



2007 REFERENCE DOCUMENT



Pursuant to Article 212-13 of the general regulations of the *Autorité des Marchés Financiers* (AMF), this reference document was filed with the AMF on 6 June 2008 under file number D. 08-0470. It may be used in support of a financial operation if accompanied by a “note d’opération” (securities note) approved by the AMF.

Pursuant to Article 28 of European Commission (EC) Regulation 809/2004, the following information is included in this reference document by way of reference:

- The consolidated and individual financial statements for the fiscal year ended 31 December 2005, as well as the related auditors’ reports, appear on pages 46 to 100 of the reference document filed with the AMF on 9 June 2006 under number D. 06-0546.
- The consolidated and individual financial statements for the fiscal year ended 31 December 2006, as well as the related auditors’ reports, appear on pages 46 to 101 of the reference document filed with the AMF on 6 June 2007 under number D. 07-556.

Copies of this document are available at the business address of Gameloft S.A.– 14, rue Auber – 75009 Paris and at the company’s registered office.

Registered office: 81 rue de Réaumur 75002 Paris
French corporation with capital of 3,652,917.85 euros
Tel.: (33) 1 58 16 20 40
Paris Corporate and Trade Register No. 429 338 130 - NAF code 722 A

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1 PERSONS RESPONSIBLE FOR THE DOCUMENT AND FOR THE AUDIT OF THE FINANCIAL STATEMENTS

1.1 Person responsible for the document

Mr. Michel Guillemot

Chief Executive Officer of Gameloft S.A. (hereinafter the “company” or “Gameloft”)

1.2 Certification of the person responsible for the document

“I hereby certify, after taking all reasonable measures in this respect, that the information contained in this reference document is, to my knowledge, true and correct and that there are no omissions that could impair its meaning.

I hereby certify that, to my knowledge, the financial statements have been prepared in accordance with the applicable accounting standards and fairly reflect the assets, financial position and earnings of the company and of all the consolidated companies, and that the information pertaining to the management report appearing on pages 20 to 25 fairly reflects changes in the business, earnings and financial position of the company and of all the consolidated companies and provides a description of the main risks and uncertainties to which they are exposed.

I have obtained from the statutory auditors, Audit AMLD and MB Audit, a letter of audit completion indicating that they have audited the information concerning the financial position and financial statements presented in this reference document and have read the reference document in its entirety.”

The historical financial information presented in this reference document has been the subject of statutory auditors’ reports appearing on pages 87 and 113 of said document. These reports contain a comment regarding the change in the accounting method used for advances on licences, as explained in Notes 4.2.3.1.4 on page 56 and 4.4.2 on page 93. The reports related to the 2005 and 2006 consolidated financial statements and the 2005 and 2006 year-end financial statements do not contain any comments.

Paris, 5 June 2008,

Mr. Michel Guillemot

Chairman of the Board of Directors and Chief Executive Officer

1.3 Names and addresses of Gameloft S.A.’s auditors

1.3.1 Principal auditors

	Date of 1st appointment	Term and expiration date
Audit AMLD 27A Bvd Solférino 35000 Rennes	29 June 2006	Six fiscal years expiring after the Ordinary General Meeting called to approve the financial statements for the fiscal year ended 31 December 2011
MB Audit 23, rue Bernard Palissy 35000 Rennes	29 June 2006	Six fiscal years expiring after the Ordinary General Meeting called to approve the financial statements for the fiscal year ended 31 December 2011

1.3.2 Alternate auditors

	Date of 1 st appointment	Term and expiration date
Mr. Pierre Borie 15, rue Charles Le Goffic 35700 Rennes	1 December 1999	Six fiscal years expiring after the Ordinary General Meeting called to approve the financial statements for the fiscal year ended 31 December 2011
Compagnie Consulaire d'Expertise Comptable Jean Delquie 84, boulevard de Reuilly 75012 Paris	1 December 1999	Six fiscal years expiring after the Ordinary General Meeting called to approve the financial statements for the fiscal year ended 31 December 2011

1.4 Person responsible for financial communications

Mr. Michel Guillemot
Chief Executive Officer
14, Rue Auber
75009 Paris
Phone: (33) 1 58 16 20 40
Fax: (33) 1 58 16 20 41

1.5 Financial communications schedule

Publication of 2008 half-year revenue: 23 July 2008

2 GAMELOFT S.A. AND ITS CAPITAL

2.1 *General information about Gameloft S.A.*

2.1.1 Corporate name (Article 1 of the Articles of Incorporation)

The corporate name of the company is Gameloft.

2.1.2 Registered office (Article 2 of the Articles of Incorporation)

The company's registered office is located at the following address: 81, rue Réaumur, 75002 Paris (France).

2.1.3 Legal form (Article 1 of the Articles of Incorporation)

The company is a corporation under French law administered by a Board of Directors and is subject to the French Commercial Code and the decree of 23 March 1967 and subsequent laws regarding commercial corporations.

2.1.4 Nationality

French.

2.1.5 Date created and duration

The company was founded on 1 December 1999 for a duration of 99 years starting on the date of its registration in the French Corporate and Trade Register, i.e. until 22 February 2099, barring its extension or early dissolution.

2.1.6 Corporate purpose (Article 3 of the Articles of Incorporation)

The company's purpose in France and abroad, whether direct or indirect, is as follows:

- The design, creation, publication and distribution of games and services related to video games and, more generally, of all software, products or services intended for users of digital terminals, including in particular digital television and related activities, and mobile telephones and intelligent mobile electronic devices, such as mobile devices using Wireless Application Protocol or any other communication standards allowing the processing and high and low-speed exchange of text and data;
- The creation of online services and content intended for enthusiasts of video games and new technologies and all related activities;
- The purchase, sale and, in general, the trade in any manner, by lease or otherwise, of all multimedia, audiovisual and computer products, as well as all image and sound reproduction products;
- The company's participation in all operations related to its corporate purpose through the creation of new companies, the subscription or purchase of shares or rights of ownership, merger or other means;

And, more generally, all operations directly or indirectly related to the aforementioned corporate purpose or all similar or related purposes which are likely to contribute to the company's development.

2.1.7 Corporate and Trade Register

Paris Corporate and Trade Register: 429 338 130
APE code: 722 A

2.1.8 Consultation of documents and information about the company

Shareholders may exercise their permanent right to be informed in accordance with the applicable laws and regulations at the company's business address: 14, rue Auber 75009 Paris.

2.1.9 Accounting period (Article 8 of the Articles of Incorporation)

The accounting period begins on 1 January and ends on 31 December of each year.

2.1.10 General Meetings (Article 14 of the Articles of Incorporation)

2.1.10.1 Convening and holding of General Meetings

The General Meetings are convened and proceedings held under the conditions established by law.

2.1.10.2 Access to Meetings - Powers

All shareholders are entitled to participate in Meetings, upon proof of identity, by attending the meeting in person, returning a vote-by-mail ballot or designating a proxy in accordance with the applicable laws and regulations, under the following conditions:

- Holders of registered shares must be listed in the company's records under their own name;
- Holders of bearer shares must file at the place indicated in the meeting notice a certificate issued by an authorised intermediary showing that their shares listed in the records are non-transferable up to the Meeting date.

Said formalities must be completed at least five days prior to the Meeting.

The Board of Directors may reduce the above period through a general measure benefiting all shareholders.

Under the conditions specified above, legal representatives of legally incompetent shareholders and natural persons representing shareholders which are legal persons may participate in the Meetings, whether or not they are personally shareholders.

At General Meetings, voting rights attached to shares in which a beneficial interest is held are exercised by the beneficial owner.

2.1.10.3 Attendance list – Meeting committee - Minutes

An attendance list, duly signed by the shareholders in attendance and proxies, and to which are attached the powers granted to each proxy and, where applicable, the vote-by-mail ballots, is certified correct by the Meeting committee.

Meetings are chaired by the Chairman of the Board of Directors or, in his absence, by a member of the Board of Directors specially designated by the Board of Directors for this purpose. In their absence, the Meeting itself designates the Chairperson.

The function of vote teller is filled by the two shareholders, who are present and so accept, who, both personally and as proxies, hold the largest number of votes.

The meeting committee thus formed designates a secretary, who may be chosen from among non-shareholders.

The minutes are drawn up and copies or excerpts of the proceedings are issued and certified in accordance with the law.

2.1.10.4 Ordinary and Extraordinary General Meetings

Ordinary and Extraordinary General Meetings, voting in accordance with the quorum and majority conditions required by the applicable laws and regulations, exercise the powers granted to them by law.

The same is true for incorporation-type meetings, i.e. those called to decide on the approval of a contribution in kind or the granting of a special benefit.

2.1.11 Rights and obligations attached to shares (Articles 7 and 8 of the Articles of Incorporation)

Each share gives a right to ownership of the corporate assets and liquidating dividend in proportion to the percentage of capital it represents.

Whenever a shareholder is required to own several shares in order to exercise a right of any kind, such as in case of a share-for-share exchange or a consolidation or allotment of shares, or following a share capital increase or reduction regardless of the terms and conditions thereof, a merger or any other operation, the owners of fewer shares than those required may exercise their rights only if they take it upon themselves to pool their shares and, if necessary, to purchase or sell the number of shares or rights forming the odd lot needed.

On 24 February 2000, Gameloft's Extraordinary General Meeting granted double voting rights to fully-paid registered shares (Article 8 of the Articles of Incorporation). This double voting right was granted only to shares that were shown to be registered to the same shareholder for at least two years.

This double voting right is also granted at the time of issue, in case of a share capital increase by capitalisation of reserves, earnings or issue premiums, to registered shares allotted free of charge to a shareholder in exchange for old shares for which this right was enjoyed (Article 8 of the Articles of Incorporation).

In accordance with Article L. 225-124 of the French Commercial Code, double voting rights are automatically revoked if the share is converted to a bearer share. They are also revoked if ownership of the shares is transferred. However, transfers resulting from succession, liquidation of communal property between spouses or gifts *inter vivos* in favour of a spouse or parent who is entitled to inherit do not result in loss of the acquired right and do not interfere with the two-year period.

2.1.12 Holdings outside the statutory thresholds (Article 6 of the Articles of Incorporation)

Any shareholder acting alone or in concert, without prejudice to the laws applicable to exceeding or falling below the thresholds referred to in Article L. 233-7 of the French Commercial Code, who comes to hold directly or indirectly at least 1% of the company's capital or voting rights or a multiple of this percentage up to and including 4% must inform the company within the time period stipulated in Article L. 233-7 of said code by registered letter with return receipt.

The notification referred to in the preceding paragraph for exceeding the threshold by a multiple of 1% of the capital or voting rights also applies if the percentage of capital or voting rights falls below the aforementioned threshold.

Failure to declare the legal or statutory thresholds results in the loss of voting rights under the conditions referred to in Article L. 233-14 of the French Commercial Code, at the request of one or more shareholders who together hold at least 5% of the company's capital or voting rights.

2.1.13 Year-end financial statements – Allocation and distribution of profit - Payment of dividends (Article 16 of the Articles of Incorporation)

Net profit is equal to income during the year minus operating expenses, depreciation and provisions.

The following amounts are subtracted from the annual profits, less prior year losses, if any:

- Sums added to reserves as provided by law or the Articles of Incorporation and, in particular, at least 5% to supply the legal reserve fund. This deduction ceases to be mandatory once said fund equals one-tenth of the share capital, but again becomes mandatory if the legal reserve falls below this level for any reason.
- Sums which the General Meeting, on the recommendation of the Board of Directors, considers appropriate to allocate to all extraordinary or special reserves or to carry forward.

The balance is distributed to the shareholders. However, except in case of a reduction of capital, no distribution may be made to shareholders if, following said distribution, the shareholders' equity is or would be less than the amount of capital plus reserves which may not be distributed under the law or the Articles of Incorporation.

Pursuant to Article L. 232-18 of the French Commercial Code, the meeting may propose an option by which the dividend or interim dividends are paid in whole or in part through the delivery of new shares of the company.

2.1.14 Provision causing a delay in change in control

None.

2.1.15 Clause establishing approval requirement

None.

2.1.16 Provision governing changes in capital when these conditions are stricter than those provided by law

None.

2.1.17 Amendments to the Articles of Incorporation

The Articles of Incorporation are amended upon a decision of the Extraordinary General Meeting.

2.2 General information about the share capital

2.2.1 Capital

2.2.1.1 Share capital

- *Share capital increase*

After exercising share rights attached to stock options and start-up company stock purchase warrants (BSPCE), the Gameloft Group's employees applied for 2,301,773 shares during the fiscal year ended 31 December 2007. This capital increase was noted by the Board of Directors on 16 January 2008. The company's share capital therefore increased by 115,088.65 euros through the issue of 2,301,773 new shares with a par value of 0.05 euros following the exercise of share rights attached to stock purchase warrants and BSPCE issued by the company.

- *Share capital at 31 December 2007*

At 31 December 2007, Gameloft S.A.'s share capital consisted of 73,058,357 shares, each with a par value of 0.05 euros, for a total of 3,652,917.85 euros.

2.2.1.2 Unissued authorised capital

1- In its eighth resolution, the Combined General Meeting of 28 June 2007 authorised the Board of Directors to allow an increase in the company's share capital, on one or more occasions, up to a maximum nominal amount of 5 million euros, through the issue of shares and/or securities of any kind granting entitlement to the company's capital, with pre-emptive rights. The period during which this authorisation is valid was set at 26 months starting on the date of said General Meeting.

This authorisation caused prior authorisations granted by the General Meeting for the same purpose to become null and void, including in particular resolution ten of the Combined General Meeting of 29 June 2006.

2- In its ninth resolution, the Combined General Meeting of 28 June 2007 authorised the Board of Directors to allow an increase in the company's share capital, on one or more occasions, up to a maximum nominal amount of 5 million euros, through the issue of shares and/or securities of any kind granting entitlement to the company's capital, without pre-emptive rights. The period during which this authorisation is valid was set at 26 months starting on the date of said General Meeting.

This authorisation caused prior authorisations granted by the General Meeting for the same purpose to become null and void, including in particular resolution eleven of the Combined General Meeting of 29 June 2006.

3- In its eleventh resolution, the Combined General Meeting of 28 June 2007 authorised the Board of Directors to carry out capital increases reserved for employees of the company and its affiliates pursuant to the provisions of Article L. 225-129-6 of the French Commercial Code and under the conditions set out in Articles L. 444-3 and L. 443-5 of the company's labour code, up to a maximum nominal amount of 300,000 euros. The period during which this authorisation is valid was set at 26 months starting on the date of said General Meeting.

This authorisation caused prior authorisations granted by the General Meeting for the same purpose to become null and void, including in particular resolution thirteen of the Combined General Meeting of 29 June 2006.

4- In its twelfth resolution, the Combined General Meeting of 28 June 2007 approved a resolution to authorise the Board of Directors to create stock option plans in favour of the company's employees. The period during which this authorisation is valid was set at 38 months starting on the date of said General Meeting.

5- In its thirteenth resolution, the Combined General Meeting of 28 June 2007 approved a resolution to authorise the Board of Directors to issue bonus shares of the company to the group's employees and managers. The number of bonus shares that may be issued cannot exceed 5% of the total number of shares comprising the company's capital on the date of the Board of Directors' decision. The period during which this authorisation is valid was set at 38 months starting on the date of said General Meeting.

This authorisation caused prior authorisations granted by the General Meeting for the same purpose to become null and void, including in particular resolution ten of the Combined General Meeting of 27 June 2005.

2.2.1.3 Potential capital

Summary of stock option and BSPCE issues

Type of instrument	Issue date	Strike price	Discount/ premium	Exercise period	Number of shares to which these instruments give a right at the issue date	Potential dilution at the issue date
BSPCE	25/10/02	0.50 euros	0%	25/10/05 to 25/10/07	1,271,000	2.02%
Stock options	25/10/02	0.50 euros	0%	25/10/05 to 25/10/07	774,674	1.23%
BSPCE	21/03/03	1.25 euros	-17%	21/03/06 to 21/03/08	220,000	0.35%
Stock options	21/03/03	1.25 euros	-17%	21/03/06 to 21/03/08	714,000	1.13%
BSPCE	15/09/03	1.75 euros	+7%	15/09/06 to 15/09/08	1,422,500	2.26%
Stock options	15/09/03	1.75 euros	+7%	15/09/06 to 15/09/08	1,544,500	2.46%
BSPCE	03/12/04	2.40 euros	0%	31/03/06 to 03/12/09	1,486,500	2.30%
Stock options	03/12/04	2.40 euros	0%	31/03/06 to 03/12/09	1,585,800	2.46%
Stock options	11/01/06	5.35 euros	-4,61%	11/01/08 to 11/01/12	2,790,300	3.79%
Stock options	11/01/06	5.61 euros	0%	11/01/08 to 11/01/12	612,000	0.86%
Stock options	07/06/06	5.37 euros	-4,86%	07/06/10 to 07/06/12	40,200	0.005%
Stock options	03/01/07	4.10 euros	-4,28%	03/01/09 to 03/01/13	2,811,000	3.97%
Stock options	03/01/07	4.30 euros	0%	03/01/09 to 03/01/13	710,100	1.00%

Stock options and BSPCE not exercised at 31/12/07

	Potential shares	Potential capital (€)
BSPCE not exercised	987,258	49,362,90
Stock options not exercised	7,101,978	355,098,90
Total	8,089,236	404,461,80

At 31 December 2007, the exercise of all the warrants and options, namely 8,089,236 shares, would result in a potential dilution of 11.07%.

Stock option plans approved from 2002 to 2007

Stock option plans approved in 2003

Board of Directors	21/03/03	15/09/03
Number of shares eligible for subscription:	714,000	1,544,500
Number of people concerned:	39	96
including managers	0	0
Start of exercise	21/03/2006	15/09/2006
End of exercise	21/03/2008	15/09/2008
Subscription price	1.25 euros	1.75 euros
Options cancelled at 31/12/07	161,000	349,500
Options exercised at 31/12/07	509,872	1,004,500

Options not yet exercised at 31/12/07	43,128	190,500
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Stock option plan approved in 2004

Board of Directors	03/12/04		
Number of shares eligible for subscription:	1,585,800		
Number of people concerned:	91		
including managers	0		
Start of exercise	31/03/2006	31/03/2007	31/03/2008
End of exercise	03/12/2009	03/12/2009	03/12/2009
Subscription price	2.40 euros		
Options cancelled at 31/12/07	81,000	148,600	204,300
Options exercised at 31/12/07	352,550	221,700	-
Options not yet exercised at 31/12/07	95,050	158,300	324,300

Stock option plans approved in 2006

Board of Directors	11/01/2006			11/01/2006				07/06/2006	
Number of shares eligible for subscription:	612,000			2,790,300				40,200	
People concerned:	33			101				2	
including managers	0			5				0	
Start of exercise	11/01/08	11/01/09	11/01/10	11/01/08	11/01/09	11/01/10	11/01/11	07/06/10	07/06/11
End of exercise	11/01/12	11/01/12	11/01/12	11/01/12	11/01/12	11/01/12	11/01/12	07/06/12	07/06/12
Subscription price (€)	5.61	5.61	5.61	5.35	5.35	5.35	5.35	5.37	5.37
Options cancelled at 31/12/07	83,000	83,000	83,000	52,400	52,400	95,000	42,600	-	-
Options exercised at 31/12/07	-	-	-	-	-	-	-	-	-
Options not yet exercised at 31/12/07	121,000	121,000	121,000	268,500	268,500	1,139,700	871,200	20,100	20,100

Stock option plans approved in 2007

Board of Directors	03/01/2007			03/01/2007		
Number of shares eligible for subscription:	710,100			2,811,000		
Number of people concerned:	39			123		
including managers	1			4		
Start of exercise	03/01/09	03/01/10	03/01/11	03/01/09	03/01/10	03/01/11
End of exercise	03/01/13	03/01/13	03/01/13	03/01/13	03/01/13	03/01/13
Subscription price (€)	4.30	4.30	4.30	4.10	4.10	4.10
Options cancelled at 31/12/07	35,100	35,100	35,100	25,400	25,400	25,400
Options exercised at 31/12/07	-	-	-	-	-	-
Options not yet exercised at 31/12/07	201,600	201,600	201,600	349,900	349,900	2,035,000

Issue of start-up company stock purchase warrants (BSPCE) approved from 2003 to 2004

BSPCE plans approved in 2003 and 2004

Board of Directors	21/03/03	15/09/03	03/12/04		
Number of BSPCE granted:	220,000	1,422,500	1,486,500		
Number of people concerned:	9	36	32		
including managers	0	0	0		
Start of exercise	21/03/2006	15/09/2006	31/03/2006	31/03/2007	31/03/2008
End of exercise	21/03/2008	15/09/2008	03/12/2009	03/12/2009	03/12/2009
Subscription price	1.25 euros	1.75 euros	2.40 euros		
BSPCE cancelled at 31/12/07	60,000	52,000	-	19,900	41,500
BSPCE exercised at 31/12/07	160,000	1,087,642	404,800	315,900	-
Warrants not yet exercised at 31/12/07	-	282,858	90,700	159,700	454,000

Stock options granted after the close of the year

The Combined General Meeting of 28 June 2007 authorised the Board of Directors to grant stock options to the group's employees and managers, on the condition that the number of shares resulting from the stock options not exceed 5% of the total shares comprising the share capital at the time of use of the authorisation by the Board of Directors.

