



Results for the First Half of 2012
Record Sales of €95.2M
Current Operating Result of €6.7M and Net Result of €4.6M
Record Net Cash of €43.7M
Full-Year Sales Guidance Increased to €205M in 2012

Paris (France), September 4, 2012 - Gameloft's financial statements for the first half-year ending June 30, 2012, break down as follows:

In millions of €	H1 2012	H1 2011
Sales	95.2	76.8
Cost of sales	-13.7	-8.9
Gross profit	81.5	67.9
R&D	-49.9	-37.0
Sales & Marketing	-17.4	-14.4
Administration	-8.5	-7.1
Other operating income and expenses	0.9	-0.5
Current operating income	6.7	8.9
Stock-based compensation	-1.2	-1.0
Other income and expenses	-1.0	0.0
Operating income	4.4	7.9
Net financial income	0.4	-1.3
Tax	-0.2	-1.3
Net profit/loss (group share)	4.6	5.3
Net profit per basic share	0.06	0.07
Net profit per diluted share	0.05	0.07

Over the first half of 2012, Gameloft achieved consolidated sales of €95.2 million, up 24% year on year. North America represented 32% of first-half sales; EMEA, 26%; APAC, 22%; and LATAM, 21%. Sales were driven by the massive success of Gameloft games on the fast-growing smartphone and tablet segment. Gameloft's second-quarter sales on smartphones and tablets grew by 119% year on year and represented, for the first time, more than 50% of total sales. The strong growth enjoyed by Gameloft's smartphone activity is also related to the success of the freemium and paymium models put in place in

2011. Gameloft's number of monthly active users currently stands at 57 million and more than 60% of Gameloft's smartphone revenue is now derived from in-app purchases and advertising revenues.

Gross profit reached €81.5M, up 20% year on year. The gross margin was 86%, compared with 88% in the first half of 2011. This decrease is mostly due to the success of the company's third-party licensed games launched during the first six months of 2012 such as *Ice Age Village*.

The current operating income stood at €6.7 million in the first half of 2012. The amount of R&D costs expensed on the P&L increased in the first half following the replacement of console and PC development projects (that are capitalized on the balance sheet) by mobile and tablet developments (that are expensed directly on the P&L). This had a non-cash impact of €3.9 million on the 2012 first-half results compared with the same period in 2011. The current operating income before R&D capitalization was therefore actually up 26% and reached €8.2 million in the first half of 2012 compared with €6.5 million in the first half of 2011. This solid growth is logically reflected in the self-financing capacity of the company which was up 41% year-on-year and stood at €8.6 million in the first half of 2012. Sales and Marketing, and Administration costs were kept well under control and were both down in terms of percentage of total sales.

The cost of stock-based compensation was €1.2 million. A non-recurring charge of €1.0 million was booked following the restructuring of Gameloft's Chinese development studios. The company has decided to focus its Chinese R&D on high value-added activities and closed down its Shanghai studio as well as its QA and porting departments in Beijing and Cheng Du in the first half of 2012.

Net financial income amounted to €0.4 million and is essentially comprised of interest earned on cash. The company recorded a tax charge of only €0.2 million mostly due to the recognition of tax loss carry-forwards. The amount of unrecognized consolidated tax loss carry-forwards at the end of June 2012 was €13.7 million.

The net profit for the first half of 2012 stands at €4.6 million, down 13% year on year. However, before R&D capitalization, the net result was actually up 115% compared with the first half of 2011. Earnings per share and fully diluted earnings per share stand at €0.06 and €0.05 respectively.

Solid Cash Flows and a Healthy Financial Position

Cash generation was strong in the first half of 2012. Operating cash flow reached €5.7 million, up 118% year on year and Gameloft's net cash increased by €6.7 million in the first six months of 2012. Gameloft's financial position is very solid. The company has all the financial means necessary to continue to grow rapidly; Gameloft's equity stood at €114.9 million and its net cash position reached an all-time high of €43.7 million at the end of June 2012.

An Ambitious Strategy for the Future

The momentum of the smartphone and tablet market should continue to sustain Gameloft's growth in the upcoming quarters. Gameloft invests heavily in this segment and these investments should continue to bear fruit. The company intends to launch around twenty new games targeting all audiences in the second half of 2012 including the highly anticipated *Wild Blood*, Gameloft's first Unreal game, *Modern Combat 4*, *Playmobil Pirates*, *My Littlest Petshop*, *Zombiewood* and *Heroes of Order & Chaos*. As a comparison, the company launched eleven new smartphone and tablet games in the first half of 2012.

