



A French corporation (*société anonyme*) with capital of 14,765,685.50 euros
Principal office: 78 Rue Taitbout, 75009 Paris, France
Paris Trade and Companies Registry no. 341 699 106

INTERIM REPORT
FIRST HALF OF FISCAL 2012/2013
(6 months ended September 30, 2012)

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SUMMARY INTERIM CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED INCOME STATEMENT

(€ million)	Notes	Sept 30, 2012 (6 months)	Sept 30, 2011 restated (1) (2) (6 months)
Revenue		10,9	19,6
Cost of goods sold		(5,9)	(4,1)
Gross margin		5,0	15,4
Research and development expenses	8	(3,5)	(5,9)
Marketing and selling expenses		(1,6)	(4,8)
General and administrative expenses		(4,7)	(4,7)
Share-based payment expense (*)	9	0,4	(0,7)
Current operating income (loss)		(4,4)	(0,7)
Restructuring costs	10	(1,4)	(0,8)
Gains (losses) from disposals of assets		-	-
Impairment of goodwill		-	-
Other income (expense)		-	-
OPERATING INCOME (LOSS)		(5,8)	1,4
Cost of debt	11	(1,3)	(2,2)
Other financial income (expense)	11	1,8	(0,4)
Net gain (loss) from the public exchange offer		-	-
Income tax		-	-
PROFIT (LOSS) FROM CONTINUING OPERATIONS		(5,3)	(4,2)
Profit (loss) from discontinued operations	12	3,3	(4,0)
NET INCOME (LOSS) FOR THE YEAR		(2,0)	(8,2)
Minority interests			
NET INCOME (LOSS) FOR THE YEAR ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		(2,0)	(8,2)
Earnings (loss) per share (in €)			
From continuing and discontinued operations			
- basic		(0,07)	(0,33)
- diluted		(0,07)	(0,33)
From continuing operations (**)			
- basic		(0,18)	(0,17)
- diluted		(0,18)	(0,17)
Weighted average number of shares outstanding		29 511 954	24 572 115
Weighted average number of shares outstanding, assuming full dilution		29 531 371	24 572 115

(1) As prescribed by IFRS 5, the income statement for the period to September 30, 2011 has been restated to show discontinued operations (Eden Games) on a separate line. See note 12.

(2) Also adjusted to reflect the change in accounting for "Digital" operations. See note 1.1.

(*) Expense related to stock options and share awards.

The notes form an integral part of the interim financial statements.

CONDENSED CONSOLIDATED INCOME STATEMENT

(€ million)	Sept 30, 2012 (6 months)	Sept 30, 2011 (6 months)
GROUP CONSOLIDATED NET RESULT	(2,0)	(8,2)
Elements directly incurred in net equity:		
Translation adjustments	(1,6)	2,2
Total result directly recognised in net equity	(1,6)	2,2
GLOBAL RESULT	(3,6)	(6,0)
Of which :		
Group	(3,6)	(8,6)
Minority interests	-	-

The notes form an integral part of the interim financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(€ million)	Notes	September 30, 2012	March 31, 2012
Goodwill	4	6,0	5,8
Intangible assets	5	8,6	9,2
Property, plant and equipment		0,2	0,2
Non-current financial assets		0,5	0,4
Deferred tax assets		-	-
Non-current assets		15,3	15,6
Inventories		0,7	1,1
Trade receivables		3,1	6,6
Current 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	12	0,6	3,2
Current assets		14,6	22,0
Total assets		29,9	37,6
Capital stock		14,8	14,7
Share premium		267,4	267,4
Consolidated reserves		(293,8)	(289,7)
Shareholders' equity	6	(11,6)	(7,6)
Minority interests		0,1	0,1
Total equity		(11,5)	(7,5)
Provisions for non-current contingencies and losses		-	-
Non-current financial liabilities	7	2,2	2,0
Deferred tax liabilities		-	-
Other non-current liabilities		-	-
Non-current liabilities		2,2	2,0
Provisions for current contingencies and losses		1,4	1,8
Current financial liabilities	7	21,5	24,2
Trade payables		9,5	9,2
Current tax liabilities		0,5	0,5
Other current liabilities		5,8	6,3
Liabilities held for sale	12	0,5	1,1
Current liabilities		39,2	43,1
Total equity and liabilities		29,9	37,6

The notes form an integral part of the interim financial statements.

CONSOLIDATED CASH FLOW STATEMENT

(€ million)	Sept 30, 2012 (6 months)	Sept 30, 2011 restated (1) (6 months)
Net income (loss) for the year from continued operations	(5,3)	(4,1)
Profit (loss) from discontinued operations	3,3	(4,1)
Non-cash expenses and revenue	-	-
Charges to (reversals of) depreciation, amortization and provisions for non-current assets	2,2	1,1
Cost of (revenue from) stock options and related benefits	(0,4)	0,7
Losses (gains) on disposals of intangible assets and property, plant and equipment	-	-
Other	(0,4)	0,3
Cost of debt	1,3	2,2
Income taxes (deferred and current)	-	-
Cash flow before net cost of debt and taxes	0,7	(3,9)
Income taxes 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 used in operating activities – Continuing operations	0,9	(1,7)
Net cash used in operating activities – Discontinued operations	(0,4)	(7,6)
Purchases of/additions to:	-	-
Intangible assets	(1,9)	(3,1)
Property, plant and equipment	(0,1)	-
Non-current financial assets	-	-
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	(1,9)	(3,1)
Net cash used in investing activities – Discontinued operations	6,0	33,2
Net funds raised from:	-	-
Share issues	-	-
Issue of ORANE bonds	-	-
New borrowings	-	3,5
Net funds disbursed for:	-	-
Interest and other financial charges, net	(0,5)	(2,4)
Debt repayment	(3,3)	(27,3)
Net sales (purchases) of treasury shares	-	-
Net cash provided (used in) by financing activities – Continuing operations	(3,8)	(26,2)
Net cash provided (used in) by financing activities – Discontinued operations	-	-
Impact of changes in exchange rates	0,2	0,4
Net change in cash and cash equivalents	1,0	(5,0)
CASH AND CASH EQUIVALENTS	Sept 30, 2012 (6 months)	Sept 30, 2011 restated (1) (6 months)
At beginning of year	5,3	16,4
At end of year (a)	6,3	11,4
Net change	1,0	(5,0)
(a) Of which:	-	-
Cash	-	-
Discontinued operations	-	0,2
Continuing operations	6,3	11,2
Cash equivalents	-	-
Discontinued operations	-	-
Continuing operations	-	-
Total	6,3	11,4

(1) As prescribed by IFRS 5, the income statement and the cash flow statement for the period to September 30, 2011 have been restated to show discontinued operations (Eden Games) on a separate line.

The notes form an integral part of the interim financial statements.

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, 2011	24,3	257,8	(0,1)	(264,7)	(21,2)	(3,9)	0,1	(3,8)
Profit (loss) for the year				(9,7)		(9,7)		(9,7)
Translation adjustments					2,2	2,2		2,2
Global Result				(9,7)	2,2	(7,5)		(7,5)
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)	(276,8)	(19,0)	(13,8)	0,1	(13,7)
Profit (loss) for the year				6,0		6,0		6,0
Translation adjustments					(0,8)	(0,8)		(0,8)
Global Result				6,0	(0,8)	5,2		5,2
Share issues	(12,5)	12,5				-		-
Exercise of stock warrants						-		-
Issue of ORANE bonds	2,2	(2,2)				-		-
Share-based payments				1,0		1,0		1,0
Disposal of Cryptic Studios (2)				-		-		-
Other changes						-		-
At March 31, 2012	14,7	267,4	(0,1)	(269,8)	(19,8)	(7,6)	0,1	(7,5)
Profit (loss) for the year				(2,0)		(2,0)		(2,0)
Translation adjustments					(1,6)	(1,6)		(1,6)
Global Result				(2,0)	(1,6)	(3,6)		(3,6)
Share issues						-		-
Exercise of stock warrants						-		-
Issue of ORANE bonds						-		-
Share-based payments				(0,4)		(0,4)		(0,4)
Other changes						-		-
At September 30, 2012	14,7	267,4	(0,1)	(272,2)	(21,4)	(11,6)	0,1	(11,5)

(1) On August 9, 2011, Atari completed the sale of its 100% equity interest in Cryptic Studios, Inc. As provided by the stock purchase agreement announced on May 31, 2011, Atari received a gross cash payment from Perfect World of approximately €35 million. Some of the proceeds from this sale were applied to the repayment of €21.6 million under the BlueBay credit facility (reducing the amount outstanding to €24.2 million), while the balance was used to finance Atari's operations and continue implementing its strategy. The sale of the studio had a negative impact on consolidated shareholders' 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®, , 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.

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

The summarized consolidated financial statements are presented in millions of euros and were approved by the Company’s board of directors on October 24, 2012 and November 29, 2012.

1.1. ACCOUNTING PRINCIPLES APPLICABLE TO THE INTERIM FINANCIAL STATEMENTS

The Atari Group’s consolidated financial statements for the period ended September 30, 2012 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, 2012 and approved by the European Union;
- IAS 34 “Interim financial reporting”;
- the same accounting principles and methods as those applied on March 31, 2012.