In exercise of the authorisation granted by the Combined General Meeting of 28 June 2007, the company's Board of Directors decided at its meeting of 11 April 2008 to grant stock options to the group's employees and managers involving 3,521,100 shares.

Board of Directors	11/04/08			11/04/08		
Number of shares eligible for subscription:	3,110,250			534,300		
Number of people concerned:	199			48		
including managers	4			0		
Start of exercise	11/04/2010	11/04/2011	11/04/2012	11/05/2010	11/04/2011	11/04/2012
End of exercise	11/04/2014	11/04/2014	11/04/2014	11/04/2014	11/04/2014	11/04/2014
Subscription price	2.80 euros			2.95 euros		
Options cancelled at 31/05/08	-	-	-	-	-	-
Options exercised at 31/05/08	-	-	-	-	-	-
Options not yet exercised at 31/05/08	548,550	548,550	2,013,150	178,100	178,100	178,100

After exercising share rights attached to stock options and BSPCE, the Gameloft Group's employees have applied for 70,318 additional shares since the balance sheet date of the fiscal year ended 31 December 2007. In addition, 111,300 options were cancelled between 1 January 2008 and 31 May 2008 as a result of employee terminations. The following table shows the status at 31 May 2008 of the stock option and BSPCE plans based on the options and warrants exercised and cancelled and the stock option plan of 11 April 2008.

Summary of stock option and BSPCE plans at 31/05/08

	Potential shares	Potential capital (€)
Warrants not yet exercised	920,658	€31,032,90
Stock options not yet exercised	10,631,510	€531,575,50
Total	11,552,168	€562,608,40

The exercise of all the warrants and options, namely 11,552,168 shares, would result in a potential dilution of 13.65%.

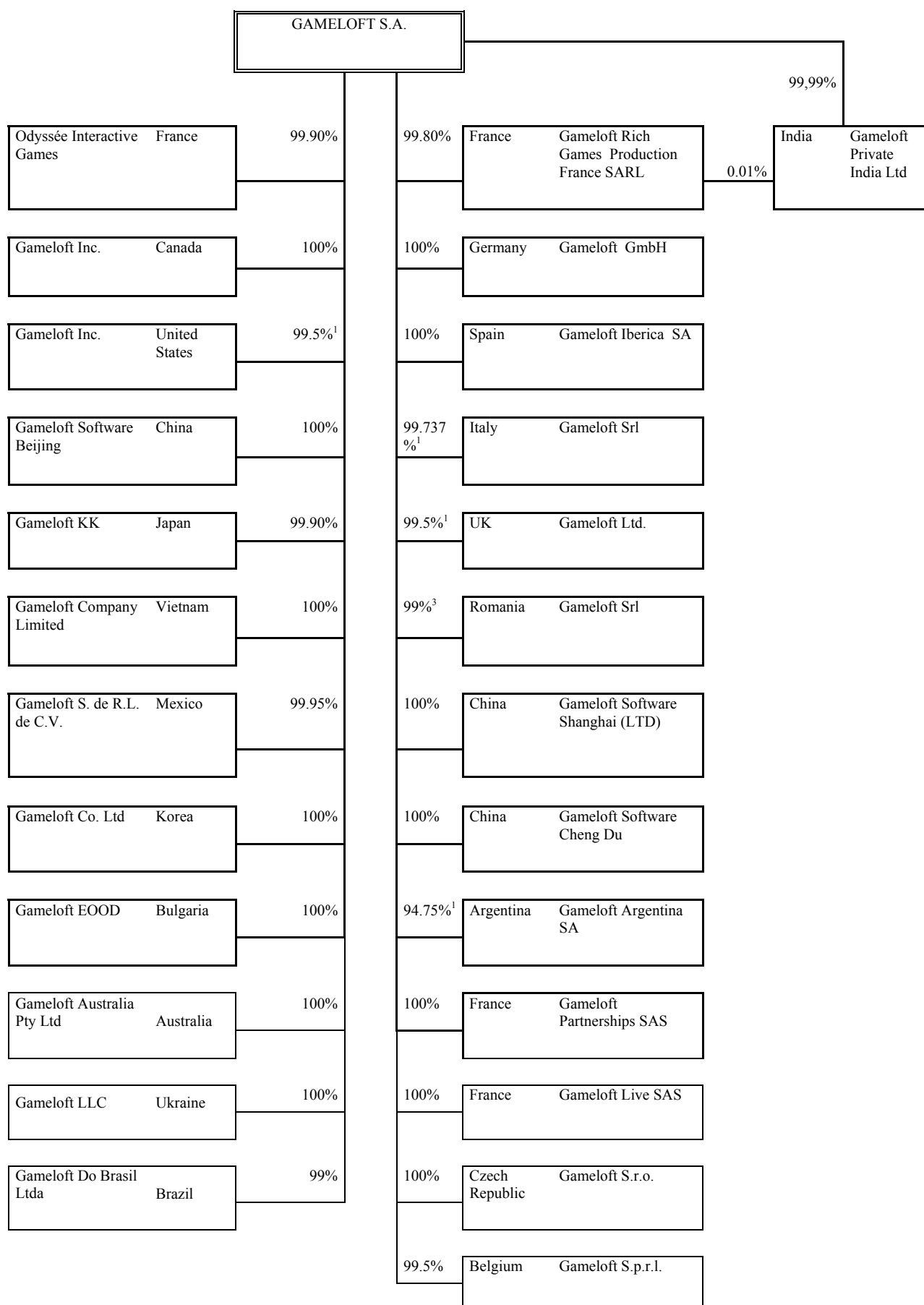
Information on the employee stock ownership plan

Stock options granted to the top 10 non-management employee recipients and options exercised by them	Number	Weighted average price	Plan no. and expiration date
Options granted during the fiscal year by the issuer and any company authorised to grant the issuer's options to those holding the highest number of options thus granted (general information)	856,000	€4.10	Plan no. 7 - 03/01/2013
Options held for the issuer and the aforementioned companies, exercised during the fiscal year by the 10 employees holding the highest number of shares thus applied for (general information)	930,000	€1.89	Plan 2 - 24/10/2007 Plan 4 - 15/09/08 Plan 5 - 03/12/09

2.2.1.4 *Change in share capital over the last three fiscal years*

Date	Type of operation	No. of shares	Total no. of shares	Share par value	Issue premium			
						By cash contribution	By contribution in kind	Total capital
28/06/05	Share capital increase reserved for specific people	2,623,296	67,190,119	€0.05	€10,230,854.40	€10,362,019.20		3,359,505.95
31/12/05	Share capital increase noted after exercise of stock options and BSPCE in 2005	1,660,197	68,850,316	€0.05	€747,088.65	€830,098.50		3,442,515.80
31/12/06	Share capital increase noted after exercise of stock options and BSPCE in 2006	1,906,268	70,756,584	€0.05	€3,203,145.40	€3,298,458.80		3,537,829.20
31/12/07	Share capital increase noted after exercise of stock options and BSPCE in 2007	2,301,773	73,058,357	€0.05	€4,268,459.55	€4,268,459.55		3,652,917.85

2.2.2 Structure of the Gameloft Group at 31 December 2007



2.2.3 Distribution of capital and voting rights

At 31 December 2005		Capital and voting rights		
	Number of shares	% of capital	Voting rights	% voting rights
Guillemot family	15,473,581	22.474%	24,976,357	31.857%
<i>Guillemot Brothers S.A.</i>	6,053,855	8.793%	9,484,130	12.097%
<i>Claude Guillemot</i>	2,208,706	3.208%	3,371,767	4.301%
<i>Michel Guillemot</i>	1,749,050	2.540%	2,909,455	3.711%
<i>Yves Guillemot</i>	1,626,049	2.362%	2,786,453	3.554%
<i>Gérard Guillemot</i>	2,223,188	3.229%	3,384,731	4.317%
<i>Christian Guillemot</i>	1,347,703	1.957%	2,509,761	3.201%
<i>Yvette Guillemot</i>	170,030	0.247%	340,060	0.434%
<i>Marcel Guillemot</i>	95,000	0.138%	190,000	0.242%
Ubi Soft Entertainment S.A.	13,367,923	19.416%	13,367,923	17.050%
Guillemot Corporation S.A.	68,023	0.099%	68,023	0.087%
IN CONCERT	28,909,527	41.989%	38,412,303	48.994%
Treasury shares	-	0.000%	-	-
Cominvest Asset Management	4,069,000	5.910%	3,229,000	4.118%
			840,000	1.071%
Dexia Asset Management	2,945,000	4.277%	2,945,000	3.756%
Public	32,926,789	47.824%	32,976,210	42.060%
Total	68,850,316	100%	78,402,513	100%

At 31 December 2006		Capital and voting rights		
	Number of shares	% of capital	Voting rights	% voting rights
Guillemot family	14,937,947	21.000%	23,837,248	27.437%
<i>Guillemot Brothers S.A.</i>	6,448,221	9.113%	9,878,496	12.394%
<i>Claude Guillemot</i>	2,102,706	2.972%	3,192,872	4.006%
<i>Michel Guillemot</i>	1,643,050	2.322%	2,730,560	3.426%
<i>Yves Guillemot</i>	1,120,049	1.583%	1,968,558	2.470%
<i>Gérard Guillemot</i>	2,117,188	2.992%	3,205,836	4.022%
<i>Christian Guillemot</i>	1,241,703	1.755%	2,330,866	2.924%
<i>Yvette Guillemot</i>	170,030	0.240%	340,060	0.427%
<i>Marcel Guillemot</i>	95,000	0.134%	190,000	0.238%
Ubi Soft Entertainment S.A.	13,367,923	18.893%	13,367,923	16.772%
Guillemot Corporation S.A.	68,023	0.096%	68,023	0.085%
IN CONCERT	28,373,893	40.101%	37,273,194	46.764%
Treasury shares	-	0.000%	-	-
Cominvest Asset Management	5,101,591	7.210%	5,101,591	6.401%
Dexia Asset Management	4,400,167	5.524%	4,400,167	5.521%
DWS Investment (Deutsche Bank)	3,908,300	5.524%	3,908,300	4.903%
SG Asset Management	688,723	0.973%	688,723	0.864%
Public	28,283,910	47.824%	32,976,210	42.060%
Total	70,756,584	100%	78,402,513	100%

At 31 December 2007

Capital and voting rights

	Number of shares	% of capital	Voting rights	% voting rights
Guillemot family	13,321,947	18.235%	21,921,248	26.773%
<i>Guillemot Brothers S.A.</i>	6,108,221	8.361%	9,538,496	11.650%
<i>Claude Guillemot</i>	2,142,706	2.933%	3,232,872	3.948%
<i>Michel Guillemot</i>	1,683,050	2.304%	2,770,560	3.384%
<i>Yves Guillemot</i>	1,080,049	1.478%	1,928,558	2.355%
<i>Gérard Guillemot</i>	801,188	1.097%	1,589,836	1.942%
<i>Christian Guillemot</i>	1,231,703	1.686%	2,320,866	2.835%
<i>Yvette Guillemot</i>	170,030	0.233%	340,060	0.415%
<i>Marcel Guillemot</i>	95,000	0.130%	190,000	0.232%
<i>Tiphaine Guillemot</i>	10,000	0.014%	10,000	0.012%
Guillemot Corporation S.A.	68,023	0.093%	68,023	0.083%
<i>IN CONCERT</i>	13,389,970	18.328%	21,989,271	26.856%
Treasury shares	-	0.000%	-	-
Calyon	9,200,000	12.593%	9,200,000	11.236%
Fidelity	8,198,324	11.222%	8,198,324	10.013%
Cominvest Asset Management	5,101,591	6.983%	5,101,591	6.231%
Dexia Asset Management	4,400,167	6.023%	4,400,167	5.374%
Public	32,768,305	44.852%	32,986,581	40.289%
Total	73,058,357	100%	81,876,934	100%

At 30 April 2008

Capital and voting rights

	Number of shares	% of capital	Voting rights	% voting rights
Guillemot family	13,471,947	18.428%	22,071,248	26.938%
<i>Guillemot Brothers S.A.</i>	6,108,221	8.355%	9,538,496	11.642%
<i>Claude Guillemot</i>	2,142,706	2.931%	3,232,872	3.940%
<i>Michel Guillemot</i>	1,683,050	2.302%	2,770,560	3.381%
<i>Yves Guillemot</i>	1,080,049	1.477%	1,928,558	2.354%
<i>Gérard Guillemot</i>	801,188	1.096%	1,589,836	1.940%
<i>Christian Guillemot</i>	1,231,703	1.685%	2,320,866	2.833%
<i>Yvette Guillemot</i>	170,030	0.233%	340,060	0.415%
<i>Marcel Guillemot</i>	95,000	0.130%	190,000	0.232%
<i>Tiphaine Guillemot</i>	160,000	0.219%	160,000	0.195%
Guillemot Corporation S.A.	68,023	0.093%	68,023	0.083%
<i>IN CONCERT</i>	13,539,970	18.521%	22,139,271	27.021%
Treasury shares	-	0.000%	-	-
Calyon	9,200,000	12.584%	9,200,000	11.229%
Fidelity (FMR)	7,493,560	10.250%	7,493,560	9.146%
T. Rowe Price	7,352,805	10.058%	4,548,300	5.551%
Cominvest Asset Management	5,101,591	6.978%	5,101,591	6.226%
Amiral Gestion	4,239,505	5.799%	4,239,505	5.174%
Public	26,179,644	35.810%	29,211,725	35.653%
Total	73,107,075	100%	81,933,952	100%

The administrative bodies, represented by the directors Christian, Claude, Gérard, Michel, Yves and Marcel Guillemot, own, directly and indirectly, 18.52% of the capital and 27.02% of the voting rights. Guillemot Corporation holds 0.093% of the capital. Guillemot Brothers, Guillemot Corporation SA and the members of the Guillemot family control Gameloft jointly.

2.2.4 Summary of the operations referred to in Article L. 621-18-2 of the French Monetary and Financial Code

Reported by:		Mr. Christian Guillemot		
Title:		Director and Executive Vice President		
Description of the financial instrument:		Shares		
Place of operation:		Paris		
Type of operation	Date of operation	Number of shares	Price	Amount of operation
Sale	04/09/2007	16,000	€6.09	€97,440.00
Sale	05/09/2007	3,000	€6.07	€18,210.00
Sale	06/09/2007	5,000	€6.02	€30,100.00
Sale	07/09/2007	26,000	€6.02	€156,520.00

Reported by:		Mr. Yves Guillemot		
Title:		Director and Executive Vice President		
Description of the financial instrument:		Shares		
Place of operation:		Paris		
Type of operation	Date of operation	Number of shares	Price	Amount of operation
Sale	5/11/2007	346	€7.08	€2,449.68
Sale	6/11/2007	59,854	€6.80	€407,007.20
Sale	9/11/2007	1,419	€6.80	€9,649.20
Sale	13/11/2007	12,559	€6.52	€81,884.68
Sale	14/11/2007	5,822	€6.61	€38,483.42

Reported by:		Mr. Gérard Guillemot		
Title:		Director and Executive Vice President		
Description of the financial instrument:		Shares		
Place of operation:		Paris		
Type of operation	Date of operation	Number of shares	Price	Amount of operation
Sale	12/01/2007	53,390	€4.93	€262,813.37
Sale	15/01/2007	37,616	€4.99	€187,703.84
Sale	31/01/2007	97,000	€4.97	€482,090.00
Sale	01/02/2007	25,787	€5.20	€134,092.40
Sale	19/02/2007	15,481	€5.17	€80,036.77
Sale	20/02/2007	2,150	€5.16	€11,094.00
Sale	21/02/2007	11,203	€5.15	€57,695.45
Sale	22/02/2007	95,977	€5.06	€485,643.62
Sale	23/02/2007	41,791	€5.09	€212,716.19
Sale	26/02/2007	131,341	€5.06	€664,585.46
Sale	27/02/2007	111,112	€5.04	€560,004.48
Sale	01/03/2007	20,000	€5.02	€100,400.00
Sale	02/03/2007	52,709	€4.83	€254,584.47
Sale	06/03/2007	97,606	€4.80	€468,509.80
Sale	16/03/2007	80,000	€5.06	€404,800.00
Sale	19/03/2007	142,953	€5.05	€721,912.65
Sale	20/03/2007	2,400	€5.15	€12,360.00
Sale	22/03/2007	77,400	€5.16	€399,384.00
Sale	05/04/2007	45,052	€4.97	€223,908.44
Sale	10/04/2007	41,000	€4.99	€204,590.00
Sale	11/04/2007	21,000	€4.97	€104,370.00
Sale	12/04/2007	30,000	€4.97	€149,100.00
Sale	13/04/2007	52,345	€4.99	€261,201.55
Sale	16/04/2007	38,000	€4.98	€189,240.00
Sale	17/04/2007	32,768	€4.98	€163,184.64

Reported by:		Ubisoft Entertainment Société Anonyme		
Person related to:		Mr. Yves Guillemot Title: Director and Executive Vice President		

Description of the financial instrument:		Shares		
Place of operation:		Paris		
Type of operation	Date of operation	Number of shares	Price	Amount of operation
Sale	12/07/2007	13,367,923	€6.08	€81,276,971.84

Reported by:		Guillemot Brothers Société Anonyme		
Person related to:		Mr. Christian Guillemot Title: Director and Chief Executive Officer		
Description of the financial instrument:		Shares		
Place of operation:		Paris		
Type of operation	Date of operation	Number of shares	Price	Amount of operation
Sale	30/01/2007	400	5.20	2,080.00
Sale	01/02/2007	43600	5.20	226,720.00
Sale	02/02/2007	6,300	5.20	32,760.00
Sale	05/02/2007	49,700	5.20	258,440.00
Sale	22/03/2007	77400	5.20	10,400.00
Sale	23/04/2007	15,000	5.22	78,300.00
Sale	24/04/2007	15,000	5.21	78,150.00
Sale	30/05/2007	10,000	5.82	58,200.00
Sale	31/05/2007	58,000	5.92	343,360.00
Sale	17/09/2007	14,094	5.73	80,758.62
Sale	18/09/2007	45,000	5.70	256,500.00
Sale	19/09/2007	19,606	5.74	112,538.44
Sale	20/09/2007	7,000	5.72	40,040.00
Sale	21/09/2007	4,000	5.70	22,800.00
Sale	14/11/2007	31,576	6.72	212,190.72
Sale	15/11/2007	8,354	6.73	56,222.42
Sale	31/12/2007	10,070	6.10	61,427.00

2.2.5 Buyback by the company of its own shares

2.2.5.1 Legal framework

In its fifth resolution, the Ordinary General Meeting of 28 June 2007 authorised the Board of Directors to create a share buyback programme (the “Buyback Programme”) in accordance with the provisions of Article L 225-209 of the French Commercial Code.

