	<b>2010</b>	<b>2009</b>
<b>Operating transactions</b>		
Net profit/loss	13 566	5 972
Depreciation of tangible and intangible assets	15 055	12 483
Result from stocks options and assimilated	2 283	2 686
Tax paid	95	-165
Sales of assets	186	83
Capitalized R&D expense	-8 546	-4 601
License acquisition	-5 455	-5 782
<b>Self-financing capacity</b>	<b>17 184</b>	<b>10 675</b>
Change in inventories	457	1 971
Change in trade receivables	-11 474	61
Change in operating liabilities	2 767	-3 690
<b>Change in the working capital requirement</b>	<b>-8 250</b>	<b>-1 657</b>
<b>Operating cash flow</b>	<b>8 935</b>	<b>9 018</b>
<b>Investment-related cash flow</b>		
Acquisitions of intangible fixed assets	-684	-718
Acquisitions of tangible fixed assets	-4 016	-2 362
Acquisition of other fixed financial assets	-1 184	-723
Asset sales	65	110
Repayment of loans and other financial assets	138	870
Change in scope	79	80
Other	0	-11
<b>Total transactions linked to investments</b>	<b>-5 603</b>	<b>-2 754</b>
<b>Total flows from financing activities</b>	<b>814</b>	<b>2 839</b>
Impact of conversion differentials	1 237	-102
<b>Change in cash</b>	<b>5 384</b>	<b>9 002</b>
<b>Net cash at the beginning of the year</b>	<b>19 749</b>	<b>10 748</b>
<b>Net cash at the end of the year</b>	<b>25 133</b>	<b>19 749</b>