These are summarized financial statements and they do not include all of the information required by IFRS for annual financial statements. They must therefore be read together with the Group’s consolidated financial statements for the year ended March 31, 2012, which are included in the annual report filed with the AMF on July 30, 2012 under no. D12-0770.

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, 2013 (see note 1.3 below).

■ Changes in presentation methods for the 2011/2012 close

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 purposes of presentation consistency, the Company has restated FY 2010/2011 digital distribution revenues in the same manner, with no impact to the gross margin or the rest of the P&L.

Fiscal year 2011/2012 is the first year revenues of “digital business” are significant. As such the Company evaluated its revenue recognition policy as required by IAS 18.8. Contracts with the various market players, including Apple, Android and Facebook, stipulate that these actors are agents in the transaction, and that all significant risks and rewards associated with the transaction are still supported by Atari. On the other hand, the selling price of applications is set by the company, not by the agent. Based on these facts, Atari decided to treat income distribution “mobile, social, and digital” in gross basis, with the related costs reflected in the cost of goods sold.

The group also searched on the treatment of such income by its competitors. The majority of peers are private companies that do not publish their financial statements, but in informal conversations that took place, it was noted that there was no consistency in treatment.

In order to compare the financial statements as at September 30, 2012, the Company has restated the financial statements as at September 30, 2011 with no impact on gross margin, or the rest of the income statement.

1.2. APPLICATION OF THE GOING CONCERN PRINCIPLE

In order to ensure that the Group has the requisite funds to finance its operations in fiscal 2012/2013 (and beyond) and improve its capital structure, the strategy focuses on four main priorities:

- developing and generating revenue from Atari digital games; Atari's strategy is to concentrate its efforts on the digital segment, which is growing faster than other video game sectors, with the emphasis on mobile games as its core business, while also focusing on online games as part of multi-platform projects;
- generating revenue from Atari trademarks and properties through licensing and the development of strategic alliances;
- continuing to take advantage of opportunities in the distribution sector to promote Atari's intellectual properties;
- placing a priority on profitability.

Accordingly, the Group has prepared its financial statements under the going-concern principle, based primarily on the following assumptions:

- fiscal 2012-2013 cash flows generated by online activities consistent with the business plan for the coming period;
- deferral of the maturity of the BlueBay credit facility beyond December 31, 2012 for the amount outstanding under the facility on the deferral date;
- Furthermore, if the restructuring of the Group's debt and equity is completed as set forth in note 2.1, the Group would repay the balance outstanding and extinguish the credit facility. Should this occur, management believes that the Company will have sufficient resources to cover its operating expenses and capital expenditures for the next 12 months (i.e. until September 30, 2013).

Group management believes that its assumptions 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 to 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, management believes that the Group's financial resources – including the rescheduling 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. the 12-month period ending September 30, 2013). If, subsequent to the debt and equity restructuring set forth in note 2.1, the financial resources of the Group remain insufficient, management believes that the term of the credit facility could be extended beyond December 31, 2012.

1.3. NEW IFRS AND INTERPRETATIONS IN EFFECT SINCE APRIL 1, 2012

As of September 30, 2012, new IFRS and interpretations that became applicable on April 1, 2012 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, 2012 (page 51 of the Annual Report for fiscal 2011-2012 filed with the AMF on July 30, 2012 under number D12-0770), which can be downloaded at <http://www.atari.com/corporate/financial-publications>.

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 on 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 on the balance sheet date. The immediate impact of the recession has 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 recession will be limited in time. The value of these assets has been determined at the end of each period on the basis of the long-term economic outlook and management's best estimate in a context of reduced visibility regarding future cash flows.

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

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

Goodwill is tested annually for impairment, on March 31 or more frequently if there is an indication that assets may have declined in value. The discounted future cash flow method used to determine the fair value of cash-generating units requires a substantial degree of judgment as it is based on a number of factors, including estimates of future cash flows, which rely on assumptions concerning business growth, discount rates and other variables.

NOTE 2 – HIGHLIGHTS OF THE PERIOD

2.1 AGREEMENT BETWEEN ATARI SA AND BLUEBAY ON THE RESTRUCTURING OF THE GROUP'S DEBT AND EQUITY

On 28 September 2012, Atari SA and its principal shareholders, The BlueBay Value Recovery (Master) Fund Limited and The BlueBay Multi-Strategy (Master) Fund Limited (collectively "**BlueBay**"), reached an agreement following negotiations regarding the restructuring of the Atari Group's debt and equity. . This agreement was amended between the initial parties thereto and Atari Europe SAS on October 26, 2012 in order to specify the implementation of the principles laid out in the initial agreement, (together, the "**Restructuring Agreement**").

This agreement is the first step of a global financial restructuring plan to be presented to the shareholders of Atari during an upcoming Extraordinary General Meeting with the aim of finalizing it by the end of the year. 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 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.

That financial restructuring would represent a major step for the Company, as its completion would result in:

- 1/ a more balanced group of shareholders, comprising stable financial and institutional investors;
- 2/ a stronger balance sheet, free of debt under the credit facility and with improved cash balances;
- 3/ a streamlined capital structure consisting primarily of common stock, following the conversion of ORANE bonds (see below).

This plan aligns with the rigorous operational restructuring of Atari with a revised strategy focused on digital games and licensing. Following years of significant losses stemming from its lower margin retail distribution business, the Company has returned to profitability through its shift toward digital games and licensing revenues and strong cost management. The company has recently entered the mobile games space and plans to release 4 to 6 new titles in the next six months. This follows the continued success of its first title, Atari's Greatest Hits which has amassed more than 8 million downloads to date.

BlueBay's current interests in the Atari group comprise (i) 8,616,298 ordinary shares representing approximately 29.2% of the outstanding share capital of the Company, (ii) ORANEs redeemable into a total amount of 34,650,399 shares of the Company and 1.663.292 out of the money share warrants expiring 31 December 2012 and (iii) a €20.9 million Credit Facility Agreement with Atari Europe (the "**Credit Facility Agreement**").

The non-exclusive Restructuring Agreement entered into by BlueBay and the Company consists in the following principles:

- 1/ The €20.9 million Credit Facility Agreement would be completely extinguished (in principal and interest) as The BlueBay Value Recovery (Master) Fund Limited would forgive €10.9 million provided that the Company repays it the remaining € 10 million.
- 2/ BlueBay would support the cancellation (or quasi-cancellation) of the dilutive effect of the ORANEs held by them, in order to simplify the structure of the Company's capital.

As a consequence, and pursuant to the Restructuring Agreement, the Company has agreed to convene an Extraordinary General Meeting to be held no later than November 30, 2012, in order to obtain authorization, *inter alia*, to implement the following steps:

- 1/ A rights issue of a minimal amount of €10 million, open to all shareholders (the « Rights Issue »). The Rights Issue will be at a price subject to a 47% discount to the trading price at the close of the stock exchange on 27 September 2012 (i.e. EUR 0.60) and will be fully underwritten pursuant to an

appropriate agreement to be entered into with the Company's financial advisor no later than November 15, 2012;

2/ A capital increase reserved to certain specific financial investors of up to €10 million (the « Reserved Capital Increase ») to be identified pursuant to a structured process, in order to constitute a diversified shareholder base including financial and/or institutional investors and finance the future development of the Company. The price per share of the Reserved Capital Increase will not be lower than the Rights Issue price.

3/ A transaction allowing holders of ORANes who so choose, and notably BlueBay, to exchange such instruments for a limited number of shares, or any similar transaction resulting in the same effect;

These capital increases will take place as soon as authorization has been received from shareholders and regulatory authorities. To the extent permitted by law, BlueBay would vote in favor of the capital increases proposed by the Company;

As a result of these share capital increases, in which BlueBay shall not participate, BlueBay's direct shareholding shall be diluted to approximately 14% assuming the Rights Issue and the Reserved Capital Increase are fully subscribed, and on the basis that the dilutive effect of existing ORANes held by BlueBay is cancelled (or quasi-cancelled).

On November 15, 2012, the parties to the Restructuring Agreement agreed that at the latest on December 31, 2012, the Company shall have entered into an underwriting agreement, or obtained an irrevocable subscription undertaking, relating to the contemplated rights issue and obtained the visa of the AMF on the related prospectus. The parties also acknowledged that given ongoing discussions between the Company and institutional and financial investors, the resolutions necessary, as the case may be, for a reserved capital increase, would be submitted to an extraordinary shareholders meeting to be held subsequent to the November 30, 2012 extraordinary shareholders meeting.

2.2. GAMEONE SAS DIVESTITURE

Atari and Viacom entered into an agreement in April 2012 under which Atari sold its 38.6-percent interest in GameOne to Viacom for approximately 5.9 million euros in cash. That divestiture was part of Atari's strategy to focus on its principal game properties. Most of the proceeds from the sale were used for corporate purposes and to reduce debt. Capital gains generated by the sale were recognized in the first half of fiscal 2012/2013.

2.3. DEFERRAL OF THE CREDIT FACILITY MATURITY

In June 2012, the Company and BlueBay agreed to defer the maturity date of the €20.9 million owed under credit facility from June 30 to December 31, 2012.

2.4. ATARI EUROPE AND NAMCO BANDAI GAMES EUROPE SAS (NAMCO BANDAI)

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.