2.2.5.2 Characteristics of the Buyback Programme

The Buyback Programme was approved for a period of 18 months starting on the date of the meeting, i.e. until 28 December 2008. Under this authorisation, the maximum price was set at €10 and the number of shares to be purchased in connection with the share Buyback Programme was set at a maximum of 10% of the capital as of the meeting date. The objectives of the Buyback Programme, pursuant to the regulations in force and market practices authorised by the AMF, were defined as follows:

- cancellation of shares through a reduction of capital within the limits established by law;
- allotment of shares to the group’s employees and managers, such as to allow employees to benefit from the company’s growth or for the purpose of stock options, group savings plans or bonus issues, under the terms and conditions provided by law;
- delivery of shares at the time of exercise of rights attached to securities granting entitlement, by conversion, exercise, redemption, exchange or otherwise, to the issue of the company’s shares, in accordance with stock exchange regulations;
- retention of shares in exchange or as payment for possible future external growth operations initiated by the company, through a tender offer or otherwise;
- the completion of operations and sales through a liquidity contract made with an investment services provider that complies with an ethics charter recognised by the AMF; and
- the implementation of any market practice allowed by the AMF.

2.2.5.3 Status of the Buyback Programme

There were no purchases or sales of our own shares during the fiscal year.

Operations carried out in accordance with Article L 225-209 of the French Commercial Code during fiscal year 2007:

<i>From 01/01/07 to 31/12/07</i>	Total gross flows	
	Purchase/Resales	Sale/Transfers
Number of shares	-	-
Average share price of the transaction	€ -	€ -
Average strike price	-	-
Amount	€ -	€ -

2.2.6 Change in share price since January 2005

Month	Maximum price (in euros)	Minimum price (in euros)	Average price (in euros)	Trading volume
January 2005	3.28	2.80	2.99	3,939,845
February 2005	3.33	3.00	3.14	3,631,429
March 2005	3.30	3.06	3.16	3,173,801
April 2005	3.45	3.13	3.27	1,916,459
May 2005	3.69	3.30	3.43	2,529,419
June 2005	4.37	3.63	3.95	6,273,050
July 2005	4.71	4.35	4.49	5,026,254
August 2005	5.63	4.87	5.35	4,883,138
September 2005	6.03	4.80	5.45	5,900,940
October 2005	6.67	5.17	5.98	7,050,297
November 2005	5.88	5.43	5.61	3,049,662
December 2005	6.00	5.37	5.77	3,644,802
January 2006	6.25	5.25	5.76	6,465,875
February 2006	6.17	5.76	5.91	3,491,625
March 2006	6.32	5.71	6.12	4,542,751
April 2006	5.99	5.63	5.77	3,675,523
May 2006	6.00	5.34	5.64	5,524,010
June 2006	5.85	5.00	5.50	1,923,253
July 2006	5.80	3.39	4.82	6,748,607
August 2006	4.66	3.98	4.28	3,096,354
September 2006	4.52	3.82	4.16	2,653,158
October 2006	4.60	4.02	4.33	4,043,799
November 2006	4.47	4.05	4.23	3,439,302
December 2006	4.53	4.04	4.26	4,001,477
January 2007	5.34	4.45	4.88	5,268,025
February 2007	5.28	4.65	5.14	5,136,589
March 2007	5.25	4.65	5.01	6,998,819
April 2007	5.57	4.93	5.12	4,228,299
May 2007	6.05	5.60	5.84	7,964,323
June 2007	6.23	5.69	5.98	4,291,447
July 2007	6.54	5.25	6.13	4,748,411
August 2007	7.08	5.70	6.42	10,553,942
September 2007	6.45	5.49	5.83	3,884,098
October 2007	7.32	5.80	6.50	4,956,481
November 2007	7.22	5.80	6.42	4,051,262
December 2007	6.57	5.72	6.12	2,139,537

Source: Euronext

2.2.7 Dividends

The company has not distributed any dividends since its creation and does not intend to distribute dividends in the near future.

2.2.8 Shareholders' agreement

To date, there is no shareholders' agreement.

2.2.9 Pledged shares and assets

None.

2.2.10 Agenda and draft resolutions presented to the General Meeting of 25 June 2008

Agenda

Matters dealt with by the Ordinary General Meeting

- Board of Directors' management report on the position of the company and the group it controls during the fiscal year ended 31 December 2007;
- General auditors' report on the year-end financial statements;
- Chairman of the Board of Directors' report on the preparation and organisation of the Board of Directors' work and Internal Control, prepared in accordance with Article L. 225-37 of the French Commercial Code;
- Auditors' report on the Chairman of the Board of Directors' report, as provided by Article L. 225-37 of the French Commercial Code;
- Special Board of Directors' report on the stock option plans, as provided by Article L. 225-184 of the French Commercial Code;
- Approval of the year-end individual financial statements and discharge of the Directors;
- Allocation of fiscal year profit;
- Auditors' report on the company's consolidated financial statements for the fiscal year ended 31 December 2007;
- Approval of the company's consolidated financial statements for the fiscal year ended 31 December 2007;
- Special auditors' report on the agreements referred to in Article L. 225-38 of the French Commercial Code;
- Authorisation granted to the Board of Directors to allow the company to trade in its own shares;
- Powers.

Matters dealt with by the Extraordinary General Meeting

- Board of Directors' report;
- Special auditors' reports;
- Authorisation granted to the Board of Directors to reduce the company's share capital through the cancellation of treasury shares;
- Authorisation to be granted to the Board of Directors to approve an increase in the company's share capital through the issue of shares and/or securities of any kind granting entitlement to the company's capital, with pre-emptive rights;
- Authorisation to be granted to the Board of Directors to approve an increase in the company's share capital through the issue of shares and/or securities of any kind granting entitlement to the company's capital, without pre-emptive rights;
- Authorisation to be granted to the Board of Directors to increase the number of shares to be issued in case of a share capital increase, with or without pre-emptive rights;
- Authorisation to be granted to the Board of Directors to issue stock options;
- Authorisation to be granted to the Board of Directors to issue free of charge existing or new shares of the company to paid employees and company managers;
- Authorisation to be granted to the Board of Directors to approve a share capital increase through the issue of shares reserved for those enrolled in a company savings plan;
- Determination of the total maximum amount of capital increases;
- Powers for legal formalities.

Draft resolutions

I. Matters dealt with by the Ordinary General Meeting

Resolution One (*Approval of the individual financial statements and discharge of the Directors*) - The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings and having read the Board of Directors' management report on the fiscal year ended 31 December 2007 and the general

auditors' report on the financial statements for said fiscal year, approves the financial statements for this fiscal year, as presented, which show a net book loss of 2,538,406.11 euros.

The General Meeting notes that the financial statements for the fiscal year just ended do not take into account non tax-deductible expenses, as provided by Article 39-4 of the French General Tax Code.

The General Meeting therefore grants the Directors full discharge of their duties for the fiscal year just ended.

Resolution Two (*Allocation of profit*) - The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings and having read the Board of Directors' management report on the company's position and activity during the fiscal year ended 31 December 2007 and the general auditors' report for said fiscal year, resolves to charge the loss totalling 2,538,406.11 euros at 31 December 2007 to losses carried forward.

The General Meeting also notes that no dividends were distributed during the last three fiscal years.

Resolution Three (*Approval of the consolidated financial statements*) - The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings and having read the Board of Directors' management report on the fiscal year ended 31 December 2007 and the auditors' report on the consolidated financial statements for said fiscal year, approves the consolidated financial statements drawn up in accordance with Articles L. 233-16 et seq. of the French Commercial Code, as presented, which show a loss of 4,080,115 euros.

Resolution Four (*Special auditors' report on the agreements and commitments provided by Article L. 225-38 et seq. of the French Commercial Code*) - The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings, acknowledges the special report drawn up by the auditors on the agreements and commitments provided by Articles L. 225-38 et seq. of the French Commercial Code noting the absence of agreements similar to those referred to in said article.

Resolution Five (*Authorisation allowing Gameloft SA to buy back its own shares*) - The General Meeting, voting in accordance with the quorum and majority conditions required for ordinary general meetings and having read the Board of Directors' report, and in accordance with Articles L. 225-209 et seq. of the French Commercial Code, authorises the Board of Directors and grants it delegation authority to trade in the company's shares on the stock exchange for all purposes authorised or which may be authorised by the laws and regulations in force, including in particular to:

- cancel them through a reduction of capital within the limits established by law, subject to adoption of resolution seven below;
- implement any company stock option plan or any bonus issue plan, under the terms and conditions provided by law;
- retain and deliver them in exchange or as payment for future external growth operations initiated by the company, mergers, split-ups or contributions, in accordance with recognised market practices and applicable regulations;
- ensure the liquidity of Gameloft's stock and stimulate the market on which it is traded through a liquidity contract made with an investment services provider that complies with an ethics charter recognised by the AMF.

The maximum number of shares which the company may purchase is set at 10% of the total number of shares comprising the company's capital, with the stipulation that the number of shares purchased by the company in order to retain and subsequently deliver them as payment or exchange in connection with a merger, split-up or contribution may not exceed 5% of its capital. In theory, the maximum number of shares that may be purchased based on the number of shares that currently exist is 730,535.

The maximum purchase price per share is set at 10 euros. The total amount which the company can spend to buy back its own shares may not exceed 73,058,357 euros.

However, in the event of transactions on the company's capital, including in particular a capital increase through the capitalisation of reserves, bonus issue of shares, stock split or consolidation of shares, the above prices will be adjusted by a multiplier equal to the ratio of the number of shares comprising the capital before the operation to the number of shares after the operation.

The shares may be purchased, sold, exchanged or transferred either on the market, by private agreement or otherwise, by any means and, in particular, through transfers of blocks of shares, options transactions or by using any derivative

instrument, and at the times chosen by the Board of Directors, including in the event of a tender offer, in accordance with the regulations in force and within the limits specified therein.

This authorisation is granted for a period of 18 months starting on the date of this meeting. It replaces the authorisation granted by the General Meeting of 28 June 2007 for the unused portion.

To ensure that this authorisation is carried out, all powers are vested in the Board of Directors, with subdelegation authority, to decide how to implement this authorisation, to specify the terms and conditions of such implementation, if necessary, to carry out the buyback programme and, in particular, to place all stock orders, sign all agreements for the purpose of maintaining records of share purchases and sales, make all declarations to and complete all formalities with the AMF and any other entities and, in general, take whatever action is necessary.

Resolution Six (*Powers for formalities*) - The General Meeting grants the bearer of a copy or excerpt of the minutes of this Meeting full powers to file all documents and complete all formalities required by law wherever necessary.

II. Matters dealt with by the Extraordinary General Meeting

Resolution Seven (*Authorisation to be granted to the Board of Directors to reduce the company's share capital through the cancellation of shares*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report and the special auditors' report, authorises the Board of Directors, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, to cancel, at its own discretion, on one or more occasions, within the limit of 10% of the total number of shares comprising the company's capital as of the date of the operation, per 24-month period, any or all of the shares acquired under the authorisation approved by this General Meeting in its fifth resolution and to reduce the share capital accordingly, and to charge the difference between the purchase price of the cancelled shares and their par value to additional paid-in capital and distributable reserves and, up to 10% of the cancelled capital, to the legal reserve.

This authorisation is granted for a period of 24 months starting on the date of this Meeting. It replaces the authorisation granted by the General Meeting of 28 June 2007 in its seventh resolution.

To ensure that this authorisation is carried out, all powers are vested in the Board of Directors, with subdelegation authority, to implement this authorisation and, in particular, to carry out the cancellation(s) and reduction(s) of capital, decide on the number of shares to cancel, note the completion of the capital reduction and amend the Articles of Incorporation accordingly, complete all necessary formalities and procedures with and make all declarations to all entities and, in general, take whatever action is necessary.

Resolution Eight (*Authorisation to be granted to the Board of Directors to approve an increase in the company's share capital through the issue of shares and/or securities of any kind granting entitlement to the company's capital, with pre-emptive rights*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report and the special auditors' report, and in accordance with the provisions of Articles L. 225-129, L. 225-129-2 and L. 228-92 of the French Commercial Code:

1 – Authorises the Board of Directors to approve and carry out a share capital increase, on one or more occasions, in France and abroad, in the proportion and at the times it deems appropriate, through the issue, with shareholders' pre-emptive rights, of ordinary shares of the company and securities of any kind granting entitlement to the company's capital, with the stipulation that the shares and other securities may be subscribed for either in cash or by offsetting of claims, or in whole or in part by capitalisation of reserves, earnings or issue premiums.

2 – Sets the term during which the authorisation granted under this resolution is valid at 26 months starting on the date of this General Meeting.

3 – Resolves that the maximum nominal amount of share capital increases that may be carried out immediately and/or in the future under the above authorisation is set at five million euros, to which will be added, where applicable, the par value of the additional ordinary shares to be issued in order to protect, in accordance with applicable laws and regulations, the interests of holders of securities granting entitlement to the capital, with the stipulation that this amount will be included in the total maximum amount of any capital increase set in resolution fourteen of this General Meeting.

4 – Resolves, moreover, that the maximum nominal amount of debt securities granting entitlement to the capital which may be issued under the above authorisation may not exceed 30 million euros, or the equivalent of this amount if they are issued in a foreign currency or a currency unit based on several currencies, with the stipulation that this amount applies to all debt securities which the Board of Directors is authorised by this General Meeting to issue.

5 – Resolves that shareholders may, under the conditions provided by law, exercise their pre-emptive right on a non-reducible basis. Moreover, the Board of Directors will be authorised to grant shareholders the right to subscribe, on a

reducible basis, for a number of securities that exceeds that for which they could subscribe on a non-reducible basis, in proportion to the share rights they have and within the limit of their request.

If the subscriptions on a non-reducible and, where applicable, a reducible basis, do not take up the entire capital increase, the Board of Directors may, under the conditions provided by law and in the order that it deems appropriate, use one or more of the following powers:

- limit the capital increase to the amount of the subscriptions received, on the condition that this amount is at least three-fourths of the approved increase;
- freely distribute all or part of the shares or, in the case of securities granting entitlement to the capital, said securities for which the issue was approved but which were not subscribed for;
- offer to the public, through a public offering, all or part of the shares or, in the case of securities granting entitlement to the capital, said unsubscribed securities, on the French market and/or abroad and/or on the international market.

6 – Notes that, where applicable, the above authorisation automatically implies, for the benefit of holders of securities granting entitlement to the company's capital, a waiver by shareholders of their pre-emptive right to the shares to which these securities give a right.

7 – Resolves that the Board of Directors will have full powers, with subdelegation authority under the conditions provided by law, to implement this authorisation for purposes that include to determine the dates and terms and conditions of the issues as well as the form and characteristics of the securities being created, to determine the prices and conditions of the issues, to set the amounts to be issued, to set the subscription date and the dated date, which may be retroactive, of the shares to be issued, to determine the method of payment of the shares or other securities issued, the listing of the shares created, the financial servicing of new shares and the exercise of the rights attached thereto, to charge, where applicable, the capital increase expenses to the amount of the premiums related thereto and to deduct from this amount the sums needed to supply the legal reserve, to make all adjustments aimed at taking into account the impact of operations, such as a change in the share's par value, capital increase through capitalisation of reserves, bonus issues of shares, stock splits or consolidation of shares, distribution of reserves or any other assets, amortisation of the capital, or any other operation related to shareholders' equity, and, where applicable, to establish the terms and conditions under which the rights of holders of securities granting entitlement to the capital will be protected, to note the completion of each capital increase and amend the Articles of Incorporation accordingly and, in general, to enter into all agreements, particularly to ensure the successful completion of the proposed issues, and to take all measures and complete all formalities required for the issue under said authorisation.

8 – Resolves that this authorisation nullifies any previous authorisation having the same purpose.

9 – Resolves, moreover, that, in the event of an issue of debt securities granting entitlement to the capital, the Board of Directors will have full powers, with subdelegation authority under the conditions provided by law, to decide whether or not these securities are subordinated, to set their interest rate and interest repayment terms, the term, the fixed or variable redemption price, with or without a premium, the amortisation terms based on market conditions and the conditions under which these securities will entitle the holder to the company's shares.

Resolution Nine (*Authorisation to be granted to the Board of Directors to approve an increase in the company's share capital through the issue of shares and/or securities of any kind granting entitlement to the company's capital, without pre-emptive rights*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report and the special auditors' report, and in accordance with the provisions of Articles L. 225-129 et seq. of the French Commercial Code, including L. 225-129-2, L. 225-135, L. 225-136 and L. 228-92:

1 – Authorises the Board of Directors to approve and carry out a share capital increase, on one or more occasions, in France and abroad, in the proportion and at the times it deems appropriate, through the issue, without shareholders' pre-emptive rights, of ordinary shares of the company and securities of any kind granting entitlement to the company's capital, with the stipulation that the shares and other securities may be subscribed for either in cash or by offsetting of claims, or in whole or in part by capitalisation of reserves, earnings or issue premiums.

2 – Sets the term during which the authorisation granted under this resolution is valid at 26 months starting on the date of this General Meeting.

3 – Resolves that the maximum nominal amount of share capital increases that may be carried out immediately or in the future under this authorisation is set at five million euros, which will include, where applicable, the par value of the additional ordinary shares to be issued in order to protect, in accordance with applicable laws and regulations, the interests of holders of securities granting entitlement to the capital, with the stipulation that this amount will be included in the total maximum amount of any capital increase set in resolution fourteen of this General Meeting.

4 – Resolves, moreover, that the maximum nominal amount of debt securities granting entitlement to the capital which may be issued under the above authorisation may not exceed 30 million euros, or the equivalent of this amount if they are issued in a foreign currency or a currency unit based on several currencies, with the stipulation that this amount applies to all debt securities which the Board of Directors is authorised by this General Meeting to issue.

5 – Resolves to cancel pre-emptive rights of shareholders to the shares and other securities that may be issued under this resolution. It is understood that the Board of Directors may grant shareholders a preferred subscription right to any

portion of the issue during the period and under the conditions established by it in accordance with applicable laws and regulations. This preferred subscription right will not result in the creation of negotiable rights but may, if the Board of Directors deems appropriate, be exercised on both a non-reducible and reducible basis.

6 – Resolves that, if the subscriptions of the shareholders and the public do not take up the entire issue of shares or securities, the Board of Directors may, in the order it deems appropriate, use any of the following powers:

- limit the capital increase to the amount of the subscriptions, on the condition that this amount is at least three-fourths of the approved increase;
- freely distribute all or part of the unsubscribed shares.

7 – Notes that, where applicable, the above authorisation automatically implies, for the benefit of holders of securities granting entitlement to the company's capital, an express waiver by shareholders of their pre-emptive right to the shares to which these securities give a right.

8 – Resolves that the amount of the consideration received or potentially received at a later date by the company for each share issued or to be issued pursuant to this authorisation, given the issue price of detachable stock warrants if such warrants are issued, will be at least equal to the minimum price stipulated by applicable laws and regulations as of the date of issue.

9 – Resolves that the Board of Directors will have full powers, with subdelegation authority under the conditions provided by law, to implement this authorisation for purposes that include to determine the dates and terms and conditions of the issues as well as the form and characteristics of the securities being created, to determine the prices and conditions of the issues, to set the amounts to be issued, to set the subscription date and the dated date, which may be retroactive, of the shares to be issued, to determine the method of payment of the shares or other securities issued, the listing of the shares created, the financial servicing of new shares and the exercise of the rights attached thereto, to charge, where applicable, the capital increase expenses to the amount of the premiums related thereto and to deduct from this amount the sums needed to supply the legal reserve, to make all adjustments aimed at taking into account the impact of operations, such as a change in the share's par value, capital increase through capitalisation of reserves, bonus issues of shares, stock splits or consolidation of shares, distribution of reserves or any other assets, amortisation of the capital, or any other operation related to shareholders' equity, and, where applicable, to establish the terms and conditions under which the rights of holders of securities granting entitlement to the capital will be protected, to note the completion of each capital increase and amend the Articles of Incorporation accordingly and, in general, to enter into all agreements, particularly to ensure the successful completion of the proposed issues, and to take all measures and complete all formalities required for the issue under said authorisation.