In addition, the landmark and enduring success enjoyed by recently launched games such as *Ice Age Village*, *Kingdoms & Lords*, *The Amazing Spider Man*, *Asphalt 7: Heat* and *The Dark Knight Rises*, should allow for solid top-line growth in the second half of the year.

Therefore, the company is now targeting €205 million in sales for the full year of 2012, up 25% year on year. Gameloft previously targeted €200 million in sales for 2012.

Sales for the third quarter of 2012 will be published on November 5, 2012 after the market closes.

About Gameloft

A leading global publisher of digital and social 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 boxes and connected TVs. Gameloft operates its own established franchises such as Asphalt®, Real Football®, Modern Combat, and N.O.V.A.: Near Orbit Vanguard Alliance®, and also partners with major rights holders including Marvel®, Hasbro®, FOX®, Mattel® and Ferrari®. Gameloft is present on all continents, distributes its games in over 100 countries and employs over 5,000 developers.

Gameloft is listed on the Paris Stock Exchange (ISIN: FR0000079600, Bloomberg: GFT FP, Reuters: GLFT.PA). Gameloft's sponsored Level 1 ADR (ticker: GLOFY) is traded OTC in the US.

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P&L (€K)	H1 2012	H1 2011
Revenue	95,191	76,803
Cost of sales	-13,734	-8,885
Gross margin	81,457	67,919
R&D	-49,903	-37,010
Sales and Marketing	-17,369	-14,414
Administration	-8,456	-7,064
Net Provisions	-48	-62
Other operating income and expenses	989	-458
Current operating income	6,670	8,910
Stock-based compensation	-1,246	-965
Other income and expenses	-983	0
Operating income	4,441	7,945
Cost of net financial indebtedness	529	32
Interest income	3,077	1,679
Interest expenses	-3,218	-3,038
Net financial income	388	-1,326
Employee profit-sharing	-102	-108
Tax expense	-170	-1,261
Net profit/loss (group share)	4,558	5,250
Earnings per share	0.06	0.07
Fully diluted earnings per share	0.05	0.07

BALANCE SHEET (€K)	30/06/12	31/12/11
ASSETS		
Net intangible fixed assets	11,371	11,856
Net tangible fixed assets	8,754	7,509
Non-current financial assets	2,547	2,211
Assets from deferred assets	17,665	14,863
Total non-current assets	40,337	36,439
Inventory	0	0
Client receivables	54,952	50,609
Cash and cash equivalents	44,055	38,034
Other current assets	17,571	13,417
Total current assets	116,577	102,060
TOTAL	156,914	138,499
LIABILITIES		
Capital	3,976	3,855
Reserves	106,391	80,834
Result	4,558	18,225
Shareholders' equity	114,925	102,914
Non-current liabilities	3,306	3,086
Current liabilities	38,683	32,499
TOTAL	156,914	138,499

Cash flow statement (€K)	H1 2012	H1 2011
Operating transactions		
Net profit	4,558	5,250
Depreciation and provisions	2,379	2,114
Net capitalized R&D expenses	1,496	-2,431
Net license acquisitions	1,121	157
Result from stocks options and assimilated	1,246	965
Deferred tax	-2,249	-23
Sales of assets	65	68
Self-financing capacity	8,616	6,101
Change in inventories	0	0
Change in trade receivables	-8,357	-6,934
Change in operating liabilities	5,454	3,455
Change in the working capital requirement	-2,903	-3,479
Operating cash flow	5,713	2,622
CAPEX		
Acquisitions of intangible fixed assets	-472	-499
Acquisitions of tangible fixed assets	-3,086	-3,209
Acquisition of other fixed financial assets	-380	-568
Sales of assets	16	11
Repayment of loans and other financial assets	83	415
Total transactions linked to investments	-3,839	-3,850
Capital increase and other financing flows	5,919	3,359
Change in cash	7,793	2,131
Net cash at the beginning of the year	36,948	25,133
Effect of exchange rate changes	-1,050	-1,142
Net cash at the end of the year	43,690	26,122