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, 2012				Group
	Digital	Retail	Licencing	Corporate & Other	
Revenue	4,1	6,4	0,4	-	10,9
Gross Margin	2,4	2,2	0,4	-	5,0
Current Operating Income	(1,7)	(0,6)	0,1	(2,2)	(4,4)
Restructuring and other operating costs	-			(1,4)	(1,4)
Operating Income	(1,7)	(0,6)	0,1	(3,6)	(5,8)
Costs of debt					(1,3)
Other financial income / (expense)					1,8
Income tax					
Profit (loss) from continued operations					(5,3)
Profit (loss) from discontinued operations					3,3
Net income (loss) for the year					(2,0)
Minority interest					-
Net income (loss) for the year attributable to equity holders of the Parent					(2,0)

	30-sept-11				Group
	Digital	Retail	Licencing	Corporate & Other	
Revenue	10,3	6,4	2,9		19,6
Gross Margin	7,6	4,9	2,9		15,4
Current Operating Income	2,0	(2,3)	2,2	(2,7)	(0,7)
Restructuring and other operating costs				(0,7)	(0,7)
Operating Income	2,0	(2,3)	2,2	(3,4)	(1,4)
Costs of debt					(2,2)
Other financial income / (expense)					(0,5)
Income tax					
Profit (loss) from continued operations					(4,1)
Profit (loss) from discontinued operations					(4,1)
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)

As at September 30, 2012, the breakdown of the Group's revenue by geographical areas is the following:

€ million	1H 2012/2013	% of revenues
North America	8,3	75,9%
Europe	2,4	21,9%
Other	0,2	2,2%
Total	10,9	100,0%

This breakdown was based upon available information and management estimates. The revenue for North America is composed of the U.S. sales and distribution licenses made by Atari Inc. The revenue generated via third party platforms of digital distribution is allocated by geographical area based on the location of the end customers, when it is known, and the area of geographical location of the platform in the other cases.

NOTE 4 – GOODWILL

4.1. CHANGES FOR THE PERIOD

The table below shows changes in goodwill for the period:

(€ million)	Total
31 March 2011	5,4
Changes in scope of consolidation	-
Increase	-
Impairment for the year	-
Reclassification of assets held for sale	-
Translation adjustments	0,4
Other changes	-
March 31, 2012	5,8
Changes in scope of consolidation	-
Increase	-
Impairment for the year	-
Reclassification of assets held for sale	-
Translation adjustments	0,2
Other changes	-
September 30, 2012	6,0

4.2. IMPAIRMENT TESTS

An impairment test was performed during the period, in which the net book value of the “US Distribution and Publishing” division was compared with its going concern value.

According to IFRS 3 (business combinations), goodwill is not amortized and must be the subject of impairment tests at least once a year, or more frequently whenever specific events or circumstances point to a potential loss of value. Tests are usually performed in March of each year as part of the preparation of the Group's financial statements. A test was also conducted in connection with this six-month report. Whenever the recoverable value of a CGU is less than its book value, an impairment allowance is recognized in operating income on the line “Impairment of goodwill.”

The approach used consists primarily of comparing the recoverable value of each of the Group's cash generating units (CGU) with the net book value of the corresponding assets. As of September 30, 2012, for the US Distribution and Publishing CGU, that recoverable value corresponded to the going-concern value of the assets concerned and was determined essentially on the basis of future cash flows generated by operations over the coming four years, combined with the present value of projected cash flows for the ensuing years and a residual value.

The key assumptions underlying Management's cash-flow projections concern the discount rate, growth rates, and projections of selling prices and operating costs.

Management sets the discount rate on the basis of the weighted average cost of capital, reflecting the market's current assessment of the time value of money and the specific risks to which the various cash-generating units are exposed. In view of the current breakdown of the Group's activities, the allocation of goodwill to CGUs and the Group's general risk premium included in the discount rate, the use of a single discount rate for all of the Group's CGUs was judged appropriate for the impairment tests. The discount rates used are after-tax rates applied to after-tax cash flows. They yield the same recoverable amounts as would be obtained by applying pre-tax discount rates to pre-tax cash flows, as required under IAS 36.

The Group prepared its cash flow projections on the basis of the 2012/2013 budgets and its business plan. Growth-rate assumptions in the business plan reflect management's best estimates and are based on factors that include the anticipated growth of online sales, with a cost structure comparable to that of 2011-2012.

The table below shows the principal assumptions used:

September 30, 2012		March 31, 2012	
Discount rate	Perpetuity growth rate	Discount rate	Perpetuity growth rate
15%	3%	15%	3%

As at September 30, 2012, the sensitivity of the recoverable amounts of the Group's CGUs to a one-point change in the discount rate or the perpetuity growth rate was as follows:

Cash-generating unit		Impact of a one-point change in:			
		Discount rate		Perpetuity growth rate	
(€million)	Difference between recoverable amount and carrying amount	+1pt.	-1pt.	+1pt.	-1pt.
September 30, 2012	59,7	-4,6	5,4	3,6	-3,1
March 31, 2012	76,4	-7,3	8,6	5,8	-4,9

The test did not result in the recognition of goodwill impairment.

As indicated in 1.2 above, if projections fail to materialize, impairment allowances may have to be recognized in intangible assets.

4.3. ALLOCATION OF GOODWILL TO CASH-GENERATING UNITS (CGU)

The table below shows the allocation of net goodwill:

(€ million)	TOTAL
September 30, 2012	6,0
March 31, 2012	5,8

NOTE 5 – INTANGIBLE ASSETS

The table below shows changes in intangible assets:

(€ millions)	Games	Trademarks	Licences	Software	Other	Total
Gross value						
April 1, 2012	28,1	15,2	52,6	23,4	4,7	124,0
Change in scope of consolidation	-	-	-	-	-	-
Acquisitions / Increase	-	-	1,9	-	-	1,9
Disposals / Decrease	-	-	-	-	-	-
Reclassification as assets held for sale	-	-	-	-	-	-
Other changes	0,4	1,2	0,8	0,2	(0,6)	2,0
September 30, 2012	28,5	16,4	55,3	23,6	4,1	127,9
Amortization and provisions for impairment value						
April 1, 2012	(25,8)	(13,4)	(47,5)	(23,4)	(4,7)	(114,8)
Change in scope of consolidation	-	-	-	-	-	-
Charges to amortization and provisions	(0,5)	-	(1,6)	-	-	(2,1)
Reversal of amortization and provisions	-	-	-	-	-	-
Disposals / Decrease	-	-	-	-	-	-
Reclassification as assets held for sale	-	-	-	-	-	-
Other changes	(0,4)	(1,2)	(1,2)	(0,2)	0,6	(2,4)
September 30, 2012	(26,7)	(14,6)	(50,3)	(23,6)	(4,1)	(119,3)
Net value						
April 1, 2012	2,3	1,8	5,1	-	-	9,2
Change in scope of consolidation	-	-	-	-	-	-
Acquisitions / Change to amortization and provisions	(0,5)	-	0,3	-	-	(0,2)
Disposals / Reversal of amortization and provisions	-	-	-	-	-	-
Reclassification as assets held for sale	-	-	-	-	-	-
Other changes	-	-	(0,4)	-	-	(0,4)
September 30, 2012	1,8	1,8	5,0	-	-	8,6

Capitalized games-in-progress were valued at €1.7 million on September 30, 2012. Other changes primarily reflect variations in exchange rates.

Allowances for the amortization and impairment of intangible assets in the consolidated income statement amounted to €2.2 million for the period ended September 30, 2012, compared with €3.3 million for the period to September 30, 2011.

There were no indications of any impairment of intangible assets, and management was not aware of any potentially impairing events. As indicated in 4.2 above, should projections fail to materialize, impairment allowances may have to be recognized in intangible assets if anticipated results are not achieved.

NOTE 6 – SHAREHOLDERS' EQUITY

On September 30, 2012, the Company had 29,528,901 shares issued and outstanding, fully paid up, with a nominal value of 0.50 euro each. The table below shows changes in the number of shares outstanding:

(number of shares)	September 30, 2012	March 31, 2012
Shares outstanding at the beginning of the period	29 480 934	24 326 500
Share issues	-	223 000
Exercise of stock warrants	34	138
Conversion of ORANE bonds	47 933	4 931 296
Conversion of OCEANE convertible bonds	-	-
Shares outstanding at the end of the period	29 528 901	29 480 934

Changes during the period reflected

- the exercise of 26 stock warrants granted in 2009, resulting in the issuance of 34 new shares;
- the conversion of 1,755 ORANE bonds into 47,933 new 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				24,2		24,2
Long-term		0,6	1,4			2,0
Debt at March 31, 2012	-	0,6	1,4	24,2	-	26,2
Changes during the period						
New borrowings					0,5	0,5
Repayments				(3,3)		(3,3)
Application of IAS 32 - 39 and increase in accrued interest			0,3			0,3
Translation adjustments						-
Debt at September 30, 2012	-	0,6	1,7	20,9	0,5	23,7
Short-term	-			20,9	0,5	21,4
Long-term		0,6	1,7			2,3
Debt at September 30, 2012	-	0,6	1,7	20,9	0,5	23,7

As of September 30, 2012, other borrowings and debt amounted to €0.5 million, representing interest on the BlueBay credit facility.