10 – Resolves that this authorisation nullifies any previous authorisation having the same purpose.

11 – Resolves, moreover, that, in the event of an issue of debt securities granting entitlement to the capital, the Board of Directors will have full powers, with subdelegation authority under the conditions provided by law, to decide whether or not these securities are subordinated, to set their interest rate and interest repayment terms, the term, the fixed or variable redemption price, with or without a premium, the amortisation terms based on market conditions and the conditions under which these securities will entitle the holder to the company's shares.

Resolution Ten (*Authorisation to be granted to the Board of Directors to increase the number of shares to be issued in case of a capital increase, with or without pre-emptive rights*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report and the special auditors' report, and in accordance with the provisions of Article L. 225-135-1 of the French Commercial Code:

1 – Authorises the Board of Directors and grants it subdelegation authority, under the conditions provided by law and subject to terms and conditions that comply with the laws and regulations in force at the time of the issue, to increase the number of shares to be issued in the event of an issue of shares or securities granting entitlement to the capital, with or without pre-emptive rights, as described in resolutions eight and nine, within 30 days of the subscription and up to a maximum of 15% of the number of shares in the primary issue.

2 – Resolves that the nominal amount of the additional capital increase that may be carried out under this resolution will be included in the total maximum amount of any capital increase set in resolution fourteen of this General Meeting.

The authorisation thus granted to the Board of Directors is valid for a period of 26 months starting on the date of this General Meeting and nullifies any previous authorisation having the same purpose.

Resolution Eleven (*Authorisation granted to the Board of Directors to issue stock options to the group's employees and managers*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report and the special auditors' report, and in accordance with the provisions of Articles L. 225-177 to L. 225-186 of the French Commercial Code:

1 – Authorises the Board of Directors to grant, on one or more occasions, to some or all staff members and to some or all managers of the company and of the companies or groups of companies affiliated with it under the conditions set out in Article L. 225-180 of the French Commercial Code, options giving a right to subscribe for new shares of the company and options giving a right to purchase existing shares of the company resulting from buybacks carried out by the company under the conditions provided by law.

2 – Sets the term during which the authorisation granted under this resolution is valid at 26 months starting on the date of this General Meeting.

3 – Notes that, pursuant to the provisions of Article L. 225-178 of the French Commercial Code, this authorisation implies, for the benefit of the stock option recipients, an express waiver by shareholders of their pre-emptive right to the shares issued as and when the options are exercised.

4 – Resolves that the total number of options thus granted under this authorisation may not entitle the holder to purchase or subscribe for a number of new shares exceeding 5% of the number of shares comprising the share capital as of the date of the Board of Directors' grant decision, with the stipulation that this number will be included in the total maximum amount of any capital increase set in resolution fourteen of this General Meeting.

5 – Resolves that the share subscription or purchase price paid by the option recipients will be set by the Board of Directors on the date on which it grants the options to the recipients, based on the company's share price, and may not be:

- if share subscription options are granted: less than 80% of the average price quoted during the 20 trading sessions preceding the date on which the subscription options are granted;
- if share purchase options are granted: less than 80% of the average purchase price of the shares held by the company pursuant to Articles L. 225-208 and L. 225-209 of the French Commercial Code.

6 – Grants full powers to the Board of Directors, with subdelegation authority under the conditions provided by law, to implement this authorisation for purposes that include:

- to draw up the list of option recipients and the number of options granted to each of them;
- to establish the option terms and conditions, including the dates on which the options will be granted, the period during which the options are valid (with the stipulation that the options must be exercised within not more than 10 years), the option exercise date(s) or period(s), and possible clauses prohibiting the immediate resale of any or all of the shares resulting from exercise of the options, and to determine the vesting date (which may even be retroactive);
- to note, with subdelegation authority under the conditions provided by law, the completion of the capital increases up to the amount of the shares actually subscribed for through exercise of the stock options, to amend the Articles of Incorporation accordingly, and to complete all necessary formalities, make all declarations to any entity and take whatever action may be necessary.

7 – Resolves that this authorisation nullifies, as of this day and for the portion not yet used, where applicable, any previous authorisation having the same purpose.

Resolution Twelve (*Authorisation granted to the Board of Directors to issue bonus shares of the company to the group's employees and managers*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report and the special auditors' report, and in accordance with the provisions of Articles L. 225-129-1 and L. 225-197-1 et seq. of the French Commercial Code:

1 – Authorises the Board of Directors.

- to issue free of charge, on one or more occasions and at its sole discretion, existing or new shares of the company to some or all paid employees and managers of the company and of the companies or groups of companies affiliated with it as provided by Article L. 225-197-2 of the French Commercial Code;
- to carry out, where applicable, one or more capital increases through the capitalisation of earnings, reserves or issue premiums in order to issue bonus shares.

2 – Sets the term during which the authorisation granted under this resolution is valid at 26 months starting on the date of this General Meeting.

3 – Resolves that the total number of bonus shares that may be issued under this authorisation may not exceed 5% of the number of shares comprising the share capital as of the date of the Board of Directors' grant decision, with the stipulation that this number will be included in the total maximum amount of any capital increase set in resolution fourteen of this General Meeting.

4 – Resolves that the issue of these shares to their recipients will become final at the end of a minimum two-year purchase period and that the minimum period during which the shares must be retained by the recipients is set at two years from the final issue date of said shares.

5 – Notes that, with regard to the bonus shares to be issued, this decision implies, in favour of the recipients of bonus shares, an express waiver by shareholders of their pre-emptive right to said shares.

6 – Resolves that this authorisation nullifies, as of this day and for the portion not yet used, where applicable, any previous authorisation having the same purpose.

7 – Grants full powers to the Board of Directors, with subdelegation authority under the conditions provided by law, to implement this authorisation for purposes that include:

- to determine whether the bonus shares will be new or existing shares;
- to determine the identity of the recipients, or the category(ies) of recipients, from among the employees and managers of the company and of the aforementioned companies or groups of companies, as well as the conditions and, where applicable, the grant criteria of the shares;

- to determine, according to the legal conditions and limits, the dates on which bonus shares will be issued;
- where applicable, to make adjustments to the number of bonus shares issued in order to protect the rights of the recipients based on any operations on the company's capital;
- to provide for the ability to temporarily suspend the allotment rights;
- to note the definitive grant dates and the dates from which the shares may be freely sold, in light of legal restrictions;
- to register the bonus shares in a registration account in the holder's name, indicating the non-transferability of the shares and the period thereof, and to lift the non-transferability for any circumstances in which the applicable regulations allow it be lifted;
- to enter into all agreements, draw up all documents, note the capital increases once the shares are definitively granted, amend the Articles of Incorporation accordingly, where applicable, complete all formalities and make all declarations to any entity and, more generally, take whatever action may be necessary.

Resolution Thirteen (*Authorisation to be granted to the Board of Directors to approve a share capital increase through the issue of shares reserved for those enrolled in a company savings plan*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report and the special auditors' report, and in accordance with the provisions of Articles L. 225-129-6 and L. 225-138-1 of the French Commercial Code and Articles L. 443-1 et seq. of the French Labour Code:

1 - Authorises the Board of Directors to proceed with a share capital increase, on one or more occasions and at its sole discretion, in the proportion and at the times it deems appropriate, through the issue of ordinary shares or securities granting entitlement to the capital, reserved for employees of the company and of the companies or groups of companies affiliated with it under the conditions set out in Article L. 225-180 of the French Commercial Code who are enrolled in a company savings plan.

2 – Sets the term during which the authorisation granted under this resolution is valid at 26 months starting on the date of this General Meeting.

3 – Resolves to set the maximum nominal amount of the shares that may be subscribed for by employees under this authorisation at 100,000 euros, with the stipulation that this amount will be included in the total maximum amount of any capital increase set in resolution fourteen of this General Meeting.

4 – Resolves to cancel, in favour of the aforementioned employees enrolled in one or more company savings plans, the pre-emptive right of shareholders to the new shares who, moreover, waive any right to the shares or other securities granted under this authorisation.

5 – Grants full powers to the Board of Directors, with subdelegation authority, to implement this authorisation for purposes that include:

- to set up any company savings plan that may be necessary, to determine the terms and conditions of enrolment in the savings plan, and to establish or amend the rules thereof;
- to draw up, under the conditions provided by law, the list of companies in which the aforementioned recipients may subscribe for new shares;
- to decide that the shares may be subscribed for directly by the recipients enrolled in a company savings plan or via an employees' mutual fund or other structures allowed by applicable laws and regulations;
- to establish the conditions, including seniority, that the recipients must meet in order to subscribe for the new ordinary shares or securities to be issued as part of the capital increases covered by this resolution;
- to determine the amounts of these issues and to set the issue prices in accordance with Article L. 443-5 of the French Labour Code, the opening and closing subscription dates, the periods, terms and conditions of subscription, payment, delivery and dividend entitlement of the new shares (which may be retroactive);
- to determine, where applicable, the total sums to be ploughed back into capital up to the aforementioned limit, the equity item(s) from which they will be deducted, and the conditions under which the shares will be issued;
- to note or to have noted the completion of the capital increase up to the amount of the shares actually subscribed for;
- to charge, where applicable, the expenses and professional and other fees resulting from such issues to the issue premiums and to deduct, where applicable, the sums needed to supply the legal reserve from the issue premiums;
- in general, to complete all acts and formalities, to take all decisions and to enter into all appropriate or necessary agreements in order to (i) ensure the successful completion of the issues and, in particular, for the issue, subscription, delivery, dividend entitlement and exercise of the rights attached thereto, and (ii) note the final completion of the capital increase(s) and amend the Articles of Incorporation accordingly.

7 – Resolves that this authorisation nullifies any previous authorisation having the same purpose.

Resolution Fourteen (*Total maximum amount of the capital increases*) - The General Meeting, voting in accordance with the quorum and majority conditions required for extraordinary general meetings and having read the Board of Directors' report, resolves to establish, in accordance with Article L. 225-129-2 of the French Commercial Code, the total maximum amount of the capital increase that may result, immediately or in the future, from all issues of shares

and/or securities granting entitlement to the capital carried out pursuant to the authorisations and powers stipulated in resolutions eight, nine, ten, eleven, twelve, thirteen and fourteen of this General Meeting, at a total nominal amount of 10,000,000 euros.

It is hereby stipulated that the aforementioned amount does not include the par value of shares that may be issued in connection with the adjustments made, in accordance with the law and applicable contractual provisions, to protect the rights of holders of securities granting entitlement to the company's capital.

Resolution Fifteen (*Powers for formalities*) - The General Meeting grants the bearer of a copy or excerpt of the minutes of this Meeting full powers to file all documents and complete all formalities required by law wherever necessary.

3 Presentation of the Company and the Group

Created in December 1999, Gameloft develops and publishes video games for mobile telephones and game consoles. This high-technology activity is centred around mass market games that consumers can download directly to their cell phone or console. The company has published an extensive, diversified games catalogue and established itself as the world leader in the mobile phone games market. Today, Gameloft works with all the key players in this market, including phone manufacturers such as Nokia and Motorola, telecom carriers such as Orange and Vodafone, and console manufacturers such as Nintendo and Sony. Gameloft currently employs some 4,000 people in 23 countries around the world.

3.1 *Gameloft's activity*

3.1.1 Mobile telephone games

The use of mobile phones has spread very quickly throughout the world. The number of worldwide mobile subscribers was estimated at more than 2.3 billion in October 2006¹ versus only 0.1 billion 10 years earlier in 1996². For a game developer and publisher, this user base represents a unique opportunity to sell its products to a population that is considerably larger than that of traditional video games. It is for this reason that Gameloft has positioned itself in this market since 2000, where it has become the leader thanks to a diversified game catalogue, strong licences and the largest customer and distributor network in the market. Today, mobile games are Gameloft's core business, representing more than 90% of the company's revenues.

The arrival in 2002 of Java and Brew technologies applied to mobile telephones completely revolutionised the mobile phone games market. These two technologies paved the way for three major advances in the mobile games industry:

- Today, consumers can download action games similar in quality to Nintendo's DS games directly onto their mobile phones. "Over the air" downloading, i.e. through a cell phone directly on a telecom network, gives consumers flexibility and total freedom when purchasing and saving games. These games can be kept on the handsets for as long as the consumer wants, at no additional cost. Depending on the model of the handset, consumers can store from 10 to 50 games.
- The downloading of a game and the game itself are not dependent on the quality of the telecom networks. GSM networks allow consumers to download a game in less than one minute. So-called "third generation" UMTS networks, therefore, do not need to be implemented to download a Gameloft game. Moreover, once the game is downloaded, consumers play directly on their telephone without being connected to the network. This means that a game cannot be interrupted as a result of network failures. In addition, there is no connection cost for the consumer to play a downloadable game. The price of a downloadable Gameloft game is therefore limited to its sale and download price, which generally runs between three and six euros.
- Java and Brew technologies are standards to which all telephone manufacturers gradually implement on a systematic basis. This standardisation allows Gameloft to adapt its games at a low cost to most of the new cell phones sold today. These newly widespread Java and Brew standards also give Gameloft significant growth potential. In March 2007, the number of Java telephones worldwide was 1.2 billion compared to 1 billion in 2006 and 579 million in 2005³.

Gameloft was one of the first companies in the world to develop games for Java and Brew cell phones and has offered an extensive catalogue of downloadable games since the end of 2001. This catalogue is compatible with most Java and Brew handsets sold today. The games run on Nokia, Motorola, Samsung, Sony Ericsson, Sharp, LG, Mitsubishi and Sagem telephones, to name a few. All in all, the company currently offers close to 200 Gameloft games which can be downloaded onto nearly 1,200 different models of mobile phones.

¹ Source: Merrill Lynch, January 2007

² Source: CSFB, July 2002

³ Source: Sun Microsystems, Ovum, March 2007

Gameloft has three distinct distribution networks for its mobile games: telecom carriers, telephone manufacturers and ringtone and logo portals.

1. Gameloft games are distributed by more than 180 telecom carriers in over 80 countries worldwide. The number of potential consumers to which Gameloft has direct access via these carriers is more than 1.5 billion. To date, none of Gameloft's competitors has a comparable distribution network. These carriers' subscribers can purchase and download Gameloft games directly onto their telephones through the operator's mobile portal. Purchasing Java and Brew games is a fast, simple process which costs the consumer a mere three to six euros on average. The operator's mobile portal provides access to Gameloft's game catalogue. This catalogue describes the games and indicates their price. Consumers simply select the game and ask to have it downloaded to their telephone. Billing is handled by the operator with the cost of the game included in the consumer's telephone bill. In this case, the operator acts as a distributor of Gameloft games and the revenues generated are shared between the operator-distributor and Gameloft. Carriers account for more than 80% of Gameloft game downloads.

2. The telephone manufacturers that are currently Gameloft customers and partners are Nokia (the world's largest producer of telephones in 2006), Samsung (second largest), Motorola (third largest), Sony-Ericsson (fourth largest), LG (fifth largest), Sagem, Mitsubishi, etc. These manufacturers buy one or more mobile games from Gameloft and integrate them directly into the telephone. The game can therefore be used by the consumer immediately at no additional cost. In addition to offering pre-installed games, manufacturers recently began to implement their own mobile game download systems, which are in competition with carriers' download portals. Gameloft sells its mobile games through the Nokia (N-Gage portal), Samsung (Samsung Fun Club), Sony Ericsson (Fun & Download) and Apple (AppStore on iPhone& iTouch, and iTunes on iPod) portals. We estimate that manufacturers' share in mobile game distribution will increase at the expense of carriers' share.

3. Since 2002, companies that provide downloads of logos, music and ringtones have distributed Gameloft games through their web portals and Audiotel services. These companies operate toll-call phone numbers and SMS services which consumers can use to download games onto their telephone. The length of a call on a toll-call phone number is about three minutes, which means a cost for the consumer of three to six euros on average. Consumers receive the game directly onto their telephone as soon as the call is completed. When consumers use toll-call SMS services, they simply send a toll-call SMS message with the game's code to automatically receive the game on their telephone. The revenues are shared between the site and Gameloft. To date, Gameloft has set up a network of nearly 150 partners that sell its games.

3.1.2 Console games

Since 2004, Gameloft has adapted its game catalogue to the new consoles launched by Nintendo, Microsoft and Sony. These consoles have gradually become similar to telephones both from a technical standpoint and in terms of the type of consumer. For instance, in December 2004 Gameloft adapted *Asphalt: Urban GT*, to Nintendo's handheld console, the Nintendo DS, which was released in the United States and Japan in the fourth quarter of 2004 and in Europe in the first quarter of 2005. The launch of *Asphalt: Urban GT* for the DS was a major success for Gameloft, with this game ranking among the four best-selling games for Nintendo's handheld console in the United States and Europe. Gameloft was the only company specialising in mobile games to be selected by Nintendo to develop games for its new console. Following the success of *Asphalt: Urban GT*, Gameloft released Tom Clancy's *Splinter Cell* for the Nintendo DS handheld console in 2005. Since then, the rate at which Gameloft has released games for the Nintendo DS has been stepped up with the marketing of several games in 2007 for this console, including *Platinum Sudoku*, *Brothers in Arms* and *2008 Real Football*. DS games are sold in stores as game cartridges at a price of 30 to 50 euros. Gameloft plans to release several new games for Nintendo DS in 2008.

Since 2007, the company has begun to develop its games for mass-market consoles other than Nintendo DS. For instance, in March 2008 Gameloft launched its first game, *Brain Challenge*, for Microsoft's Xbox Live Arcade service. This service allows Xbox console owners to download mass market games by Internet at a price far below that of game cartridges sold in stores. Xbox Live Arcade games are sold at around 10 euros in Europe and \$10 in the United States. *Brain Challenge* topped sales of Xbox Live Arcade games immediately after its release. Currently, Gameloft is also working on the development of games for Nintendo's Wiiware service and Sony's PS Store service, which run based on the same principle as Xbox Live Arcade. About a dozen Wiiware and PS Store games are currently being developed at the company's studios.

Sales of console games accounted for 6% of Gameloft's revenue in the first quarter of 2008 and the company expects this share to increase in the coming quarters.

3.1.3 Comments on FY 2007 activity and earnings

Key figures for FY 2007

Gameloft's key figures for the fiscal year ended 31 December 2007 are as follows:

In million euros	2007	2006
Revenue	96.1	68.4
Operating income on ordinary activities*	2.9	2.5
Operating income	(0.3)	19.2
Net financial income/expense	(1.5)	(1.6)
Tax expense	(2.3)	(1.3)
Net profit (group share)	(4.1)	16.3
Shareholders' equity	47.2	44.2

* before recognition of share-based payments

Change in quarterly revenue:

Revenue in million euros	2007	2006	Change
1 st quarter	22.7	14.8	+54%
2 nd quarter	23.2	15.8	+47%
3 rd quarter	24.4	16.1	+51%
4 th quarter	25.8	21.8	+19%
Total fiscal year	96.1	68.4	+40%

For 2007 as a whole, revenue increased by 40% to 96.1 million euros, which is in line with the company's objectives. On a comparable year-to-year and exchange rate basis, growth in annual revenue was 46%. The sharp growth posted in 2007 resulted from the strong performance of Gameloft's back catalogue, which continues to account for 70% of the company's downloads, as well as the R&D investments made in 2007. These investments enabled the Gameloft Group to release more games than its competitors for more models of mobile phones and in many more countries. In addition, the number of Java and Brew telephones continues to increase, which contributes to the growth of the mobile games market. More than one billion mobile phones were sold worldwide in 2007 alone⁴. This enables Gameloft to target an ever-growing number of consumers.