■ BlueBay Credit Facility

As of September 30, 2012, €20.9 million euros were outstanding under the credit facility. The interest on cash drawdowns was three-month Euribor + 900 basis points. In June 2012, the Company and BlueBay agreed to defer the maturity of the €20.9 million debt to December 31, 2012. Under the agreement described in note 2.1, the BlueBay credit facility should be fully repaid after the contemplated transaction.

As of September 30, 2012 and March 31, 2012, the credit facility was utilized as follows:

(€ million)	September 30, 2012	March 31, 2012
Short- and medium-term credit facility (historical)	-	-
New credit facility (cash)	21,4	24,2
Sub-total	21,4	24,2
New credit facility (standby)	-	-
Total amount drawn down under the BlueBay facility	21,4	24,2

■ OCEANE 2003-2009 BONDS, NOW OCEANE 2003-2020 BONDS

On December 23, 2003, the Company issued 16,487,489 bonds (the "OCEANE 2020 bonds") with a nominal value of €7 each, convertible or exchangeable for new or existing common stock, representing an aggregate nominal value of €124.3 million (including redemption premiums totaling approximately €8.89 million). The bonds, which originally matured on April 1, 2009, carried interest at 4% a year (corresponding to a gross yield to maturity of 5.31%, including the redemption premium). Each bond could originally be converted into one Atari share. This conversion ratio was increased to 1.02 shares in December 2004 to take into account the allocation of free stock warrants on that date. The Company has the option of calling the bonds if, prior to their maturity, the price of Atari common stock rises above a pre-defined level. A prospectus was published in connection with the bond issue and was approved by the COB on November 6, 2003 under No. 03-971.

At their meeting of September 29, 2006, the OCEANE 2003-2009 bondholders amended the terms and conditions of the bond indenture as follows:

- the bonds' maturity was deferred from April 1, 2009 to April 1, 2020;
- after April 1, 2009, the OCEANE bondholders would no longer be able to convert their bonds into new Atari shares or exchange them for existing shares;
- the nominal interest rate was reduced from 4% to 0.1%;
- the acceleration clause (2.5.10) of the bond indenture was deleted.

The conversion and/or exchange ratio was adjusted to 2.091 shares per OCEANE 2003-2009 bond following the rights issue of January 2007, then to 2.401 shares per OCEANE 2003-2009 bond following the distribution of free stock warrants to all shareholders.

Between February 12 and March 9, 2007, the Company issued a simplified public offer – whose terms and conditions were described in a circular approved by the AMF on February 2, 2007 under notice no. 207CO246 – to exchange each tendered OCEANE 2020 bond for 32 new Company shares. On March 16, 2007, the AMF issued notice no. 207C0515 reporting that 16,403,083 OCEANE 2020 bonds, or 99.5% of those outstanding, had been tendered to the offer.

On March 31, 2008, the conversion and/or exchange ratio was adjusted to 0.024 shares for each OCEANE 2020 bond to reflect the reverse stock split. This ratio was further adjusted in February 2009 to 0.02416 to reflect the issue of pre-emptive subscription rights in connection with the ORANE-Warrant issue in December 2008.

Since April 1, 2009, the OCEANE 2020 bondholders are no longer able to convert their bonds into new Atari shares or exchange them for existing shares, the OCEANE 2020 have no dilutive impact since that date. As of September 30, 2012 a total of 82,906 OCEANE 2020 bonds were still outstanding.

■ ORANE 2008 BONDS

On January 4, 2008, the Company issued 1,500,000 bonds redeemable for new or existing shares (ORANE bonds), maturing on April 1, 2014. The bonds have a nominal value of €100 each (representing an aggregate amount of €150 million) and are redeemable for 8.91 new or existing shares, taking into account the reverse stock split. The gross and net proceeds of the issue came to €40.5 million and €37.6 million respectively. The bonds bear interest at an annual rate of 0.5% – representing €0.50 per bond – payable in arrears on April 1 each year.

In December 2008, the Company launched a simplified public exchange offer relating to (i) the ORANE bonds issued by Atari on January 4, 2008 and (ii) the stock warrants issued by Atari on December 22, 2006 and January 24, 2007. A total of 1,479,871 ORANE 2008 bonds – representing 99.6% of the bonds still outstanding at January 27, 2009 – were tendered to the offer.

Taking into account the adjustment made to the related exchange parities on February 4, 2009, one ORANE 2008 bond was redeemable for 8.94 new or existing shares. After taking into account the adjustment made to the related exchange parities in January, 2010, one ORANE 2008 bond is now redeemable for 9.97 new or

existing shares.

As of September 30, 2012 there were 4,827 ORANE 2008 bonds outstanding. If all of the bonds were redeemed this would result in the issue of 48,125 shares with a dilutive effect of 0.2% on the Company's capital as of September 30, 2012.

■ **ORANE 2009 BONDS (ISIN FR0010690081)**

In January 2009, the Company issued 405,438 bonds redeemable for new or existing shares (ORANE bonds), maturing on April 1, 2014. The bonds have a nominal value of €100 each (representing an aggregate amount of €40.5 million) and are redeemable for 26.26 new or existing shares. The gross and net proceeds of the issue came to €40.5 million and €37.6 million respectively. The bonds bear interest at an annual rate of 0.5% – representing €0.50 per bond – payable in arrears on April 1 each year.

Taking into account the adjustment made to the related exchange parities in January 2010, one ORANE 2009 bond is now redeemable for 29.29 new or existing shares.

As of September 30, 2012, 366,079 ORANE 2009 bonds remained outstanding. If all the bonds were redeemed this would necessitate the issuance of 10,722,454 new shares, which would have a dilutive effect on the Company's capital of 36.3% as of September 30, 2012. It should be noted that on September 30, 2012, BlueBay held approximately 93% of the ORANE bonds outstanding. If the restructuring described in note 2.1 to the six-month consolidated financial statements is successfully completed, the ORANE bonds' dilutive impact should be considerably reduced or brought to near zero.

■ **ORANE 2009 (ISIN FR0010696153)**

On February 11, 2009 the Company completed the simplified public exchange offer relating to (i) the ORANE bonds redeemable in new or existing Company shares, issued on January 4, 2008 and (ii) the stock warrants issued by the Company on December 22, 2006 and January 24, 2007. A total of 1,479,871 ORANE 2008 bonds – representing 99.6% of the bonds still outstanding at January 27, 2009 – were tendered to the offer, which resulted in the issue of 1,479,871 ORANE 2009 bonds. The ORANE 2009 bonds are subject to the same conditions as the ORANE 2008 bonds, except for the conversion ratio which has been set at 17 new or existing shares for one ORANE 2009 bond (instead of 8.91 new or existing shares for one ORANE 2008 bond). The bonds bear interest at an annual rate of 0.5% – representing €0.50 per bond – payable in arrears on April 1 each year.

Taking into account the adjustment made to the related exchange parities in January 2010, one ORANE 2009 bond is now redeemable for 18.96 new or existing shares.

As of September 30, 2012, there were 1,102,859 ORANE 2009 bonds outstanding. If all the bonds were redeemed this would require the issuance of 20,910,207 new shares with a dilutive effect on the Company's capital of 70.8% as of September 30, 2012. It should be noted that on September 30, 2012, BlueBay held approximately 99% of the ORANE bonds outstanding. If the restructuring described in note 2.1 to the six-month consolidated financial statements is successfully completed, the ORANE bonds' dilutive impact should be considerably reduced or brought to near zero.

■ **ORANE 2010 (ISIN FR0010833053)**

In December 2009, Atari initiated a financial transaction, which was finalized in January 2010, resulting from the distribution to its shareholders of bonus warrants entitling them to subscribe, at their discretion, to new shares and/or to bonds redeemable into new or existing shares ("the ORANE 2010 bonds"), on the terms set out in the prospectus registered with the AMF on December 10, 2009 under visa number 09-367.

In January 2010, Atari SA issued 156,428 bonds redeemable for new or existing shares ("ORANE 2010 bonds", ISIN FR0010833053), maturing on April 1, 2015. The bond issue has a nominal value €15.6 million and is divided into 156,428 bonds with a nominal value of €100 each, redeemable for 26.39 new or existing shares. The bonds bear interest at an annual rate of 0.5% – representing €0.50 per bond – payable in arrears on April 1 each year.

As of September 30, 2012, there were 154,745 ORANE 2010 bonds outstanding. If all the bonds were redeemed this would require the issuance of 4,083,721 new shares with a dilutive effect on the Company's capital of 13.8% as of September 30, 2012. It should be noted that on September 30, 2012, BlueBay held approximately 99% of the ORANE bonds outstanding. If the restructuring described in note 2.1 to the six-month consolidated financial statements is successfully completed, the ORANE bonds' dilutive impact should be considerably reduced or brought to near zero.

7.2. DEBT BY MATURITY DATES

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

€ in million	Sept 30, 2012	Sept 30, 2013		Sept 30, 2014		Sept 30, 2015		Sept 30, 2016		Sept 30, 2017 and beyond		Total	
		Nominal	Interests	Nominal	Interests	Nominal	Interests	Nominal	Interests	Nominal	Interests	Nominal	Interests
Bond debt	2,3		0,8		0,8		0,1			0,6	-	0,6	1,7
Financial debt	21,4	20,9	0,5									20,9	0,5
Other financial debt												-	-
Total financial liabilities	23,7	20,9	1,3	-	0,8	-	0,1	-	-	0,6	-	21,5	2,2

Debt of €22.2 million maturing before September 30, 2013 corresponds primarily to the amount outstanding under the BlueBay credit facility (€20.9 million). The maturity date of this debt is December 31, 2012.