The breakdown of revenue by geographic area is as follows:

	2007		2006	
	€ K	%	€ K	%
Europe	42,662	44%	29,293	43%
North America	32,354	34%	27,830	41%
Rest of the world	21,054	22%	11,298	16%
Total	96,071	100%	68,421	100%

The FY 2007 revenue breakdown was: 44% in Europe, 34% in North America and 22% in the rest of the world. The sharpest increase occurred in the rest of the world, where the growth rate was 86%. The share of revenue generated in North America fell in comparison to 2006 mainly as a result of the sharp decrease in the dollar and a significant slowdown in the growth of our US market in the fourth quarter.

The breakdown of revenue by activity is as follows:

⁴ Source: Strategy Analytics

	2007		2006	
	€ K	%	€ K	%
Games	96,071	100%	67,455	99%
Internet	-	-	966	1%
Total	96,071	100%	68,421	100%

Until June 2006, Gameloft continued to operate the jeuxvideo.com website, which was later sold for a cash sum of 22.9 million euros. This sale reflected Gameloft's strategy to focus on its core business – mass market video games for mobile phones and consoles – while at the same acquiring additional financial resources. This website accounted for 1% of Gameloft's revenue in 2006. Mobile phone games represented 98% and 97% of the group's revenue in 2007 and 2006, respectively. Console games accounted for 2% of the group's revenue in 2007 and 2006.

Comments on FY 2007 earnings

Over FY 2007, operating income on ordinary activities (before recognition of stock options) was 2.9 million euros, up 15% from 2006. The operating margin from ordinary activities was therefore 3.0% for 2007, down slightly from the 3.7% margin posted in 2006. This decrease in operating margin was due primarily to the significant R&D investments made by the company in 2007 (nearly 1,400 new hires in FY 2007). These R&D investments enabled the company to become the world's leading publisher of mobile games, but put a severe dent in its margins.

The annual expense for options granted to employees was 3.0 million euros. This expense had no impact on the company's equity or cash position.

Net financial expense was 1.5 million euros and consisted mainly of foreign exchange losses linked to the decline of the US dollar and pound sterling.

Tax expense was 2.3 million euros for FY 2007 as a whole.

Net loss for 2007 was therefore 4.1 million euros, the same as in 2006 after restatement of the non-recurring net capital gain of 20.4 million euros shown in the FY 2006 financial statements following the sale of the jeuxvidéo.com website.

The company's stock options and start-up company stock purchase warrants were exercised in the amount of 4.4 million euros, which contributed to the increase in shareholders' equity over the previous year. Shareholders' equity totalled 47.2 million euros at the end of FY 2007 versus 44.2 million euros at the end of FY 2006.

The change in working capital requirements improved over the last fiscal year, increasing from -6.4 million euros in 2006 to -1.5 million euros in 2007.

3.2 The group's strategy and future outlook

3.2.1 The group's strategy

Gameloft's objective is to retain its position as the world leader in mobile phone games. The company is pursuing this goal by:

- creating a diversified, high-quality mobile game catalogue,
- making this catalogue available on the largest number of handsets,
- including world-renowned licences in its catalogue,
- implementing the most extensive distribution network in the world.

In 2007, the company continued to build its mobile game development teams: to date, more than 3,400 Gameloft Group employees work exclusively on developing mobile phone games. This expanded workforce has allowed the company to develop a catalogue of more than 200 mobile games covering all genres, including casual, action, sport, puzzle and adventure games, to name a few. The development activity includes the creation of new games and porting, which entails adapting each new game to all models of mobile telephones. The greatest barrier to penetrating the mobile game sector is this large number of telephone models on the market. All mobile phone manufacturers develop their own lines of phones which differ from their competitors' models. Although the technology used is the same from one telephone to another (Java or Brew), the screens differ in size, the processors have different characteristics, and so on. Each mobile

game must therefore be adapted to many models of phones in order to reach the largest number of consumers. Today, Gameloft's catalogue covers nearly 1,200 different telephones in 16 languages, making it accessible to almost all owners of Java or Brew phones.

Gameloft currently records its mobile game development costs as expenses at the time they are incurred. Each year, the company develops and places on various carriers' sites thousands of versions of its games covering the more than 1,200 different handset models currently on the market and the 16 languages it supports. Given this extreme fragmentation and the more general nature of the sales-related information received from carriers, Gameloft is not in a position to reliably calculate the development costs and residual value of each of these versions, which is one of the criteria of IAS 38 for capitalising development costs. Since Gameloft does not meet all the capitalisation criteria set out in IAS 38, the company will continue to record its mobile game development costs as expenses next year.

However, the company does capitalise its development costs related to the creation of games for Nintendo, Sony and Microsoft consoles: Nintendo DS, Nintendo Wii, Nintendo Wiiware, Xbox Live Arcade, PS3, PS2, PS3 Store and PSP.

3.2.1.1 *The only game catalogue of its kind in the world*

Gameloft has developed a catalogue of more than 200 mobile games entirely in house. The company's goal is to continue to expand its game catalogue by publishing 60 to 80 new games per year over the coming years. This catalogue is available on more than 1,200 different telephone models.

Gameloft's game catalogue

Action/Adventure	Mass market/Arcade	Sport
Air Strike 1944	1000 Words	Asphalt: Urban GT
America's Army	1 vs. 100	Asphalt: Urban GT 3D
American Gangster	Deal or No Deal	Asphalt: Urban GT II
Assassin's Creed	The Legend of Beowulf	Asphalt: Urban GT II 3D
Assault Wings 1944	Block Breaker Deluxe	Asphalt 3: Street Rules
Brothers in Arms 3D	Brain Challenge	Asphalt 3: Street Rules 3D
Brothers in Arms: Earned in Blood	Brain Challenge 2: Anti-Stress	Derek Jeter Pro Baseball 2005
Brothers in Arms Art of War	Bubble Bash	Derek Jeter Pro Baseball 2006
Cartel Wars	Catz	Derek Jeter Pro Baseball 2005 3D
Diamond Rush	Chessmaster	Derek Jeter Pro Baseball 2006 3D
Die Hard 4	Christmas Pool	Derek Jeter Pro Baseball 2007
Earth Invasion	Cluster Pirate	Driver L.A. Undercover
Gangstar	Figures and Letters	Extreme Forest Shooting
Ghost Recon 2	Desperate Housewives	Marcel Desailly Pro Soccer
Ghost Recon Jungle Storm 3D	Diamond Twister	2004 Real Football
Gulo's Tale	Dogz	2005 Real Football
Heroes	Domino Fever	2006 Real Football
Horse Riding Academy	E=M6	2006 Real Football 3D
King Kong	Fatal Bazooka	2007 Real Football
Surf's Up	Football Trivia	2007 Real Football 3D
Open Season	Gameloft Backgammon	2008 Real Football
Lost	Gameloft Casino	Ultimate Street Football
Medieval Combat: Age of Glory	Gameloft's Solitaire	Football Mega Party
Might and Magic	Grey's Anatomy	And1 Streetball
Might and Magic II	Guitar Rock Tour	Kevin Pietersen Pro Cricket 2007
Mission Impossible 3	Holiday Midnight Pool	Kobe Bryant Pro Basketball 2008
Nightmare Creatures	Ibiza Beach Party	K.O. Fighters
Open Season	King Kong Pinball	Massive Snowboarding 3D
Pirates of the Seven Seas	CSI: Miami	Nitrostreet Racing
Planet Zero	Lock'em Up	Off-Road Dirt Motocross
Prince of Persia: The Two Thrones	Love Triangle: Dating Challenge	Pro Rally Racing
Prince of Persia: Harem Adventures	Lumines Block Challenge	Pro Bike Racing
Prince of Persia: Sands of Time	Megacity Empire: New York	Vijay Singh Pro Golf 2005
Prince of Persia: Warrior Within	Meteos	Vijay Singh Pro Golf 2005 3D
Prince of Persia Classic	Miami Nights: Singles in the City	Vijay Singh Pro Golf 2007
Rail Rider	Midnight Bowling	Vijay Singh Pro Golf 2007 3D

Rainbow Six Raven Shield	Midnight Bowling 3D	Rayman Golf
Rainbow Six Broken Wing	Midnight Casino	Rayman Kart
Rainbow Six Urban Crisis	Midnight Darts	Real Football Manager
Rayman 3	Midnight Hold'em Poker	Real Rugby 2007
Rayman Raving Rabbids	Midnight Hold'em Poker 3D	Reggie Bush Pro Football 2007
Rise of Lost Empires	Midnight Pool	Vans Skate and Slam
Shrek the Third	Midnight Pool 3D	Underground Street Soccer
Siberian Strike	Million Dollar Poker	Skate and Slam
Siberian Strike, Ep2	Mystery Mansion Pinball	Speed Devils
Special Crime Unit	Everyday English Trainer	Summer Volley
Splinter Cell	Naval Battle Mission Commander	Tennis Open 2007
Splinter Cell Chaos Theory	New York Nights	Turbo Jet Ski
Splinter Cell Chaos Theory 3D	Paris Hilton's Diamond Quest	Turbo Jet Ski 3D
Splinter Cell Double Agent	Petz	
Splinter Cell Pandora Tomorrow	Platinum Kakuro	
Splinter Cell Pandora Tomorrow 3D	Platinum Mahjong	
Tom Clancy's Ghost Recon: Jungle Storm	Platinum Solitaire	
Tom Clancy's Rainbow Six 3	Platinum Sudoku	
Tom Clancy's Rainbow Six: Lockdown	American Popstar	
Tom Clancy's Rainbow Six: Vegas	Question for a Champion	
Totally Spies	Rayman Bowling	
War of the Worlds	Smash It!	
XIII	Sexy Blocks	
	Sexy Poker 2004	
	Sexy Poker 2005	
	Sexy Poker 2006	
	Sexy Poker Manga	
	Sexy Vegas	
	Spring Break: Cancun Goes Wild	
	The OC	
	Tropical Madness	

Source: Gameloft, March 2008

Gameloft games are particularly popular among consumers and market professionals and have won the company many awards around the world:

- Gameloft ranked at the top of the game ratings on the leading pocketgamer.co.uk website in 2007.
- Gameloft received the prize for best BREW 2007 game for Brothers in Arms: Earned in Blood, awarded in June 2007 at the BREW Conference.
- Gameloft also won the MEFFY award for best game in 2007 for Miami Nights: Singles in the City. The Meffies are organised by Mobile Entertainment Forum once a year.
- In April 2007, Gameloft received the JVM D'or award for Mission Impossible III, which is presented by Jeu Video Magazine (Future group), the JVM d'Argent award for Tom Clancy's Splinter Cell Double Agent, and the JVM Bronze award for Real Football 2007.
- American Popstar and Rise of the Lost Empire won the IGN 2007 prize for best screenplay and best strategy game, respectively.
- In 2008, Might & Magic II was named best game of the year by the American 1Up.com website.
- Brain Challenge - Nintendo DS - IGN 7.5/10 <http://uk.ds.ign.com/articles/845/845423p1.html>
 "And you thought that a good brain game created by a third-party developer was a mission impossible? (...) Gameloft has probably achieved a first with its brand new Brain Challenge title. The game is indeed well-made, funny and practical. (...) If you like the brain genre, Brain Challenge is a third-party publisher's answer to your wishes."
- Bubble Bash - iPod - Generation Gamerz 5/5
 "Gameloft has created many good games for mobile phones, PCs and, more recently, Xbox 360. They are now venturing into an area where very few developers have gone until now – the Apple iPod world. (...) Everything about this game is excellent."
- Brain Challenge - Xbox Live Arcade - IGN 7.2/10
 "Brain Challenge is the first brain game for XBox Live Arcade and is making a very significant entrance with a wide range of inviting mini-games."
- Brothers in Arms - Nintendo DS - IGN 8.0/10
 "It is unquestionably one of the most attractive 3D games for Nintendo DS. Gameloft deserves our applause."

- Gameloft was awarded four prizes at the second annual Mobies Awards at CTIA Wireless 2005. For the second straight year, Gameloft won the highest number of awards with four Mobies. Sponsored by GameSpot and Wireless Gaming Review, the Mobies are awarded to the most innovative and successful mobile games in the industry. The criteria by which they are judged are gameplay, aesthetics and game length. Gameloft won four of the 10 possible awards:

Best adventure/RPG game: *Might and Magic*®: “What’s most immediately striking about *Might & Magic* is its high degree of audiovisual polish. Gameloft is known for its top-notch art and sound design, but *Might & Magic*, six months after its commercial release, still blows away everything else in the genre.” - *Gamespot*

Best platform game: *Prince of Persia Warrior Within*™: “Gameloft, the company that has consistently led the mobile gaming pack in quality and attention to detail, shows that it had another gear – above and beyond what most mobile game companies can even begin to plan for, let alone use – and shifted into it. *Prince of Persia: Warrior Within* was the result.” - *Gamespot*

Best strategy game: *Tom Clancy’s Rainbow Six*® 3: *Rainbow Six 3* offers a unique take on military-themed strategy. (...) It brings the game's strategic elements to the forefront, making for an experience that, at times, almost feels like a puzzle game. (...) The choice to gear the game around strategic confrontations – rather than all-out action – proved to be a solid choice.” - *Gamespot*

Best use of a pre-existing title: *Prince of Persia Warrior Within*™: “*Prince of Persia: Warrior Within* is one of a handful of console-to-mobile ports to receive higher marks on the latter platform. The game manages to capture the best elements of its console counterpart without relying on unwieldy controls or an overly complex game design. A mélange of the original *Prince of Persia* and his current adventures, the mobile *Warrior Within* is a terrific take on a popular franchise.” - *Gamespot*

- *Lumines*® was chosen as best mobile game at E3 2006.

In addition, Gameloft games consistently receive the highest ratings from magazines and websites specialising in video games. The average year-to-year scores of all Gameloft games are always above 80%.

- *Real Football 2007*: 8/10 and Silver Award from Pocket Gamer
- *Real Football 2006*: 9/10 from Pocket Gamer, 92% from MobileGame and 91% from Air Gamer
- *Might and Magic*: 9/10 from IGN, 4.5/5 from Wireless World and 9/10 from Gamespot
- *Prince of Persia: Warrior Within*: 4.5/5 from Wireless World, 9.2/10 from Gamespot and 9.6/10 from IGN
- *Splinter Cell: Pandora Tomorrow*: 10/10 from IGN
- *Tennis Open 2007*: 90% from Air Gamer, 4/5 from Modojo
- *Lost*: 9/10 from Play2Go and 80% from Air Gamer
- *Special Crime Unit*: 8/10 and Editor’s Choice from IGN, 86% from Air Gamer and Bronze Award from Pocket Gamer
- *Tom Clancy’s Rainbow Six: Vegas*: 91% from Air Gamer
- *Spring Break: Cancun Goes Wild*: 8/10 and Silver Award from Pocket Gamer
- *Desperate Housewives*: 86% and award from Air Gamer
- *Pro Golf 2007 Feat. Vijay Singh*: 88% and award from Air Gamer, 8/10 from Pocket Gamer
- *Brothers in Arms: Earned in Blood*: 9.5/10 from IGN
- *Brain Challenge*: 8.3/10 from IGN
- *Splinter Cell: Double Agent*: 9/10 from IGN
- *Air Strike 1944*: 9/10 and Gold Award from Play2Go and 90% from Air Gamer
- *The OC*: 91% and Gold Award from Mobile Games, 9/10 from Midlet Review
- *Diamond Rush*: 10/10 from Cell Freak, 90% and award from Air Gamer
- *Tropical Madness*: 9/10 and Gold Award from Play2Go, Bronze Award from Pocket Gamer
- Etc.

Overview of Gameloft’s Java and Brew games

Bubble Bash™	Lost™
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Source: Gameloft, March 2007

3.2.1.2 A catalogue of strong licences

The Gartner research firm estimates that there will be nearly 500 million mobile device players by the end of 2007, clearly positioning Gameloft in a mass market. The use of world-renowned licences and trademarks is therefore crucial for gaining a foothold in today's mobile game market. Gameloft has entered into many licence agreements since January 2004 in an effort to enhance its mobile game catalogue and ensure its leadership in this field. For example, the company owns the exclusive rights to the following licences for mobile game development:

- Lost, Desperate Housewives, Heroes, Grey's Anatomy and The OC are some of the most watched TV series in the world.
- The various versions of the CSI Crime Scene Investigation series: *CSI: Las Vegas*, *CSI: Miami* and *CSI: New York*.
- Ferrari: in 2008, this legendary automobile manufacturer became the exclusive partner of the Gameloft Group for mobile phone games.
- *Deal or No Deal* and *1 vs. 100*: these TV games are among the Endemol production company's biggest hits.
- *Lumines* and *Meteos*: these two games from Japan are among the best-selling games for Nintendo DS and Sony PSP.
- Die Hard 4: Live Free or Die Hard: the last instalment of the Die Hard series, one of the blockbusters of 2007 produced by Fox.
- Shrek the Third: produced by the DreamWorks studios, Shrek The Third was one of the three most highly-anticipated films of 2007.
- Mission Impossible 3: Tom Cruise stars in one of the blockbusters of 2006 produced by Viacom.
- King Kong: the latest film by Peter Jackson (director of the Lord of the Rings trilogy) was released at Christmas 2005 and distributed by Universal.
- War of the Worlds: Steven Spielberg and Tom Cruise teamed up for this spectacular film, which was the blockbuster hit of the summer of 2005.
- FIFPRO Foundation: this licence allows Gameloft to use all the official names of FIFA soccer players and teams.
- Vijay Singh: winner of 19 PGA Tour golf tournaments, Vijay Singh is ranked number 1 worldwide and has won the most tournaments on the PGA Tour.

- Reggie Bush: one of American football's greatest stars lends his image to Gameloft's latest production.
- Derek Jeter: considered one of the top baseball players, Derek Jeter has won four championship titles in his 10-year career. His talent on the field has earned him some of the most impressive team and individual awards (World Series and Rookie of the Year, 2004 Golden Glove Award and twice MVP - Most Valuable Player).
- *Steven Gerrard, Patrick Vieira and Carlos Puyol*: Gameloft's *2007 Real Football* is based on the licence for these three international soccer players who currently play for the top European teams.
- Geoff Rowley: voted skateboarder of the year in 2001, Geoff Rowley is regarded as one of the best skateboarders of his generation.
- Totally Spies: broadcast in nearly 200 countries on every continent, this series is scheduled on major channels which air it at strategic times for the target audience (Cartoon US, TF1, Jetix Europe, Pro7, Channel 4, Mediaset Rete Italia 4, ITV, Teletoon Canada, Nickelodeon Australia, TV Tokyo and so on).
- Vans: this trendy skateboarding and surfing clothing brand was created in the late 1970s in California. Vans is very well known among 10-24 year olds and is associated with Gameloft's latest skateboarding game under the Geoff Rowley licence.
- Fabio Cannavaro, Robinho and Peter Crouch: Gameloft's *Real Football 2008* is based on the licence for these three international soccer players who currently play for the top European teams.
- Lleyton Hewitt: one of the world's top tennis players lends his image to Gameloft's tennis simulation: *Lleyton Hewitt Open tennis 2007*.
- John Wilkinson and Christophe Dominici: Gameloft's *Real Rugby 2007* is based on the licence for these two international rugby players who currently play for the top teams in the world.
- Samuel Eto'o: one of the world's most renowned soccer players lends his image to Gameloft's street soccer game: *Underground Street Soccer*.
- Gus Hansen: one of the world's leading poker players lends his image to Gameloft's: *Million Dollar Poker Featuring Gus Hansen*.
- Beowulf: produced by Paramount, Beowulf was one of the most highly-anticipated films of 2007.
- Kobe Bryant: one of the world's leading basketball players and member of the Los Angeles Lakers lends his image to Gameloft's: *Kobe Bryant Pro Basketball*.
- BMW, Ford, General Motors, Peugeot, Chrysler, Nissan, Subaru and Volkswagen: all these automobile manufacturers partnered with Gameloft for *Nitrostreet Racing*, which was released in 2007.
- American Gangster: a Universal Studios production released in 2007.
- Ducati, Kawasaki, Suzuki, Gresini Racing and Pramac d'Antin: all these Moto GP championship teams partnered with Gameloft for *Pro Bike Racing*, which was released in 2007.
- Citroën, Peugeot, Ford, Skoda, Subaru and Mitsubishi: all these automobile manufacturers partnered with Gameloft for *Pro Rally Racing*, which was released in 2007.
- Etc.