7.3. DEBT BY CURRENCY

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

(€ million)	September 30, 2012	March 31, 2012
European Monetary Union currencies	23,7	26,2
USD	-	-
Other currencies	-	-
Total	23,7	26,2

7.4. DEBT BY INTEREST RATE (FIXED – VARIABLE)

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

(€ million)	September 30, 2012	March 31, 2012
Floating rate	21,4	24,2
Fixed rate	2,3	2,0
Total	23,7	26,2

As of September 30, 2012, the fixed-interest portion of the debt consisted mainly of the accumulated interest to maturity on the OCEANE 2020 and ORANE bonds.

As of September 30, 2012, an increase in interest rates of 100 basis points would cause interest expense to go up by €0.1 million, compared with €0.2 million on March 31, 2012.

NOTE 8 – RESEARCH AND DEVELOPMENT EXPENSES

The table below shows a breakdown of research and development expenses for September 30, 2012 and September 30, 2011:

(€ million)	September 30, 2012	September 31, 2011 restated
Amortization and impairment of capitalized games	1,2	3,1
Testing, QA and localization	0,2	0,3
Pre-production expenses	-	0,0
Other R&D expenses	2,1	2,5
Research and development expenses	3,5	5,9

(1) As prescribed by IFRS 5, an adjustment has been made to the income statement for September 30, 2011 to show discontinued operations (Eden Games) on a separate line.

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, 2012 (6 months)	September 30, 2011 restated (1) (6 months)
Grant of free Atari shares	0,3	-0,7
Atari SA stock option plans	0,1	
Atari Inc stock option plans		
Employer social security contributions on stock options		
Incentive bonus		
Share-based payment expense (income)	0,4	(0,7)

(1) As prescribed by IFRS 5, an adjustment has been made to the income statement for September 30, 2011 to show discontinued operations (Eden Games) on a separate line.

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:

	2012-2013		2011-2012	
	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	50 083	15,0	53 360	7,8
Options granted	225	1,2	40	3,0
Options cancelled	(62)	4,6	(315)	4,1
Options exercised	-	-	-	-
Options forfeited	(1 194)	68,6	(3 002)	160,0
Number of options outstanding at the end of the year	49 052	13,6	50 083	15,0
Of which, exercisable	-	-	-	-

As of September 30, 2012, all options outstanding were out-of-the-money.

Revenue of €0.1 million was recognized on September 30, 2012 from stock-option plans. No expense or revenue was recognized in connection with stock option plans for the period ended September 30, 2011.

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 2011/2012 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 accounted for.

The Group used the following principal assumptions to determine the fair value of options granted by the Company in fiscal 2012/2013:

Principal assumptions	2011-2012	2010-2011 # 1	2010-2011 # 2	2010-2011 # 3
Valuation model	Black & Scholes	Black & Scholes	Black & Scholes	Black & Scholes
Price of shares on option grant date	€3,03	€5,26	€3,96	€4,03
Exercise price on option grant date (per share)	€4,00	€5,16	€4,28	€4,00
Expected volatility	72,00%	92,98%	81,30%	72,00%
Risk-free interest rate on grant date	2,38%	2,05%	1,62%	1,17%
Expected dividend rate	0,00%	0,00%	0,00%	0,00%
Fair value of options on grant date	€1,25	€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 of 125,000 were awarded in the first half of fiscal 2012/2013, to officers and executives who contributed to the Group's results and 284,784 such rights were cancelled due to departures or because performance targets were not attained (May 2011 awards).

In order for rights to performance shares to vest, their recipients must be part of the Group on the vesting date and grants are contingent on the achievement of certain performance criteria. If a recipient leaves the Group, any preference shares awarded to him or her but not yet vested are lost and cancelled by the Company. After the vesting period, the performance shares are subject to a two-year lock-up period.

The table below shows a summary of transactions involving share awards in the first half of fiscal 2012/2013 and fiscal 2011/2012:

	September 30 2012	March 31 2012
Number of free shares outstanding at the beginning of the period	1 787 200	223 000
Free shares granted during the period	125 000	1 937 290
Shares cancelled	(435 739)	(150 090)
Shares vested		(223 000)
Number of free shares outstanding at the end of the period	1 476 461	1 787 200

Failure to meet performance criteria accounted for 284,784 cancellations and departures during the period accounted for another 150,955.

Revenue of €0.4 million from performance share award plans was recognized for the period to September 30, 2012, compared with an expense of €0.7 million for the period to September 30, 2011.

NOTE 10 – RESTRUCTURING CHARGES

Restructuring charges consisted of the following:

(€ million)	September 30, 2012	September 30, 2011 restated
Employee-related costs	(0,4)	(0,1)
Unused office space	(0,1)	(0,5)
Professional fees and legal transaction	(0,5)	-
Professional fees and other costs	(0,4)	(0,2)
Total Restructuring costs	(1,4)	(0,8)

NOTE 11 – NET FINANCIAL INCOME (EXPENSES)

(€ million)	September 30, 2012	September 30, 2011 restated
Interest on bond debt	(0,2)	(0,2)
Interest on bank debt	(1,1)	(2,0)
Other	-	-
Cost of debt	(1,3)	(2,2)
Foreign-exchange gains and losses	2,3	(0,4)
Other	(0,5)	(0,1)
Other financial income (expense)	1,8	(0,5)
Total	0,5	(2,7)

Debt servicing costs represented an expense of €1.3 million for the period ended September 30, 2012, down from €2.2 million on September 30, 2011. The decrease was essentially attributable to the partial repayment of the BlueBay credit facility during the period.

Foreign-exchange gains and losses reflected unrealized changes in intra-group receivables and liabilities in foreign currency.

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 on September 30, 2012 included the net results of GameOne and Eden Games. The income statements of these entities 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 €3.4 million in the current period, and other items relating to discontinued operations.

(€ million)	September 30, 2012	September 30, 2011
Revenue from discontinued operations	-	4,4
Cost of goods sold	-	(0,1)
Gross profit	-	4,3
Research and development expenses	0,1	(3,9)
Marketing and selling expenses	-	-
Overhead and administrative expenses	(0,2)	(0,8)
Current operating income (loss) - Discontinued operations	(0,1)	(0,4)
Gains (losses) from disposals of assets*	3,4	-
Restructuring costs	-	(3,4)
Other income (expenses)	-	-
OPERATING INCOME (LOSS) - Discontinued operations	3,3	(3,9)
Cost of debt	-	-
Other financial income (expense)	-	(0,2)
PROFIT (LOSS) FROM DISCONTINUED OPERATIONS	3,3	(4,1)

12.2. SEGMENT REPORTING ON DISCONTINUED OPERATIONS

	September 30, 2012	September 30, 2011
Digital		4,4
Retail		
Licensing		
Corporate & other		
Net revenue from discontinued operations	-	4,4

	September 30, 2012	September 30, 2011
Digital	(0,1)	(3,9)
Retail		
Licensing		
Corporate & other		
Operating Income (loss) from discontinued operations	(0,1)	(3,9)

12.3. ASSETS AND LIABILITIES HELD FOR SALE

(€ million)	September 30, 2012	March 31, 2012
Goodwill, net		
Intangible assets		
Property, plant and equipment	0,1	0,1
Non-current financial assets, net	-	1,9
Other non-current assets		-
Deferred tax-assets, net		-
Non-current assets	0,1	2,0
Inventories, net		-
Trade receivables		-
Current tax assets		-
Other current assets	0,5	1,1
Cash and cash equivalents		0,1
Current assets	0,5	1,2
Assets held for sale	0,6	3,2

(€ million)	September 30, 2012	March 31, 2012
Provisions for non-current contingencies and losses		-
Non-current financial liabilities		-
Deferred tax liabilities		-
Other non-current liabilities		-
Other non-current financial liabilities		-
Non-current liabilities		-
Provisions for current contingencies and losses	0,1	0,5
Current financial liabilities		-
Trade payables	0,1	0,1
Tax liabilities payable		
Other current liabilities	0,2	0,5
Current liabilities	0,5	1,1
Liabilities held for sale	0,5	1,1

12.4. NET CASH FLOW FROM DISCONTINUED OPERATIONS

(€ millions)	September 30, 2012	September 30, 2011
Profit (loss) from discontinued operations	3,3	(4,1)
Non-cash expenses and revenue	(3,9)	(5,0)
Cost of debt	-	-
Income taxes (deferred and current)	-	-
Cash flow before net cost of debt and taxes	(0,6)	(9,1)
Income taxes paid	-	-
Changes in working capital	0,2	1,5
Net cash used in operating activities	(0,4)	(7,6)
Purchases of/additions to non-current assets	-	(1,4)
Disposals/repayments of non-current assets	6,0	34,6
Net cash provided by investing activities	6,0	33,2
Net funds raised from:	-	-
New borrowings	-	-
Net funds disbursed for:	-	-
Interest and other financial charges, net	-	-
Debt repayment	-	-
Net cash provided by (used in) financing activities	-	-
Impact of changes in exchange rates	-	-
Net change in cash and cash equivalents	5,6	25,6
CASH AND CASH EQUIVALENTS:		
At beginning of year	0,1	1,1
At end of year (a)	-	0,2
Change	-0,1	-0,9

(a) Of which:

Cash	-	0,2
Cash equivalent	-	-

NOTE 13 – CONTINGENT LIABILITIES

In the ordinary course of business, Group entities may be involved in various court, arbitration, administrative and tax proceedings. The significant legal risks to which the Group is exposed are set forth below.