Under the exclusive agreement made with Ubisoft at the time of Gameloft's creation, the company has had access since 2000 to world-renowned licences that have made it one of the leaders in this market. The company has used the Ubisoft licences since January 2004 to launch a number of products, including *Tom Clancy's Splinter Cell Double Agent*, *Tom Clancy's Splinter Cell Pandora Tomorrow*, *Tom Clancy's Splinter Cell Chaos Theory*, *Prince of Persia: Warrior Within*, *Prince of Persia: The Two Thrones*, *Tom Clancy's Rainbow Six Lockdown*, *Tom Clancy's Rainbow Six Vegas*, *Rayman Raving Rabbids*, *Might and Magic* and *Assassin's Creed*.

3.2.1.3 The most extensive distribution network in the industry

With more than 180 carriers distributing its games in over 80 countries, Gameloft now has the most complete telecom distribution network in the mobile game sector. All major European, North and South American and Asian carriers currently work with Gameloft. The company also works with the four leading Japanese carriers. As a result, the company now has a presence among all major telecom carriers worldwide. The company will, however, continue to diversify its operator distribution network in 2008, mainly by targeting India, the Middle East and Africa.

Gameloft's telecom operator partners

<i>North America</i>		<i>Asia Pacific</i>	
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United States	Verizon, Sprint, Cingular, Nextel, T-Mobile, US Cellular, Midwest Wireless, Boost, Alltel, Metro PCS, Cricket, Virgin, Heilo	Hong Kong	Hutchison, Sunday, Starhub, Peoples, Smartone, CSL
Canada	Rogers, Telus, Bell Mobility, Fido	China	China Mobile, China Unicom
Europe		Japan	KDDI, Vodafone, DoCoMo, Willcom
Germany	Vodafone, T-Mobile, E-Plus, O2	Malaysia	Maxis, Celcom
United Kingdom	Vodafone, T-Mobile, O2, Orange, H3G	Singapore	SingTel, M1, StarHub
France	Orange France, SFR, Bouygues Telecom	Philippines	Globe Telecom
Italy	TIM, Omnitel Vodafone, Wind, H3G	South Korea	SKT, KTF, LG Telecom
Spain	Telefonica, Vodafone, Amena	Thailand	Orange, Dtac, AIS
Netherlands	T-Mobile, O2, Vodafone, KPN	Australia	Vodafone, Optus, Telstra, H3G
Belgium	Mobistar, Proximus, Base	Indonesia	Indosat
Portugal	Optimus, TMN, Vodafone	New Zealand	Vodafone, Telecom NZ
Sweden	Telia, Vodafone, Tele2, H3G	South America	
Norway	Elisa, Sonera	Brazil	Vivo, Claro, Oi
Ireland	Vodafone, O2, H3G	Argentina	Movistar, CTI Movil
Luxembourg	Vodafone, VoxMobile	Guatemala	BellSouth
Austria	T-Mobile, Mobikom, One, H3G	Venezuela	Telcom Movinet
Switzerland	Swisscom, Orange	Peru	BellSouth, Telefonica
Greece	Vodafone, Cosmote	Ecuador	Conecel, BellSouth
Czech Republic	Eurotel, T-Mobile	Panama	BellSouth
Slovakia	Eurotel	Mexico	Telcel, USACell, Movistar
Hungary	T-Mobile, Vodafone, Pannon	Chile	BellSouth, Movitel
Poland	T-Mobile	Bolivia	Entel
Finland	Elisa, Telia	Colombia	BellSouth, Columbia Movil
Lithuania	Bité, Omnitel	Puerto Rico	Verizon, Centennial
Estonia	Radiolinja Eesti, Tele 2	Nicaragua	Bell South
Romania	Orange, Vodafone	Rest of the world	
Croatia	VIPnet, HT Mobile	Israel	Orange, Cellcom, Pelephone
Slovenia	SiMobil, Mobitel	Turkey	Turkcell
Serbia	Telekom Srbija	Egypt	Vodafone
Bulgaria	Mobiltel	Reunion	Orange, SFR
Denmark	Telia	Dominican Republic	Orange, Codetel
Iceland	Iceland Telecom	Malta	Vodafone
Russia	MTS	Morocco	Meditel
Malta	Go Mobile	Caribbean	Orange
		Georgia	GeoCell, MagtiCom
		India	Airtel, Hutchinson
		UAE	Qanawat, Cellemppower
		Jordan	MobileCom

		South Africa	MTN, Vodafone
		Algeria	Wataniya

Source: Gameloft

3.2.2 Future outlook and recent developments

3.2.2.1 *The group's future outlook*

At the end of 2007, Gameloft had slightly more than 4,000 employees, up 53% compared to the end of 2006. With its current workforce, Gameloft is able to support the growing number of telephone models selected by carriers and release more than 80 new games each year. This production force – unparalleled in the mobile game sector – coupled with the quality of the company's creations should allow Gameloft to continue to increase its revenue in 2008 and acquire new market share.

Thanks to the R&D investments made in recent years, Gameloft is now ideally positioned in the mobile games sector. In fact, the company now boasts:

- the highest development capacity in the industry, far ahead of all its competitors;
- a growing number of outlets for its products, as evidenced by the release of Gameloft games for the Apple iPod, Microsoft's XBox Live Arcade service, Nintendo DS and Nintendo's Wiiware service;
- unparalleled know-how, as illustrated by the scores of awards received by our mobile games around the world;
- a catalogue that generates recurring revenue and features more than 200 games for over 1,200 models of mobile phones;
- strong licences with the recent acquisition of the *Heroes*, *Shrek The Third* and *1 vs. 100* brands, to name a few.

Gameloft's revenue growth target for 2008 is between 25% and 30%. This new sharp growth should be driven by the company's release of 80 new mobile games in 2008 and by recurring revenues generated by the thousands of versions of games placed online by Gameloft over the past several years.

Over the longer term, the company's objective is to retain its position as the number-one player in a market of four billion potential consumers by 2010⁴ and for which it has successfully made heavy investments since 2002.

However, it should be noted that:

- Since Gameloft games are downloaded primarily onto Java and Brew telephones, the penetration rate of these phones will affect the success of Gameloft's offering in the mobile telephony market. Given that a very large proportion of mobile telephones currently sold by manufacturers are Java- or Brew-enabled, the company forecasts strong growth in the installed base of telephones capable of downloading games.
- The strong growth in the downloadable games market should bring about more intense competition. Gameloft's ability to consolidate its current position among the market leaders will impact the growth of its business. Today, however, Gameloft has a significant edge over a number of its competitors. This is evidenced by the company's distribution network – the most far-reaching in the market –, one of the most popular and diversified game catalogues available, and the use of world-renowned licences that are currently unparalleled in the mobile telephony market.

3.2.2.2 *Recent developments*

Publication of quarterly revenue from 1 January 2008 to 31 March 2008 (millions of euros)

First quarter	FY 2008	FY 2007	Growth
Revenue	25.3	22.7	+11%

Source: Gameloft

Gameloft posted consolidated revenue of 25.3 million euros in the first quarter of 2008, up 11% compared to the previous year. On a comparable exchange rate basis, growth would have been 19%. 94% of quarterly revenues were generated by the mobile games business and the remaining 6% by the console games business (Nintendo DS, Xbox Live Arcade). The revenue breakdown for the first quarter of 2008 was: 44% in Europe, 29% in North America and

⁴ Source: Strategy Analytics

28% in the rest of the world. The sharpest increase occurred in the rest of the world, where the growth rate was 82%. The share of revenue generated in North America fell in comparison to 2007 as a result of the sharp decrease in the dollar and the slowdown in the growth of our US market over the past few months. First quarter growth in revenue is in line with the company's forecasts. Gameloft expects sales to pick up starting in the second half of FY 2008 thanks to the release of its games for N-Gage, iPhone and mass-market consoles such as Wii and Nintendo DS.

3.3 Growth and investment strategy

Growth

The group's growth will be driven mainly by internal growth, with outside developers called upon to expand its game catalogue, as needed.

Growth by acquisition as a way of supplementing this internal growth is also possible and would be implemented based on opportunities and the market.

Investments

Breakdown of Gameloft's 2005-2007 investments (€ K)

Fiscal year	2005	2006	2007
Tangible investments	2,526	2,380	4,653
Intangible investments	112	3,832	8,758
Financial investments	590	469	1,822
TOTAL	3,228	6,681	15,235

Source: Gameloft

Tangible investments consist primarily of computer equipment and furniture and their increase resulted from the hiring of nearly 1,400 new employees in FY 2007. Intangible investments consist of purchases of licences (€5,044,000), research and development costs (€3,537,000) and computer software. Financial investments pertain to the creation of subsidiaries and security deposits on new leases signed during the year to accommodate the new employees.

Investments and financial statements cross-reference table

Assets (€ K)	Error correction	Increase	Change in reporting entity	Total
Office software		170	8	178
Advances on licences	773	4,271		5,044
Games marketed		1,340		1,340
Development in progress		2,197		2,197
General facilities		1,139	1	1,141
Transportation equipment				-
Computer equipment and furniture		3,366	103	3,469
Leased assets				-
Construction work in progress		44		44
Other financial assets		1,822		1,822
TOTAL	773	14,349	113	15,235

The company believes that the level of investment required over the next two fiscal years should even out to levels below those of 2007 given that recruitment should decline considerably in 2008 and 2009. The amount of this investment, primarily in tangible and intangible assets, is expected to be as follows:

Gameloft's 2008-2009 investments (€ K)

Fiscal year	2008e	2009e
Mobile games and consoles	6,000	6,000
TOTAL	6,000	6,000

Source: Gameloft

3.4 The group's management and organisation

3.4.1 Central functions

Gameloft is organised into game development subsidiaries and marketing subsidiaries. The Gameloft Group's management, based in France, informs its subsidiaries of the strategic directions to follow and oversees their implementation.

The company is structured around three international departments:

- the Development department;
- the Publishing department;
- the Administrative department.

These three central departments are, in turn, overseen by Mr. Michel Guillemot, Gameloft's Chief Executive Officer. The Board of Directors establishes the group's general policies and strategic choices. These policies and choices are then applied and put into practice by the group's management. Management informs the Board of Directors at regular intervals of the progress made in this regard.

3.4.2 Subsidiaries

In addition to the French-based parent company, which coordinates the business of the various subsidiaries and develops mobile phone games, the Gameloft Group has active subsidiaries in 16 different countries:

- Gameloft, Inc., a wholly-owned subsidiary based in Canada, is a mobile games development studio.
- Gameloft Srl, a 99%-owned subsidiary based in Romania, is a mobile games development studio.
- Gameloft EOOD, a wholly-owned subsidiary based in Bulgaria, is a mobile games development studio.
- Gameloft Software Beijing, a wholly-owned subsidiary based in China, is a mobile games development studio.
- Gameloft Software Shanghai, a wholly-owned subsidiary based in China, is a mobile games development studio.
- Gameloft Software Cheng Du, a wholly-owned subsidiary based in China, is a mobile games development studio.
- Gameloft Company Limited, a wholly-owned subsidiary based in Vietnam, is a mobile games development studio.
- Gameloft Rich Games Production France SARL, a 99.8%-owned subsidiary based in France, is a mobile games development studio.
- Gameloft Partnerships SAS, a wholly-owned subsidiary based in France, markets mobile games.
- Gameloft Live SAS, a wholly-owned subsidiary based in France, markets mobile games.
- Gameloft Software Private Limited, a 99.99%-owned subsidiary based in India, is a mobile games development studio.
- Gameloft S. de RL de C.V., a 99.95%-owned subsidiary based in Mexico, is a mobile games development studio.
- Gameloft Argentina S.A., a 94.75%-owned subsidiary based in Argentina, is a mobile games development studio.
- Gameloft, Inc., a 99.5%-owned subsidiary based in the United States, markets mobile games.
- Gameloft GmbH, a wholly-owned subsidiary based in Germany, markets mobile games.
- Gameloft Ltd., a 99.5%-owned subsidiary based in the United Kingdom, markets mobile games.
- Gameloft Iberica S.A., a wholly-owned subsidiary based in Spain, markets mobile games.
- Gameloft Srl, a 97.5%-owned subsidiary based in Italy, markets mobile games.
- Gameloft KK, a 99.9%-owned subsidiary based in Japan, markets and develops mobile games.
- Gameloft Company Limited, a wholly-owned subsidiary based in South Korea, markets and develops mobile games.
- Gameloft LLC, a wholly-owned subsidiary based in Ukraine, is a mobile games development studio.
- Gameloft S.r.o., a wholly-owned subsidiary based in the Czech Republic, markets mobile games.
- Gameloft S.p.r.l., a 99.5%-owned subsidiary based in Belgium, markets mobile games.
- Gameloft Do Brasil Ltda, a 99%-owned subsidiary based in Brazil, markets and develops mobile games.
- Gameloft Australia Pty Ltd., a wholly-owned subsidiary based in Australia, markets mobile games.

Each of the Gameloft Group's subsidiaries is a profit centre headed by a subsidiary manager who operates independently but comes under the authority of the three central departments.

Each subsidiary manager reports to the three central departments on a regular basis:

- A weekly report is sent to the Publishing and Production departments.
- A monthly financial analysis report is sent to the Administrative department.

3.4.3 The company's administrative and financial organisation

The Administrative department's areas of responsibility include cash flow management, monitoring of accounting and management rules, legal affairs, identifying external growth investments, finance, and relations with the financial community and shareholders. It also coordinates the company's corporate policy. Each manager of a development or marketing subsidiary is a signatory on the subsidiary's bank account and manages independently its expenses and physical investments (limited for the most part to computer equipment). Every month, however, each subsidiary manager sends a detailed monthly income statement and a cash flow report to the Administrative department, which can then closely monitor changes in income and expenses on a global scale. For cash fund management, management control and tracking of accounts payable and trade receivables, the company has installed an accounting software package which the Finance department uses to track changes in the various accounts on a daily basis.

3.4.4 Partnership agreements

Gameloft has signed numerous partnership agreements with all the major players in the telecom market. The company's partners include manufacturers such as Nokia, Motorola, Siemens, Samsung, Sony Ericsson, Sagem, LG, Alcatel, Mitsubishi, etc., and carriers such as Orange, SFR, Bouygues Telecom, Vodafone, Verizon, Alltel, Sprint, Cingular, Nextel, O2, T-Mobile, Swisscom, Optimus, TIM, Wind, Telefonica, Amena, Omnitel, E-Plus, Sonera, Telstra, TMN, Oniway, Singtel, M1, StarHub, Sunday, Simobil, China Unicom, China Mobile, BellSouth, PT, Maxis, and others.

3.4.5 Gameloft's strengths and weaknesses

The rapid growth and size of the installed base of Java and Brew telephones represent a golden opportunity for the Gameloft Group.

The company also has very extensive expertise in the area of mobile phone games, as well as one of the best game catalogues in the market with more than 200 games available on some 1,200 different models of telephones.

Gameloft's mobile phone games distribution network is the most far-reaching in the market and enables the company to sell its games in over 80 countries around the world.

The main risk for the group is the newness of the Java and Brew phone games market and the lack of visibility which this newness entails. Despite the excellent results posted by Gameloft since the launch of its downloadable game offering, it remains to be seen whether the mobile phone games market will become a mass market in the years to come.

Given the growth potential of the mobile phone games market, it is very likely that a number of major players in the traditional video games market will become Gameloft's competitors in the medium term. Publishers such as Activision, Nintendo and Sony have high-potential licences and could pose serious competition for Gameloft.

3.5 Risk factors

3.5.1 Risk related to failure to implement the development plan

Gameloft forecasts a significant increase in sales and profits in the coming year. Failure to achieve this anticipated success within a certain time period could adversely affect the market value of Gameloft's shares. Moreover, because of its short history, the company has only limited experience and perspective in terms of foreseeing future trends that could have a negative impact on its activity.

3.5.2 Dependence on strategic partners and indirect sales networks

Gameloft operates in a market dominated by telephone manufacturers and telecom carriers that partially control access to the end consumer. Gameloft's success depends on its ability to maintain a partnership with these companies.

3.5.3 Risk related to employee terminations

The company's success is closely linked to its ability to maintain a relationship with its key employees. If, for whatever reason, they leave or become unavailable for an extended period, this could have an impact on the company. The company's future success will also depend on its ability to attract, train, retain and motivate very technically skilled

employees.

Losing one or more key employees or managers, or failing to attract new highly-skilled staff, could have a significant negative impact on the company's revenue, earnings and financial position.

3.5.4 Risk related to recruitment problems

The group's success hinges on such factors as the performance and training of its production teams. The development of new technology and the desire to produce more effective and innovative games require specific expertise. Gameloft could face challenges in terms of recruiting experienced individuals with specialised technical skills at its studios to ensure its growth.

The company is organised today in such a way as to minimise risk related to the termination or extended unavailability of key employees or managers. One measure aimed at reducing this risk is stock options plans.

3.5.5 Risk related to the termination of a licensing partnership

Each year, Gameloft signs various partnership contracts, often with prestigious partners such as those mentioned in paragraph 3.2.1.2, which enable it to develop its game catalogue and increase its revenue. In this way, Gameloft benefits from its partners' reputation to ensure that its games have excellent sales potential. The possible termination of certain partnerships for any reason – either at Gameloft's initiative or that of its partners – could have a negative impact on the company's future revenue and operating income, to the extent that this impact is not offset by other new licences. Licences represented 38% of all downloads in 2007.

3.5.6 Intellectual property risk

Gameloft's game catalogue is protected by intellectual property rights. Gameloft's brands are protected through registrations in Europe and internationally (for France: the *Institut National de la Propriété Industrielle* in Paris; for Europe: the Office for Harmonization in the Internal Market; internationally: the World Intellectual Property Organization, and for the North American market, the US Patent and Trademark Office in Washington).

This catalogue's success, however, could lead to attempts at copying and piracy. To prevent this risk, the company must implement a permanent monitoring system and act quickly when illegal copies are placed online.

3.5.7 Risk related to the need for additional capital

For companies doing business in fast-growing markets, and in particular in the mobile phone games market, it is often impossible to make precise medium or long-term financial forecasts. Given the rapid changes brought about by competition, repositioning or strategic changes, Gameloft may need additional working capital.

The company believes that the growth of its activity could require it to turn to the financial markets. Since some shareholders would not take part in a share capital increase of this type, this could result in stock dilution.

3.5.8 Risk related to the nature of the positive statements about the future

This document contains certain positive statements about the future. These statements refer to future events or the company's future financial performance. They also refer to known and unknown risks, uncertainties and other factors that could lead to a discrepancy between the actual results of Gameloft or of the sector in which it operates in general and those explicitly or implicitly contained in these statements in terms of business volumes, performance and success. These statements are merely forecasts, and the actual results or data may prove to be different. Several elements, including the risks emphasised in the "risk factors" section, must be taken into consideration when assessing these statements. These factors may result in differences between Gameloft's actual results and any of the statements contained in this document.

Although Gameloft believes that the prospects expressed in these positive statements about the future are reasonable, it cannot guarantee the company's future earnings, business volumes, performance or success.

3.5.9 Risk related to growth management

The company's ability to manage its growth effectively will require it to implement, improve and make effective use of all its resources. Any significant growth in activity could subject the company, its managers and its teams to a great deal of pressure. In particular, the company must continue to develop its infrastructure and financial and operating procedures, replace or upgrade its information systems and recruit, train, motivate, manage and retain key employees. The management team's inability to manage growth effectively would have a significant negative impact on the

company's revenue, earnings and financial position.

3.5.10 Foreign exchange risk

The group is exposed to foreign exchange risk on its operating cash flow and its investments in its foreign subsidiaries. The group relies on natural hedges resulting from two-way transactions (i.e. development expenses in foreign currencies offset by royalties received from subsidiaries in the same currency).