To the best of the Company's knowledge, other than litigation referred to in this document, no governmental, judicial or arbitration proceeding is either pending or threatened which could have or has had a material impact on the Company's and/or the Group's financial position or profitability in the past 12 months.

The company considers that, given the status of the proceedings and based on the information at its disposal, most of the litigation risks should be classified as contingent liabilities within the meaning of IAS 37, and that accordingly no provisions need to be set aside. However, for some of the litigation, the Company has been able to estimate the potential risk and has recognized the corresponding provisions. Accordingly, it decided to recognize provisions of €1.2 million for the period to September 30, 2012, compared with approximately €1.7 million for the previous period.

13.1. DISPUTE BETWEEN A FORMER EMPLOYEE AND THE COMPANY

A significant case arose in a previous year, when 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 is 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 fiscal 2011/2012. No date has been set for the trial and no decision is expected before 2012. The preliminary hearings have commenced and the parties are currently finalizing their briefs. The next hearing is scheduled for December 17, 2012.

13.2. WALKER DIGITAL V. ATARI, INC., CRYPTIC STUDIOS, INC. ET AL.

This matter was settled out of court in September 2012. Atari, Inc. and Cryptic Studios, Inc., a former Group entity, along with twenty other video-game companies, were sued by Walker Digital LLC for patent infringement. Walker Digital did not specify the amount of its claims for damages. The complaint was filed April 11, 2011 in the federal district court in Delaware. Walker Digital's principal place of business is in Stamford, Connecticut. Cryptic was being sued regarding the technology associated with its Star Trek Online and Champions Online games. The asserted infringed technology is related to the design and use of systems for remote auditing computer-generated outcomes, saving game results for subsequent use and monitoring the time a player spends on a game. Atari was sued regarding technology allegedly used in connection with its Faeries vs. Darklings, Yar's Revenge and Asteroids Online games, on the grounds that the system developed by Atari is used to save outcomes of games for later use and to monitor the time spent by players on a game. The Company was one of the joint defendants and filed answers and counterclaims. Atari has indemnified Cryptic Studios for legal costs and provided for its defense as stipulated in the Share Purchase Agreement between Atari and Cryptic Studios.

13.3. WALKER DIGITAL V. CRYPTIC STUDIOS, INC.

This matter was settled out of court in October 2012. Cryptic Studios, a former Atari Group entity, was sued by Walker Digital in 2011 for infringing a patent on prepaid gaming card technology. The games concerned were Star Trek Online and Champions Online. Walker Digital did not specify the amount of its claims for damages. Cryptic was one of several video-game companies sued by Walker Digital. Cryptic Studios was one of the joint defendants and filed answers and counterclaims. Atari has indemnified Cryptic Studios for legal costs and provided for its defense as stipulated in the Share Purchase Agreement between Atari and Cryptic Studios.

13.4. LODSYS V. ATARI INTERACTIVE, INC.

Atari Interactive, Inc. was sued and served with a complaint by Lodsys in September 2011. The technology related to the Lodsys patents covers systems and methods for providers of products and services that interact with users of those products and services and gather information about them and transmit it to the provider.

The games concerned by the litigation are Atari's Greatest Hits, Tera, Breakout Boost, Centipede Origins and Asteroids Gunner. Lodsys has not specified the amount of its claims. Atari is one of several video-game companies sued by Lodsys. The Company is one of the joint defendants. It has filed answers and counterclaims. The discovery proceedings have started. The case is scheduled to be tried in October 2013.

NOTE 14 – OFF-BALANCE-SHEET COMMITMENTS

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

(€ million)	September 30, 2012	March 31, 2012
Commitments given		
Guarantees given to suppliers (letters of credit)	-	-
Non-cancelable operating leases	1,4	1,4
Development and licensing agreements	1,5	1,2
Assignments of receivables (under "Dailly Act" arrangements, etc.)	-	-
Total commitments given	2,8	2,6
Commitments received		
Bank guarantees (standby credit, letters of credit, documentary credit, etc.)	-	-
Other credit facilities secured by trade receivables	-	-
Total commitments received	-	-

NOTE 15 – RELATED-PARTY TRANSACTIONS

15.1. RELATIONSHIP WITH BLUEBAY AND ITS AFFILIATES

As of September 30, 2012, BlueBay was 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.

The following events involved BlueBay and its affiliated funds during the six-month period to September 30, 2012:

- deferral of the maturity of the credit facility from June 30, 2012 to December 31, 2012, as set forth in addendum 14;
- repayment of 3.3 million euros owed under the credit facility;
- signature of an agreement to restructure the Group's debt and equity (see note 2.1). The non-exclusive restructuring agreement (the "**Restructuring Agreement**") entered into by BlueBay and the Company provides that:
 1. the amount outstanding of €20.9 million under the credit facility (increased by the €0.5 million interest which BlueBay has agreed to forebear from requesting payment) would be extinguished in its entirety (in principal and interest) through the cancellation by The BlueBay Value Recovery (Master) Fund Limited of €10.9 million in claims, (as increased by unpaid interest which BlueBay has agreed to forebear from requesting payment), provided that the Company repays the remaining €10 million owed;
 2. BlueBay will support measures aimed at eliminating (or reducing to near zero) the dilutive impact of ORANE bonds it holds, in order to streamline the Company's capital structure.

Accordingly, and as set forth in the Restructuring Agreement, the Company has agreed to convene a special shareholders' meeting no later than November 30, 2012, which would be asked to authorize (i) a secondary share issue of at least 10 million euros in common stock, in the form of a rights offering to all shareholders (the "**Rights Offering**"), (ii) a special share issue of up to 10 million euros for offering to certain financial investors (the "**Reserved Offering**") to be identified by means of a structured process, and (iii) an offer to holders of ORANE bonds who wish to do so, including BlueBay, to exchange their bonds for a limited number of shares, or a similar offer that would have the same effect.

As BlueBay will not subscribe for the issues, its direct interest will be diluted and will amount to approximately 14 percent of the Company's capital if all shares in the Rights Offering and the Reserved Offering are subscribed for, and to the extent that the dilutive impact of ORANE bonds outstanding held by BlueBay is reduced to zero (or near zero).

On 28 September 2012, Atari SA and its principal shareholders, The BlueBay Value Recovery (Master) Fund Limited and The BlueBay Multi-Strategy (Master) Fund Limited (collectively "**BlueBay**"), reached an agreement following negotiations regarding the restructuring of the Atari Group's debt and equity. This agreement was amended between the initial parties thereto and Atari Europe SAS on October 26, 2012 in order to specify the implementation of the principles laid out in the initial agreement.

On November 15, 2012, the parties to the Restructuring Agreement agreed that at the latest on December 31, 2012, the Company shall have entered into an underwriting agreement, or obtained an irrevocable subscription undertaking, relating to the contemplated rights issue and obtained the visa of the AMF on the related prospectus. The parties also acknowledged that given ongoing discussions between the Company and institutional and financial investors, the resolutions necessary, as the case may be, for a reserved capital increase, would be submitted to an extraordinary shareholders meeting to be held subsequent to the November 30, 2012 extraordinary shareholders meeting.

As of September 30, 2012, drawdowns under the credit facility totaled €20.9 million.

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, 2012 and March 31, 2012:

(€ million)	September 30, 2012	March 31, 2012
Cash compensation		
Fixed compensation	0,3	0,8
Variable compensation	0,2	0,4
Directors' fees	0,5	0,5
Other compensation	-	-
Employee benefits	-	-
Share-based compensation (excl. Employer social security contributions)		1,0
Total	1,0	2,7

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

NOTE 16 – EVENTS SUBSEQUENT TO THE END OF THE PERIOD

16.1. RELEASE

On October 11, 2012 Atari released *Super Bunny Breakout™*, a revisited version of its successful Breakout franchise centered on its characters, under a joint distribution agreement with Zynga. The game's release was very well received by both reviewers and consumers.

16.2. PARTNERSHIP

On October 24, 2012 Atari and Hilco Brands, a division of Hilco Trading LLC ("Hilco"), along with their joint-venture partner Musterbrand LLC, announced a licensing agreement for the Atari trademark covering the United States, Canada and Europe, Russia, Australia, New Zealand, South Africa, Japan, Korea and Taiwan.

16.3. RESTRUCTURING OF DEBT AND EQUITY

On 28 September 2012, Atari SA and its principal shareholders, The BlueBay Value Recovery (Master) Fund Limited and The BlueBay Multi-Strategy (Master) Fund Limited (collectively “BlueBay”), reached an agreement following negotiations regarding the restructuring of the Atari Group’s debt and equity. . This agreement was amended between the initial parties thereto and Atari Europe SAS on October 26, 2012 in order to specify the implementation of the principles laid out in the initial agreement.