3.5.11 Risk related to computer security

Despite the many integration systems implemented, Gameloft is not entirely protected from computer abuse, intrusions, problems with network user identification, and so on. Changes in regulations, the implementation of new mobility solutions, the spread of viruses and increased use of the Internet are just a few reasons why global security solutions need to be put in place. Information is a strategic resource of considerable value, and must therefore be protected in an appropriate manner. Information system security protects information from these threats to ensure business continuity. Security measures are aimed at guaranteeing the confidentiality, integrity and availability of information.

3.5.12 Risk related to changes in technology

Like all publishers, Gameloft is dependent on technological advances. However, Gameloft remains proficient in the necessary technologies and has the resources it needs to adapt to future technological changes.

3.5.13 Risk of delay in the release of a major game

In a competitive context, the announcement of a delay in the release of an anticipated game can have a negative impact not only on a company's share price but also in terms of revenue and therefore operating margin. This delay can result from a delay in the game's development or in the time needed to port it to several types of telephones. The priority is the release of high-quality, innovative games that also comply with cost and delivery time objectives. In a market that is new to us, such as new platforms, the timely release of a game is crucial.

3.6 *Exceptional events and lawsuits*

To the company's knowledge, there are no exceptional events, lawsuits or arbitration proceedings which are likely to have or have recently had a significant negative impact on the activity, earnings, financial position or assets of the company and its subsidiaries.

3.7 *Insurance*

In order to optimise and centralise risk management and prevent losses, the company reviewed its policy related to insurance.

As a result, on 1 January 2008, Gameloft implemented a group insurance programme that allows all its subsidiaries to have full professional civil liability and operational civil liability coverage.

The company also took out an insurance policy to protect the personal assets of its directors in order to assist them in the event of claims made against them.

3.8 *Commitments*

The company's management has made no firm commitments on future investments.

4 Financial information regarding Gameloft

4.1 Consolidated financial statements at 31 December 2007

4.1.1 Consolidated balance sheet at 31 December 2007 (€K) – 12-month fiscal year

ASSETS		Net	Net
12-month fiscal year	Notes	31.12.07	31.12.06
Intangible assets*	I	7,155	3,589
Tangible assets**	II	5,345	3,551
Non-current financial assets	III	2,288	963
Deferred tax assets	IV	627	821
Non-current assets		15,413	8,924
Inventory	V	70	111
Advance payments made	VI	34	88
Trade receivables and related accounts	VII	30,485	26,283
Financial assets***	VIII	19	-
Other receivables and accruals	IX	5,876	5,067
Cash and cash equivalents	X	14,060	18,691
Current assets		50,544	50,240
Total Assets		65,957	59,164

* Restatement on 31/12/06 following correction of an error in the amount of €773,000

** including assets under a financial lease: €116,000

*** including advances to affiliates not fully or proportionately consolidated at 31/12/2007: €50,000

LIABILITIES		31.12.07	31.12.06
12-month fiscal year	Notes		
Share capital		3,653	3,538
Issue and merger premiums		62,860	58,592
Consolidated reserves		-24,087	-40,939
Other reserves		8,848	6,715
Consolidated profit		-4,080	16,258
Shareholders' equity (group share)	XI	47,194	44,165
Minority interests		-	-
Total shareholders' equity		47,194	44,165
Provisions for contingencies and charges	XII	14	11
Employee benefits	XIII	130	46
Financial debts	XIV	4	118
Advance payments received		14	27
Other debts	XVII	287	-
Deferred tax liabilities	XV	775	834
Non-current liabilities		1,224	1,036
Provisions for contingencies and charges	XII	50	30
Financial debts*	XIV	164	96
Trade payables and related accounts**	XVI	8,941	7,748
Tax and social security liabilities	XVIII	7,947	5,385
Other debts	XVII	437	704
Current liabilities		17,539	13,963
Total Liabilities		65,957	59,164

* including advances received by affiliates not fully or proportionately consolidated at 31 December 2007: € 0

** Restatement on 31/12/06 following correction of an error in the amount of €773,000.

4.1.2 Consolidated income statement at 31 December 2007 (€K)

12-month fiscal year	Notes	2007	2006
Revenue	I	96,071	68,421
Self-constructed assets	I	3,537	-
Other business-related income	II	40	18
Cost of sales	III	9,036	4,999
Research & Development costs (1)	IV	56,980	40,686
Commercial expense (1)	V	24,652	17,276
Overhead costs (1)	VI	8,244	6,085
Change in inventories of finished products	VII	41	130
Provisions	VIII	532	32
Other operating income and expenses		-261	267
Operating income on ordinary activities		-98	-500
Other non-recurring income and expenses	IX	-168	19,672
Operating income		-267	19,172
Cash and cash equivalents income		547	333
Cost of gross financial debt		-32	135
Cost of net financial debt		515	199
Financial income		3,183	207
Financial expense		5,197	1,986
Net financial income/expense	X	-1,499	-1,580
Tax expense	XI	2,315	1,297
Share in earnings of equity-accounted companies		-	-
Net profit before income from businesses discontinued or being sold		-4,080	16,258
Income from businesses discontinued or being sold		-	-
Profit for the year accruing to:			
Gameloft SA shareholders		-4,080	16,258
Minority interests		-	37
Net earnings per share:			
per basic share		-0.056	0.232
per diluted share		-0.053	0.222

(1) reclassifications of subsidies deducted from salaries and fringe benefits

* including - financial income from affiliates not fully or proportionately consolidated at 31 December 2007: € 0

- financial expenses related to affiliates not fully or proportionately consolidated at 31 December 2007: € 0

4.1.3 Consolidated cash flow statement at 31 December 2007 (€K)

12-month fiscal year	31.12.07	31.12.06
Cash flow from operating activities		
Net profit	-4,080	16,258
Depreciation of tangible and intangible assets	6,852	3,229
Change in provisions	48	-27
Change in deferred taxes	2,315	-2
Tax paid	-1,125	
Income related to stock options and similar	2,995	3,029
Capital gains and losses	168	-20,349
Cash from operations	7,174	2,138
Change in inventories	41	130
Change in trade receivables	-4,782	-9,140
Change in operating liabilities	3,265	2,640
Change in non-trade receivables		-
Change in non-operating liabilities		-
Total operating cash flow	-1,476	-6,370
Investment-related cash flow		
Purchases of intangible assets	-3,706	-186
Purchases of tangible assets	-4,539	-2,171
Purchases of financial assets	-1,822	-
Purchases of other financial assets	-64	-469
Acquisition of advances on licences	-3,843	(1) -2,174
Sales of assets/Deconsolidation	177	21,561
Repayment of loans and other financial assets	501	153
Repayment of advances on licences	1	204
Change in reporting entity: net assets	-113	-1,003
Other cash flows	-	-
Total investment-related cash flows	-13,408	15,916
Cash flow from financing activities		
New long- and medium-term loans		88
Repayment of loans	-62	-54
Share capital increase	115	95
Increase in issue premium	4,268	3,203
Change in shareholders' current accounts	-74	-4,982
Other cash flows		-
Total cash flows from financing activities	4,247	-1,649
Impact of translation gains and losses	-1,259	-217
Change in cash and cash equivalents	-4,722	9,819
Net cash and cash equivalents at start of fiscal year	18,660	8,840
Net cash and cash equivalents at end of fiscal year	13,938	18,660
Restatement on 31/12/06 following correction of an error in the amount of €773,000		

Statement of changes in consolidated shareholders' equity (€K)

	Capital	Additional paid-in capital	Consolidated reserves and earnings	Reserves related to financial instruments	Consolidated reserves stock options	Other		Shareholders' equity	Minority interests	Total shareholders' equity
						Translation gains and losses	Directly held stocks			
Position at 1 January 2004	47,765	40,597	-87,592	0	355	183		1,308	84	1,392
Change in capital of the consolidating company	-44,537	3,814	44,623					3,900		3,900
Consolidated fiscal year profit			282					282		282
(Gameloft SA net profit: € 1,625,000)										
Change in translation gains and losses	-	-	-			69		69		69
Other changes	-		162		1,036			1,198	49	1,247
Position at 31 December 2004	3,228	44,411	-42,525	0	1,391	252	-	6,757	133	6,890
Change in capital of the consolidating company	214	10,978						11,192		11,192
Consolidated fiscal year profit			1,364					1,364		1,364
(Gameloft SA net profit: € 3,102,000)										
Other changes	-		231		2,475	206		2,912	77	2,989
Position at 31 December 2005	3,443	55,389	-40,930	0	3,866	458	0	22,225	210	22,435
Change in capital of the consolidating company	95	3,203						3,298		3,298
Consolidated fiscal year profit			16,258					16,258		16,258
(Gameloft SA net profit: € 23,395,000)										
Other changes	-		-8		3,029	-638		2,383	-210	2,173
Position at 31 December 2006	3,538	58,592	-24,680	0	6,895	-180	0	44,165	-	44,165
Change in capital of the consolidating company	115	4,268						4,383		4,383
Consolidated fiscal year profit			-4,080					-4,080		-4,080
(Gameloft SA net profit: -€ 2,538,000)										
Other changes			593		2,996	-864		2,725		2,725
Position at 31 December 2007	3,653	62,860	-28,167	0	9,891	-1,044	0	47,193	-	47,193

4.2 Notes to the consolidated financial statements

The following notes and tables are presented in thousands of euros.

4.2.1 Introduction

Founded in 1999, Gameloft is today the world's leading designer of games for mobile phones and mass market game consoles. Under agreements with all major telecom carriers, telephone manufacturers, game console manufacturers and specialised distributors, Gameloft distributes its games in more than 80 countries.

Gameloft is listed on segment B of Euronext Paris (ISIN code: FR0000079600, Bloomberg: GFT FP, Reuters: GFT).

The Gameloft Group's condensed consolidated financial statements at 31 December 2007 were approved by the Board of Directors on 27 March 2008.

4.2.2 Highlights

- Creation of new companies:

Companies were created in six different countries in FY 2007:

- Ukraine: Gameloft LLC
- Czech Republic: Gameloft Sro
- Belgium: Gameloft Sprl
- Brazil: Gameloft Do Brasil Ltda
- Australia: Gameloft Australia Pty Ltd
- France: Gameloft Live

- Change in reporting entity:

Gameloft LLC, Gameloft Australia Pty Ltd and Gameloft Do Brasil Ltda were added to the scope of consolidation at the time of their creation.

- Research and development costs

In FY 2007, Gameloft ventured into console game development. Expenses related to developing games for consoles are now capitalised on the balance sheet when technical feasibility has been established, these expenses are considered recoverable, and the company meets the six criteria of IAS 38.

- Currency fluctuations

The US dollar and the pound sterling fell sharply in the last quarter of 2007. The decline in these two currencies impacted the consolidated financial statements, particularly in terms of revenue, with a negative exchange rate differential of €927,000.

- Share capital increase:

Gameloft carried out a share capital increase through the exercise of stock options and start-up company stock purchase warrants in the amount of €4,383,000, issue premiums included. The share capital is currently €3,653,000.

- Error correction:

The balance of guaranteed amounts under the various licence agreements is now recognised rather than being mentioned in the Notes. This change occurred for FY 2007 and, after the fact, for FY 2006.

4.2.3 Accounting principles and methods

4.2.3.1 General principles – Primary basis of accounting

4.2.3.1.1 Primary basis of accounting

The Gameloft Group's condensed consolidated financial statements at 31 December 2007 were prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union and applicable as of this date.

These IFRS standards are available on the website of the European Commission at the following address:
http://ec.europa.eu/internal_market/accounting/IAS-fr.htm.adopted-commission.

These consolidated financial statements also comply with the IFRS standards issued by the IASB (International Accounting Standards Board) and applicable to the fiscal year ended 31 December 2007.

The consolidated financial statements are presented in thousands of euros, noted as € K, the parent company's functional currency.

The group's consolidated financial statements were drawn up on the basis of historical cost, with the exception of derivative instruments and financial assets held for transaction purposes or classified as available for sale, which are measured at their fair value.

Non-current assets are measured at the lower of their book value or fair value minus selling costs.

4.2.3.1.2 Consolidation principles

The companies are fully consolidated when there is exclusive control resulting from the direct or indirect ownership by Gameloft S.A. of 50% of the consolidated companies' voting rights or at least 40% of the rights if no other shareholder has a higher percentage of control. The full consolidation method is applied to all Gameloft subsidiaries.

Companies that are not significant to the group are not consolidated. At 31 December 2007, companies excluded from the consolidation scope are companies in the start-up phase. For information purposes, the key accounting data of these companies is given in Note 5.4.2.

Intra-group transactions for all the group's companies have been eliminated according to the rules applicable to consolidation.

All significant transactions between the consolidated companies as well as unrealised inter-company earnings included in fixed assets have been eliminated.

Earnings of companies that have become part of the consolidated group are consolidated as of each company's acquisition date or creation date. Liquidated companies and companies in the process of liquidation or whose criteria are insignificant are not included in the scope of consolidation.

4.2.3.1.3 Effects of the IFRS standards and interpretations applicable as of 1 January 2007

The following new standards, amendments to existing standards and interpretations published by the IASB (International Accounting Standards Board) and the IFRIC (International Financial Reporting Interpretations Committee) and approved by the European Union apply to fiscal years beginning on 1 January 2007:

The new standards, amendments and interpretations applicable to the group are as follows:

- IFRS 7, Disclosure of Financial Instruments, applicable to the annual periods beginning on 1 January 2007,
- Amendment to IAS 1, Disclosure of Capital, applicable to the annual periods beginning on 1 January 2007,
- IFRIC 8, which confirms the application of IFRS 2 to transactions by which an entity's shareholders have incurred an obligation to transfer cash or other assets in amounts based on the price or value of the entity's stock or other equity instruments,
- IFRIC 10, which states that impairment losses recognised at the time of interim closings may not be reversed during subsequent closings.

The Gameloft Group applied IFRS 7 and the amendment to IAS 1 for the presentation of its financial statements at 31 December 2007. The IFRIC 8 and IFRIC 10 interpretations had no impact on the Gameloft Group's financial statements.

The new standards, amendments and interpretations not applicable to the group are as follows:

IFRIC 7, Application of the Restatement Approach under IAS 29, Financial Reporting in Hyperinflationary Economies, IFRIC 9, Reassessment of Embedded Derivatives.

The group chose not to apply early the standards that will take effect after 31 December 2007.

Standards, interpretations and amendments to the standards applicable after 2007: IFRS 8, Operating Segments, is applicable as of the fiscal year beginning on 1 January 2009 and will replace IAS 14, Segment Reporting.

4.2.3.1.4 Comparability of accounts

A reclassification was made on the consolidated financial statements at 31 December 2007: the transfers of charges that were recognised as a deduction from the original allocation expenses.

At 31 December 2007, advances on licences, which correspond to guaranteed minimums stipulated in the contracts, are now recognised in full in the financial statements based on the contract terms rather than being mentioned in the Notes.

The amounts for the last two fiscal years are as follows:

2006: €773,000

2007: €539,000

In accordance with IAS 8 and to allow comparability of the accounts, the error correction was incorporated into the financial statements at 31 December 2006. The off-balance sheet commitment of €773,000 in 2006 was restated in the Intangible Assets item on the asset side of the balance sheet as an offset to Trade Payables and Related Accounts on the liability side. As a result, only the balance sheet is impacted and the group's profit and shareholders' equity are not affected.

4.2.3.1.5 Consolidation principles

- *Subsidiaries*

A subsidiary is an entity controlled by Gameloft SA. Control exists when the company has the power to guide, either directly or indirectly, the entity's financial and operational policies in order to obtain benefits from its activities.

To assess control, potential voting rights that are currently exercisable or convertible are taken into account.

Subsidiaries' financial statements are included in the consolidated financial statements from the date on which control begins until the date on which it ends.

- *Transactions eliminated in the consolidated financial statements*

Balance sheet balances, unrealised gains and losses and income and expenses resulting from intra-group transactions are eliminated when the consolidated financial statements are prepared.

Unrealised gains resulting from transactions with affiliates and jointly-controlled entities are eliminated in proportion to the group's percentage of interest in the entity.

Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that they do not represent an impairment.

- *Conversion to euros of items of French companies expressed in foreign currencies*

Income and expenses from transactions in foreign currencies are recorded at their equivalent value as of the transaction date.

Assets and liabilities are generally converted at the closing rate, and exchange differentials resulting from this conversion are entered on the income statement.

- *Conversion of transactions and financial statements of foreign companies*

Conversion of transactions in foreign currencies: the group's entities use their local currency as their functional currency. Transactions in foreign currencies are converted to their functional currency at the exchange rate in effect on the transaction date.

Monetary assets and liabilities in foreign currencies are converted at the exchange rate in effect on the balance sheet date. The resulting foreign exchange gains and losses are recorded as financial income or expense.

Foreign exchange gains and losses related to loans or borrowings with a foreign subsidiary which, in substance, are an integral part of the net investment in this subsidiary are recognised directly in shareholders' equity until the date of sale of the net investment, at which time they are transferred to profit or loss.

Conversion of financial statements of foreign subsidiaries: None of the group's subsidiaries carry out their activity in a hyperinflationary economy.

The foreign entities' accounts are converted to euros as follows:

- Assets and liabilities (including goodwill, if any, and value adjustments as of the acquisition date) are converted based on the official exchange rates in effect on the balance sheet date.
- Income and expenses are converted at the rate close to the exchange rates on the transaction dates.

- Shareholders' equity is kept at the historical rate. Translation gains and losses are recorded under shareholders' equity. Translation gains and losses are entered on the income statement when the subsidiary is sold.

4.2.3.1.6 Estimates and judgment

Preparation of the consolidated financial statements requires that the group's management use judgment and make estimates and assumptions which have an impact on the application of accounting methods and on the amounts shown in the financial statements.

These underlying estimates and assumptions are made and reviewed continuously based on past experience and other factors regarded as reasonable in light of the circumstances. Actual values may differ from estimated values.

Given that the judgments made by management when applying the IFRS standards can have a significant impact on the financial statements and that the estimates made pose a serious risk of changes in the share price during the subsequent period, they are explained in the notes related to impairment tests of other intangible assets, advances on licences and tangible assets.

The accounting methods described below were applied continuously to all the periods presented in the consolidated financial statements and uniformly to the group's entities.

4.2.3.1.7 Sector information

In light of the group's organisational structure and the commercial links among the various subsidiaries, we proceed on the basis that the group operates in a single market in several geographic areas (Europe, North America and the rest of the world).

4.2.3.2 *Valuation rules and methods applied by the group*

4.2.3.2.1 Goodwill

Goodwill is the difference between the acquisition cost and the fair value of the assets, liabilities and contingent liabilities identified as of the date of acquisition.

Consolidated goodwill is not amortised, but annual impairment tests are performed at the end of each closing of accounts. The recoverable amount of goodwill is then estimated either on the basis of market value or value in use. Value in use is defined as the sum of discounted cash flows relative to the cash-generating units with which the goodwill is associated. When the market value or value in use is less than the book value, a provision for impairment is recorded and cannot be reversed.

The cash-generating units used to calculate the impairment tests correspond to the subsidiary in question.

Negative goodwill (which according to IFRS 3 is defined as follows: "excess of the acquirer's interest in the fair value of the assets, liabilities and contingent liabilities acquired relative to their cost") is recognised immediately in the income statement.

4.2.3.2.2 Intangible assets

In accordance with IAS 38 "Intangible Assets", only those assets whose cost can be measured reliably and for which it is probable that future benefits exist are recognised as assets.

No borrowing costs were added to the costs of the assets.

▪ Brands

Brands acquired by the company are valued at the end of each year based on their contribution to commercial activity. This contribution is measured using criteria such as the presence among the top-selling brands in their market and revenue likely to be generated in the future.

At year-end, if their valuation is less than their book value, a provision is recorded.

Expenses related to brands created in-house are recognised as expenses, as are expenses incurred to renew their protection.