On November 15, 2012, the parties to the Restructuring Agreement agreed that at the latest on December 31, 2012, the Company shall have entered into an underwriting agreement, or obtained an irrevocable subscription undertaking, relating to the contemplated rights issue and obtained the visa of the AMF on the related prospectus. The parties also acknowledged that given ongoing discussions between the Company and institutional and financial investors, the resolutions necessary, as the case may be, for a reserved capital increase, would be submitted to an extraordinary shareholders meeting to be held subsequent to the November 30, 2012 extraordinary shareholders meeting.

INFORMATION ON MANAGEMENT AND THE FINANCIAL STATEMENTS

First half of 2012/2013, to September 30, 2012

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®*, 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.

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

The summarized consolidated financial statements are presented in millions of euros and were approved by the Company’s board of directors on October 26, 2012.

■ The video games market

The market for video games has been constantly evolving and is gradually shifting from traditional console games to games in purely digital form.

The table below shows the estimated revenues generated by various forms of video games from 2009 to 2014 (in billions of dollars) – (Source: Business Insight – May 2011)

	2009	2010	2011	2012	2013 (est.)	2014 (est.)
Consoles / portable consoles	27,8	28.6	29.5	30.6	31.2	31.6
Online	13.2	14.6	16.4	19.2	22.6	25.3
Mobile	4.6	5.4	5.8	6.5	7.0	9.0
PC	4.5	4.4	4.4	4.3	4.3	4.3
Total	50.1	53.0	56.1	60.6	65.1	70.2

The growth rate of video games sales has been estimated at about 7 percent for the 2009-2014 period. That growth is primarily driven by online games (estimated to grow by 13.9% during the period) and mobile games (estimated to grow by 14.4% during that period),. These two categories combined are expected to account for some 48% of all video game sales by 2014.

Atari has chosen to focus its strategy on these two main growing segments, while remaining opportunistic over other segments. In addition, these segments offer several perspectives of growth resulting from the different segments of the population that may be targeted, the very strong growth of the "smartphones" device which are expected to reach worldwide approximately 1,000 million units in 2014 and 2,500 million in 2020 (Source Jefferies – September 2011) and finally the different types of business models they offer.

The table below shows projected growth in various sub-segments of the video games market (in billions of dollars) – Sources: PwC Global Media and Entertainment Outlook: 2010-2015; + Citi Investment Research)

	2011	2012	2013 (est.)	2014 (est.)	2015(est.)
Mobile Gaming (apps + transactions)	8	10	11	13	14
MMO subscriptions	5	6	8	9	11
Free-to-play, micro transactions	3	5	7	9	11
In Game ads	2	2	3	3	3
Total	18	23	29	34	39

1.2. HIGHLIGHTS FOR THE PERIOD AND SUBSEQUENT EVENTS

See Note 2 to the Six-month consolidated financial statements in this document.

2. ANALYSIS OF THE CONSOLIDATED FINANCIAL STATEMENTS

2.1. SUMMARY ACTUAL CONSOLIDATED INCOME STATEMENT

	Sept. 30, 2012	Sept. 30, 2011
<i>In million of euros</i>	<i>(6 months)</i>	<i>(6 months) restated</i>
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	-	-
Restructuring charges	(1,4)	(0,8)
OPERATING INCOME (LOSS)	(5,8)	(1,4)

■ Revenue

Consolidated first half revenue for fiscal 2012/2013 amounted to €10.9 million, down 44.4% at current exchange rates and 49.9% on a constant exchange-rate basis. The decline primarily resulted from the sources of revenue. With a priority placed on the free-to-play model, new platforms and changes in operating systems, Mobile and Online games are primarily being released in the second half of fiscal 2012/2013 and can be expected to contribute to revenue growth during the rest of the period. Accordingly, in the first half of the year, sales of console games, while stable in absolute value, accounted for a significant portion of total revenue.

€ million	H1 2012/2013	% of revenues	HY 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%

Digital revenue from Mobile and Online games amounted to €4.1 million (compared with €10.3 million for the first half of fiscal 2011/2012). Digital sales accounted for 37.6% of Group revenue, compared with 52.8% in the first half of the prior period. The decline was primarily caused by the timing of new releases during the period as compared to the previous period. Atari released several higher-priced new digital-distribution games during the first half of the previous year, on Xbox Live, Playstation Network and PC, including *Dungeons & Dragons: Daggerdale™* and *The Witcher® 2*, while sales of *Test Drive Unlimited® 2* were sustained. During the first half of 2012/2013, Atari brought out a premium version of *Centipede: Origins™* (iOS and Android) and *Circus Atari™* (iOS) and continued to earn revenue from sales of *Atari's Greatest Hits*. In keeping with the prioritization of the free-to-play model, new platforms, and changes in operating systems, the line up in the second half will be improved, with the release of four to six new games based on hit franchises.

Licensing revenue was primarily generated by fees on products designed, developed and financed by licensees (e.g. *Atari Flashback®* or *Atari Arcade™*) and totaled €0.4 million in the first half of 2012/2013, or €2.5 million less than for the same period a year ago, when it included revenue from the sub-licensing of *Witcher 2* for consoles.

Retail revenue was primarily generated by the publishing and distribution of interactive entertainment and totaled €6.4 million in the first half, up slightly from the same period a year ago. In light of the small contribution by Digital sales in the first half of fiscal 2012/2013, Retail Distribution exceptionally accounted for 58.7% of consolidated revenue. Following a significant downsizing of the Retail Distribution business, the Company now distributes a smaller number of more profitable products, as the opportunity arises. This strategy of taking advantage of market opportunities resulted during the period in the release of *Tera™ Online*, distributed for PC in mass retail stores and via selected digital platforms in the United States. The Company also brought out *Test Drive: Ferrari Racing Legends* for Xbox 360® and PlayStation®3 and *RollerCoaster Tycoon 3D* for Nintendo 3DS®.

■ Gross margin

Gross profit for the first half of fiscal 2012/2013 was €5 million, representing a gross margin of 45.9%, down from €15.4 million and 78.6% in the first half of 2011/2012. The decline was chiefly due to the weight of the Retail Distribution business in comparison to the Digital and Licensing segments, where margins are significantly higher.

■ Research and development expenses

Research and development expenses amounted to €3.5 million in the first half of fiscal 2012/2013, versus €5.8 million the same period a year earlier. The decrease was attributable in large part to cost control measures and the amortization schedules of released products, as well as to a reduction in development costs under the publishing plan.

■ Sales and marketing expenses

Sales and marketing expenses fell to €1.6 million, from €4.8 million for the first half of fiscal 2011/2012. The decline was primarily accounted for by the timetable of product releases.

■ General and administrative expenses

General and administrative expenses amounted to €4.7 million for the first half of fiscal 2012/2013, little changed from the previous period.

■ Non-cash share-based payments

Revenue of €0.4 million was recognized from non-cash share-based payments, as compared with an expense of €0.7 million for the first half of fiscal 2011/2012. The positive impact was due to the cancellation of rights to performance shares and stock options.

■ Restructuring charges

Restructuring charges totaled €1.4 million, up from €0.8 million for the first half of fiscal 2011/2012, when expenses reflected mainly costs related to the restructuring of Eden Games, which have now been restated and are accounted for in discontinued operations.

Detailed information on restructuring charges for the first half of fiscal 2012/2013 is included in note 10. They include expenses incurred in connection with the implementation of the Group's new strategy.

■ **Operating income (loss)**

An operating loss of €5.8 million was recognized for the first half of fiscal 2012/2013 (compared with a loss of €1.5 million a year earlier), reflecting the decline in gross profit and current operating income, as well as higher restructuring charges in the period.

■ **Other income statement items**

(€ million)	Sept 30, 2012 (6 months)	Sept 30, 2011 restated (6 months)
Cost of debt	(1,3)	(2,2)
Other financial income (expense)	1,8	(0,4)
Net gain (loss) from the public exchange offer	-	-
Income tax	-	-
PROFIT (LOSS) FROM CONTINUING OPERATIONS	(5,3)	(4,2)
Profit (loss) from discontinued operations	3,3	(4,0)
NET INCOME (LOSS)	(2,0)	(8,2)
Minority interests		
NET INCOME (LOSS) after minority interets	(2,0)	(8,2)

■ **Cost of debt**

Debt servicing costs declined by some €0.9 million, as the average debt outstanding was lower than in the first half of fiscal 2011/2012, the credit facility having been partially repaid following the disposals of Cryptic Studios and GameOne.

■ **Other financial income and expenses**

Other financial expenses rose by €2.2 million, mainly due to differences in foreign-exchange gains and losses for the periods concerned.

■ **Income from discontinued operations**

Net income for the first half of fiscal 2012/2013 includes income of €3.3 million from discontinued operations, to which must be added capital gains of €3.4 million from the sale of GameOne, which were only partly offset by a net operating loss (€0.1 million) from Eden Studio for the period.

By comparison, a loss of €4 million from discontinued operations had been reported for the first half of fiscal 2011/2012, reflecting operating losses of €5.4 million at Eden Studio that were partly offset by capital gains of €2.8 million from the sale of Cryptic Studio.

■ **Net income after minority interests**

The Group reported a net loss of €2 million for the first half of fiscal 2012/2013. This represented an improvement of €6.2 million from the net loss of €8.2 million for the first half of fiscal 2011/2012. The marked improvement was attributable to the combined effects of:

- a lower cost of debt resulting from less reliance on the credit facility in the first half of fiscal 2012/2013 compared with the same period the previous year;
- financial income of €1.8 million in the first half of fiscal 2012/2013, compared with an expense of €0.5 million for the same period a year ago, primarily due to foreign-exchange gains;
- income of €3.3 million from discontinued operations, reflecting capital gains of €3.4 million from the sale of GameOne, which were only partly offset by a net operating loss (of €0.1 million) at Eden Studio in the same period.

2.2. SEGMENT REPORTING

IFRS 8 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 applies the provisions of IFRS 8 and will report segment information in accordance with how the Group's chief operating decision maker reviews financial operations. The Group has focused its future business on strengthening and generating revenue from mobile and online games, as well as the expansion of its licensing operations, while taking advantage of opportunities in the retail segment. Accordingly, management has decided to report on the following segments: Digital, Licensing and Retail.

Management has decided, in connection with an assessment of the Company's operating divisions, to change the manner in which it recognizes the assets attributable to the mobile and social games segments of its Digital business, which are now measured at their gross value, with the corresponding expenses reflected in cost of sales. For the purpose of consistency, the Company has decided to recognize the corresponding revenue generated by digital distribution in the same manner and has accordingly restated its financial statements for the first half of fiscal 2011/2012. This had no impact on gross margins or the other income statement items.

(in m€)	September 30, 2012				
	Digital	Retail	Licencing	Corporate & other	Total
Revenue	4,1	6,4	0,4	-	10,9
% of revenues	37,6%	58,7%	3,7%	0,0%	100,0%
Gross Margin	2,4	2,2	0,4	-	5,0
Current Operating Income	(1,7)	(0,6)	0,1	(2,2)	(4,4)
Operating Income	(1,7)	(0,6)	0,1	(3,6)	(5,8)

2.3. CONSOLIDATED BALANCE SHEET

Simplified consolidated balance sheet for September 30, 2012 and March 31, 2012

(€ million)	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
Deferred tax assets	-	-
Non-current assets	15,3	15,6
Inventories	0,7	1,1
Trade receivables	3,1	6,6
Current 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 equity	(11,5)	(7,5)
Provisions for non-current contingencies and losses	-	-
Non-current financial liabilities	2,2	2,0
Deferred tax liabilities	-	-
Other non-current liabilities	-	0,1
Non-current liabilities	2,2	2,1
Provisions for current contingencies and losses	1,4	1,8
Current financial liabilities	21,5	24,2
Trade payables	9,5	9,2
Current 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 equity and liabilities	29,9	37,6

■ Shareholders' equity (deficit)

As of September 30, 2012, the consolidated shareholders' deficit had increased to €11.5 million from €7.6 million on March 31, 2012. The table below shows changes during the period:

(in m€)	Shareholders Equity
Total Shareholders' equity March 31, 2012	(7,5)
Exchange loss	(1,6)
Share-based payments	(0,4)
Net loss	(2,0)
Other changes	-
Total Shareholders equity September 30, 2012	(11,5)

Changes during the period were attributable mainly to a net loss of €2 million and foreign-exchange losses.

■ Net cash / (net debt)

As of September 30, 2012, the Group had a net debt of €17.4 million, compared with €20.8 million at the close of fiscal 2011/2012. The table below breaks down the net debt:

(in million €)	September 30, 2012	March 31, 2012
OCEANES 2020 (capitalized interests until maturity)	(0,6)	(0,6)
ORANES	(1,7)	(1,4)
BlueBay Credit Facility	(20,9)	(24,2)
Other	(0,5)	-
Total debt	(23,7)	(26,2)
Cash and Cash Equivalents	6,3	5,4
Net Debt	(17,4)	(20,8)

Net debt is defined as cash and cash equivalents less current and non-current liabilities.

As of September 30, 2012, **cash and cash equivalents** amounted to €6.3 million, versus €5.4 million on March 31, 2012. The gross proceeds from the sale of GameOne were used in part to reimburse €3.3 million of the BlueBay credit facility (reducing its amount outstanding to €20.9 million), and the balance was used to finance Atari's operations and continue with implementation of the strategy.

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

(in million €)	September 30, 2012
< September 2013	22,2
< September 2014	0,8
< September 2015	0,1
< September 2016	-
< September 2017 & beyond	0,6
TOTAL	23,7

Debt of €22.2 million maturing before September 30, 2013 corresponds primarily to the amount outstanding under the BlueBay credit facility (€20.9 million) as well as the corresponding interest and fees (€0.5 million).

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

Million€	September 30, 2012	March 31, 2012
Net Cash (Net debt)	(17,4)	(20,8)
Shareholders' equity	(11,6)	(7,6)
Total Equity	(11,5)	(7,5)
Ratio of net cash (net debt) to Shareholders' equity	-150,0%	-273,7%
Ratio Of Net Cash (net debt) to total equity	-151,3%	-277,3%

■ Other balance sheet items

Goodwill was valued at €6.0 million on September 30, 2012, up €0.2 million from March 31, 2012. The increase was attributable to the impact of exchange rates.

Intangible assets were valued at €8.6 million on September 30, 2012, compared with €9.2 million on March 31, 2012. Intangible assets on the balance sheet for September 30, 2012 included €1.8 million for *Test Drive Unlimited 2* and other games and €6.8 million for trademarks and other intangibles, including the Hasbro license. On March 31, 2012 those assets consisted essentially of €2.3 million for *Test Drive Unlimited 2* and other games scheduled for release, and €6.9 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 debt and assets and liabilities held for sale) was negative at €3.2 million on September 30, 2012, compared with negative working capital of €1 million on March 31, 2012. It was adversely affected by the schedule of releases in the first half of fiscal 2012/2013, which caused receivables to decline more sharply than liabilities during the period.

Other non-current liabilities (including current provisions and excluding interest-bearing long-term debt) amounted to €2.2 million on September 30, 2012 (€2.0 million on March 31, 2012). Changes mainly reflected a decrease in other long-term liabilities.

2. 4. CONSOLIDATED CASH FLOW

As of September 30, 2012, cash and cash equivalents amounted to €6.3 million, compared with €5.4 million on March 31, 2012.

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

- gross proceeds from the sale of GameOne,
- revenue from Atari operations.

The principal uses of funds for the period were:

- a €3.3 million repayment of the BlueBay credit facility,
- the financing of the Group's restructuring.

3. OUTLOOK FOR FISCAL 2012/2013

Based on planned releases and favorable prospects for the second half of fiscal 2012/2013, the Company expects to be profitable in the coming period. The Digital business should have access to a full pipeline of games and could accordingly contribute significantly to improved margins in the second half of the year. The Company therefore anticipates that its current operations will break even or be close to the break-even point for the fiscal year as a whole.

Atari expects to continue to release new games for mobile devices and online applications in fiscal 2012/2013, based on its best-selling, world-renowned trademarks. Announcements will be made regarding the release of all new games.

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, they are not guarantees of the Company's future performance. Actual results may differ materially from the forward-looking statements as a result of a number of risks and uncertainties, most of which are beyond Atari's control, including some risks described in the 2011/2012 *Document de Référence* filed by the Group with the Financial Markets Authority (AMF) on July 30, 2012 under number D.12-0770. That annual report is available on Atari's corporate web site (<http://www.atari.com/corporate/financial-results>). This document contains forward-looking statements that cannot be verified until the date it is issued 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 2012/2013 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 30, 2012

Jim Wilson
Chief Executive Officer

To the Shareholders,

In accordance with our appointment by your shareholders' meeting and pursuant to Article L. 451-1-2 III of the Monetary and Financial Code, we have:

- conducted a limited review of the summary half-year consolidated financial statements of Atari for the period of April 1 through September 30, 2012, as appended hereto;
- verified the information contained in the half-year management report.

These summary half-year consolidated financial statements were prepared under the authority of the Board of Directors, in a context (described in Note 1.4 to the financial statements) of high market volatility and uncertain economic outlook that already prevailed at the end of the previous fiscal year on March 31, 2012. Our responsibility is to express an opinion on these financial statements based on our limited review.

1. Opinion on the financial statements

We have conducted our limited review in accordance with professional standards applicable in France. A limited review consists essentially of interviewing management members in charge of financial and accounting matters and applying analytical procedures. Such a review is less extensive than an audit conducted in accordance with professional standards applicable in France. Accordingly, the assurance provided by a limited review that the financial statements taken as a whole are free of material misstatement is moderately high and not as high as would result from an audit.

Based on our limited review, we have not found any material indication causing us to question whether the summary half-year consolidated financial statements are in compliance with IAS 34, the IFRS applicable to interim financial information adopted by the European Union.

Without qualifying the above opinion, we call to your attention:

- the relative uncertainty regarding the going concern assumption referred to in note 1.2 to the financial statements, which describes the main considerations underlying the Group's management reliance on this assumption
- note 1.1 which explains the changes in the accounting method used to recognize "Digital" revenue and cost of sales.

2. Specific procedures

We have also verified the information provided in the half-year management report concerning the summary half-year consolidated financial information, which were the subject of our limited review. We have no observations to make concerning the fairness of this information and its consistency with the summary half-year consolidated financial statements

Villeurbanne, November 29, 2012

The Auditors

Mazars

Christine Dubus

Deloitte & Associés

Dominique Valette