- Development costs:

Starting in 2007, Gameloft draws a distinction between two types of activity in order to recognise its development costs:

- New platforms:

Development costs for new platforms are capitalised on the balance sheet when the criteria set out in IAS 38 are met:

- 1) technical feasibility needed to complete the intangible asset for its use or sale,
- 2) the company's intention to complete the intangible asset and to use or sell it,
- 3) the company's ability to use or sell the intangible asset,
- 4) the intangible asset's ability to generate future economic benefits,
- 5) the fact that the company has the appropriate technical, financial and other resources to complete the development and to use or sell the intangible asset,
- 6) the company's ability to reliably measure the costs attributable to the intangible asset during its development.

These costs are measured based on direct salary costs plus social security charges and operating costs.

Development costs are first recognised as intangible assets in progress over the course of development. They are then transferred to the "other intangible assets" account when the game is completed.

These costs are amortised over 12 months on a straight-line basis once the product is released on the market. Technical feasibility is determined on a product-by-product basis. At the end of the fiscal year, and for each software product, a value test is performed and the amount not yet amortised is compared to future sales forecasts. If these sales forecasts are insufficient, additional amortisation is applied accordingly.

The companies do not conduct basic research.

- Mobile phones:

For mobile phone games, Gameloft currently records development costs as expenses at the time they are incurred. Each year, the company develops and places on various carriers' sites thousands of versions of its games covering the 1,200 different models of mobile telephones on the market and the 12 languages it supports. Given this extreme fragmentation and the more general nature of the sales-related information received from carriers, Gameloft is not in a position to reliably calculate the development costs of mobile phone games and the residual value of each of these versions. Since the development costs of mobile phone games cannot be itemised, these costs are recognised as expenses, unlike those for new platforms which have been capitalised since the start of FY 2007.

- Licences

Licences cover distribution and reproduction rights acquired from third-party publishers. The signing of licence agreements results in the payment of guaranteed amounts. These amounts are recognised in an advances on licences account. All commitments (guaranteed amounts stipulated in the contract) are recognised in the accounts.

These advances are reduced based on the amount of royalties paid in connection with sales or are amortised on a straight-line basis for flat fees (fixed amount).

At the end of the fiscal year, the net book value is compared to the future sales forecasts to which the terms of the contract are applied. If these sales forecasts are insufficient, additional amortisation is then applied accordingly.

- Office software

Office software is amortised over 12 months on a straight-line basis.

4.2.3.2.3 Tangible assets

Expenses related to tangible assets are recorded as assets at their acquisition cost when the following criteria are met:

- it is probable that future economic benefits are associated with this asset,
- the acquisition cost can be reliably measured.

Tangible assets are shown on the balance sheet at their cost price less accumulated amortisation and accumulated impairment losses, if any. Assets are shown on the balance sheet at their acquisition cost less cash discounts and any investment subsidies granted. Given the types of assets owned, no component separate from the principal assets has been identified. The residual values are considered zero.

No borrowing costs were added to the costs of the assets.

The depreciation calculated on the basis of rates consistent throughout the group is determined according to the following methods and useful life:

- Fixtures and facilities: 5 years (straight-line method)
- Transportation equipment: 5 years (straight-line method)
- Computer and telephony equipment: 2 and 3 years (straight-line method)
- Furniture: 10 years (straight-line method)

The residual values and useful lives of the assets are reviewed and, where applicable, adjusted annually or when operating conditions are subject to long-term changes.

4.2.3.2.4 Assets acquired through direct financing leases

Lease contracts that transfer nearly all risks and benefits inherent to ownership of the asset are considered direct financing leases.

Assets financed through direct financing leases are restated in the consolidated financial statements as if the company had acquired them directly and financed them through loans.

The amount recorded on the asset side is equal to the lower of the fair value of the leased asset or the present value of the minimum lease payments, less amortisation cost and total impairment.

4.2.3.2.5 Non-current financial assets

- Equity holdings and long-term investments are recorded as “assets available for sale” since they are not held for the purpose of realising short-term profits. These assets are shown on the balance sheet at their fair value. Changes in fair value are recorded under shareholders’ equity.

- Other financial market securities are valued at their historical cost, exclusive of incidental expenses.

- Deposits and guarantees are recorded under “Loans and receivables”. They are measured at the fair value of the consideration received and discounted if the impact is significant.

These are primarily current account advances made to the group’s non-consolidated subsidiaries. A provision is set up for these advances if the subsidiary’s revalued net position, reduced to the percentage owned, becomes negative.

4.2.3.2.6 Deferred tax and current tax

Deferred taxes are recognised according to revised IAS 12.

Insofar as it is probable that a taxable profit will exist, a deferred tax asset is recorded for:

- deductible timing differences,
- the carry-forward of unused tax losses,
- the carry-forward of unused tax credits.

A deferred tax liability is recorded for taxable timing differences unless otherwise provided by revised IAS 12.

Timing differences are differences between the book value of an asset or liability on the balance sheet and its tax value.

Deferred taxes are measured at the used or partially used tax rate that is expected to be applied during the fiscal year in which the asset will be realised or the liability paid.

The impact of changes in the tax rates on previously recorded deferred taxes is recorded under shareholders’ equity.

Deferred taxes are shown on the balance sheet as separate items from current tax assets and liabilities and are recorded as current and non-current items.

Current tax is calculated on net profit for the period at the rate in effect on the balance sheet date.

4.2.3.2.7 Inventory

In accordance with IAS 2, inventory is recorded at the lower of the cost of the goods and supplies or the net realisable value.

Inventory is valued using the FIFO method. The gross value of goods and supplies includes the purchase price and incidental expenses. Financial costs are excluded from inventory valuation in all cases.

A provision for depreciation is set up when the probable net realisable value is less than the book value. Any write-back of depreciation of inventory is recorded as a reduction of the inventory amount recorded as an expense during the fiscal year in which the write-back occurs.

4.2.3.2.8 Trade receivables and related accounts

Trade receivables and related accounts were measured at their fair value at the time they were recorded. Since receivables are due in less than one year, they are not discounted. Where applicable, a provision for depreciation is set up based on the expected collectibility of the receivables at year-end.

4.2.3.2.9 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and cash equivalents as defined by IAS 7: short-term investments, generally less than three months, which are easily cashable or sellable in very little time, convertible to an amount of cash and not subject to significant risk of change in value, by means of the income statement. They are entered on the balance sheet at their fair value and changes are recorded under income/expense.

4.2.3.2.10 Provisions for contingencies and charges

A provision is recorded when:

- the company has a present obligation (legal or constructive) resulting from a past event;
- it is probable that an outflow of resources representing economic benefits will be needed to settle the obligation;
- the amount of the obligation can be measured reliably.

If these conditions are not met, no provision is recorded.

At 31 December 2007, provisions for contingencies and charges concern:

- a possible social security tax liability related to an employee's early exercise of stock options,
- salaries and fringe benefits related to a restructuring.

4.2.3.2.11 Benefits granted to employees

- Retirement indemnities

In accordance with each country's laws and practices, Gameloft participates in retirement, social security and pension plans, the benefits of which depend on various factors, such as seniority, salaries and payments made to mandatory public plans.

These may be defined contribution plans or defined benefit plans:

- For defined contribution plans, the pension supplement is determined by the accumulated capital resulting from the contributions made by the employee and the company to external funds. Expenses refer to the contributions made during the fiscal year. The group has no subsequent obligation to its employees. For Gameloft, public pension plans or defined contribution plans are generally used.
- For defined benefit schemes (or plans), the employee receives from the group a payment on retirement determined according to parameters such as age, length of employment and salary. Within the group, this is the practice applied in France.

Based on the way each plan works and the data provided by each country, an actuarial calculation called "projected unit credit method" has been used to measure the employer's future obligations. This method entails determining the value of each employee's probable and discounted future benefits at the time of his/her retirement.

The assumptions made as of 31 December 2007 are as follows:

France	
Rate of growth in salaries	1 to 3%
Discount rate	2.00%
Retirement initiated by the employee	65 years

along with changes in the workforce, the estimate of which is based on the prospective life table established by the INSEE and on a turnover rate resulting from statistical observation.

- End of contract indemnities

The provision for end-of-employment contract indemnities for employees in Italy includes the accumulated benefits acquired by the employees during their year of service. The indemnities are paid to the employee upon his/her termination and the group has no further debt toward the employee once the indemnity is paid. Rights are updated annually based on the provisions that apply in Italy.

Gameloft has not set up special employee benefits.

- Stock options

The benefit granted to employees at the time of issuance of stock options (value of the option as of the grant date) and start-up company stock purchase warrants constitutes additional compensation recorded as a payroll expense and spread out over the benefit vesting period.

For stock option and BSPCE plans, the accounting expense represents the valuation of the options as of the grant date of each plan. The fair value of the options therefore depends on the date on which they are vested. The recognition of this deferred compensation is spread out over the vesting period.

In accordance with IFRS 2, only plans issued after 7 November 2002 and for which vesting had not occurred on 1 January 2005 are measured and recorded as payroll expense. Prior plans are not measured and not recorded.

Volatility criteria have been established based on two phases:

- determination of the historical volatility of the share price over a period commensurate with the term of the option
- recognition of concrete information which suggests that the future will differ from the past.

	2003 and 2004 stock option plan			2006 stock option plan		2007 stock option plan
Volatility	76% (1)			46% (2)		39% (3)
Turnover rate linked to termination from the group	8% per year			8% per year		8% per year
Assumptions regarding distributions of dividends	None			None		None
Risk-free rate	Yield of zero-coupon bonds with 5-year maturity			Yield of 5 to 6 year zero-coupon bonds		Average between the 5-year constant maturity rate and the 7-year constant maturity rate
	3.42% in March 2003	3.41% in September 2003	3.05% in December 2004	3.08% & 3.14% in January 2006	3.85% in June 2006	3.93%

(1) To determine volatility, a study of two other companies comparable to Gameloft was conducted.

(2) Volatility was determined by restating Gameloft's historical share price over the first three years of listing. The economic model used at that time was completely revised in relation to its current model, which means that the change in share price cannot be comparable to its change in subsequent years.

(3) Volatility was determined by restating Gameloft's historical share price over the first three years of listing.

A plan is accounted for by the recognition of a payroll expense as an offset to an increase in shareholders' equity.

- Individual right to training

The law of 4 May 2004 gives French employees an individual right to training. This new right entitles them, at their request but with the employer's approval, to take part in training courses.

Each year, based on the agreements applicable at the company, full-time personnel employed under open-ended contracts who have at least one year of seniority at the company acquire a right to 20 hours of training. Employees with one year of seniority as of 7 May 2005 may benefit from this law.

The rights acquired annually may be accumulated over a six-year period, i.e. a maximum of 120 hours.

4.2.3.2.12 Trade payables and related accounts

Trade payables and related accounts are valued at the amortised cost.

4.2.3.2.13 Mobile game development costs

For mobile phone game development, Gameloft records development costs as expenses at the time they are incurred. Each year, the company develops and places on various carriers' sites thousands of versions of its games covering the 1,200 different models of mobile telephones on the market and the 12 languages it supports. Given this extreme fragmentation and the more general nature of the sales-related information received from carriers, Gameloft is not in a position to reliably calculate mobile phone game development costs and the residual value of each of these versions, which is one of the criteria of IAS 38 for capitalising development costs. Since Gameloft does not meet all the capitalisation criteria set out in IAS 38, the company will continue to record its mobile phone game development costs as expenses next year.

4.2.3.2.14 Revenue

According to IAS 18, revenue is the gross inflow of economic benefits during the fiscal year from a company's ordinary activities when said inflows result in an increase in shareholders' equity other than increases related to the participants' contributions to shareholders' equity.

In accordance with IAS 18, all revenue is measured at the fair value of the consideration received or receivable, net of rebates, discounts, reductions and cash discounts.

4.2.3.2.15 Operating income on ordinary activities

Operating income on ordinary activities is defined as the difference between all income and expenses not resulting from financial activities, equity-accounted companies, businesses discontinued or being sold, or taxes.

Total operating income includes operating income on ordinary activities and other operating income and expenses.

Other operating income and expenses are few in number and correspond to unusual, abnormal and infrequent events.

4.2.3.2.16 Cost of financing and other financial income and expenses

Net financial income/expense consists of the cost of net financial debt and other financial income and expenses.

The cost of net financial debt includes:

- cash and cash equivalents income, which includes income from sales of short-term investment securities and interest income;
- the cost of gross financial debt, which includes all interest expense on financing operations.

Other financial income and expenses include profit/loss on sales of non-consolidated shares, changes in fair value of financial instruments (assets, liabilities and derivatives), foreign exchange gains and losses and other financial income and expenses.

Gameloft does not use derivative instruments to manage or reduce its exposure to risks of changes in foreign exchange rates which are found in organised or over-the counter markets (cross-currency swaps, etc.).

4.2.3.2.17 Cash flow statement

The cash flow statement is presented indirectly (on the basis of net profit).

Cash flows for the fiscal year are broken down into flows generated by business activity, investment operations and financing activities.

Cash from operations is determined by adding to net profit (or deducting from it, depending on the case) net depreciation, net provisions (excluding ordinary provisions), income from sales, tax expense and calculated expenses related to stock options.

Net cash flows from operating activities exclude net change in working capital requirement related to tangible and intangible assets.

Net cash flows related to investment activities include net change in working capital requirement related to tangible and intangible assets.

Net cash flows related to financing activities include net interest paid on loans and changes in current accounts.

The net impact of changes in reporting entity is presented in a specific section of cash flows related to investment operations.

The cash assets shown in the cash flow statement include cash, short-term investment securities, cash equivalents and cash credit.

No dividends were paid at 31 December 2007 with regard to 2006 profit.

4.2.3.2.18 Related parties

The group's related parties include companies over which the group exercises control – i.e. the power to guide an entity's financial and operational policies in order to obtain benefits from its activities –, joint control or significant influence, shareholders who exercise joint control over the group's joint ventures, minority shareholders who exercise significant influence over the group's subsidiaries, the group's company managers, executives and directors, persons having the authority and responsibility for the planning, management and control of the entity's activities, either directly or indirectly, and companies in which these persons exercise control, joint control or significant influence or hold a significant voting right.

4.2.3.2.19 Earnings per share

The group calculates earnings per share using, on the one hand, net profit and, on the other hand, net profit of the consolidated group before taxes and minority interests.

* Earnings per share:

This is the ratio of net profit to the weighted average number of outstanding shares.

* Diluted earnings per share:

These earnings are calculated by dividing:

- net profit before dilution plus the after-tax amount of savings in financial costs resulting from the conversion of the diluting instruments;
- by the average weighted number of outstanding ordinary shares, plus the number of shares that would be created as a result of the conversion of the convertible instruments into shares and the exercise of rights.

Net profit at 31 December 2007	-€4,080,000
Dividends paid to shareholders:	€0
Financial costs related to bond issues net of tax:	€0
Restated net profit	-€4,080,000
Number of outstanding shares at 31 December 2007:	73,058,357
Potential shares:	
BSPCE	1,898,853
Stock options	<u>1,746,498</u>
Average weighted number of shares after exercise of the rights attached to the diluting instruments	76,703,708

Diluted earnings per share at 31 December 2007 = €0.05319

4.2.4 Scope of consolidation

4.2.4.1 Companies included in the Gameloft Group's consolidated financial statements at 31 December 2007

Company	Country	Acquisition/creation date	Activity - Sector	Consolidated company	% of interest	% of control	Method
Gameloft SA 429 338 130	France	1999	Mobile Distribution / Production	Yes	-	Parent company	Full Consolidation
Gameloft Inc.	USA	2000	Mobile Distribution / Production	Yes	100.00%	100%	Full Consolidation
Gameloft Inc. Divertissements	Canada	2000	Mobile Distribution / Production	Yes	100.00%	100%	Full Consolidation
Gameloft Ltd.	United Kingdom	2001	Mobile Distribution / Production	Yes	99.50%	100%	Full Consolidation
Gameloft GmbH	Germany	2001	Mobile Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft Iberica SA	Spain	2001	Mobile Distribution / Production	Yes	100.00%	100%	Full Consolidation
Gameloft SRL	Italy	2001	Mobile Distribution	Yes	99.74%	100%	Full Consolidation
Gameloft SRL	Romania	2001	Mobile Production / Distribution	Yes	99.00%	100%	Full Consolidation
Gameloft Software Beijing Ltd.	China	2003	Mobile Production / Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft Software Shanghai Ltd.	China	2004	Mobile Production	Yes	100.00%	100%	Full Consolidation
Gameloft Rich Games Production France 450 415 237	France	2003	Mobile Production	Yes	99.80%	100%	Full Consolidation
Gameloft EOOD Bulgaria	Bulgaria	2004	Mobile Production / Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft KK	Japan	2004	Mobile Production / Distribution	Yes	100.00%	100%	Full Consolidation
Gameloft Ltd. Vietnam	Vietnam	2004	Mobile Production	Yes	100.00%	100%	Full Consolidation
Gameloft S. de R.L. de C.V.	Mexico	2005	Mobile Production / Distribution	Yes	99.85%	100%	Full Consolidation
L'Odyssée Interactive Games 483 443 743	France	2005	Mobile Production	Yes	99.90%	100%	Full Consolidation
Gameloft Private Ltd.	India	2005	Mobile Production / Distribution	Yes	99.00%	100%	Full Consolidation
Gameloft Co. Ltd.	Korea	2005	Mobile Distribution	Yes	100.00%	100%	Full Consolidation

Gameloft Argentina	Argentina	2005	/ Production Mobile Production / Distribution	Yes	100.00%	100%	Full Consolidatio n
Gameloft Partnerships 488 934 506	France	2006	Mobile Distribution	Yes	100.00%	100%	Full Consolidatio n
Gameloft Software Cheng Du	China	2006	Mobile Production	Yes	100.00%	100%	Full Consolidatio n
Gameloft Australia Pty Ltd	Australia	2007	Mobile Distribution	Yes	100.00%	100%	Full Consolidatio n
Gameloft Do Brasil Ltda	Brazil	2007	Mobile Production/ Distribution	Yes	99.00%	100%	Full Consolidatio n
Gameloft LLC	Ukraine	2007	Mobile Production/ Distribution	Yes	100.00%	100%	Full Consolidatio n

The annual balance sheet date for consolidated companies is 31 December.

4.2.4.2 Companies not included in the Gameloft Group's consolidated financial statements at 31 December 2007

Companies that are not significant to the group are not consolidated.

At 31 December 2007, companies excluded from the consolidation scope are companies in the start-up phase.

For information purposes, the key accounting data of these companies is as follows:

Company	Country	Creation date	Activity - Sector	% of interest	Balance sheet total (€ K)	Total shareholders' equity (€ K)	Total revenue (€ K)	Number of employees	Off-balance sheet commitments
Gameloft Sro	Czech Republic	2007	Mobile Distribution	100.00%	26	-31	0	2	None
Gameloft Belgium	Belgium	2007	No activity	99.50%	20	20	0	0	None
Gameloft Live 500 819 537 00019	France	2007	No activity	100.00%	37	36	0	0	None

4.2.4.3 Change in reporting entity

The consolidation scope used for FY 2007 differs from that of 2006 as a result of consolidation criteria having been met by three subsidiaries. Gameloft LLC in Ukraine was added to the scope of consolidation at the time of its creation in April 2007. Gameloft Australia Pty Ltd and Gameloft Do Brasil Ltda were also added to the consolidation scope

4.2.5 Notes to the balance sheet

I. OTHER INTANGIBLE ASSETS

Other intangible assets at 31 December 2007 were as follows:

Assets	At 31.12.06 cumulative	Increases	Decreases	Change in reporting entity	Exchange differential	At 31.12.07 cumulative
Software Games marketed	332	170 1,340	10	8	-8	492 1,340

Advances on licences*	4,902	4,271			-39	9,134
Development in progress		2,197				2,197
TOTAL	5,234	7,978	10	8	-47	13,163

* Restatement on 31/12/06 following correction of an error in the amount of €773,000

Amortisation	At 31.12.06 Cumulative	Increases	Decreases	Change in reporting entity	Exchange differential	At 31.12.07 cumulative
Software	253	141	3	3	29	423
Games marketed		202				202
Advances on licences	1,392	4,010			-19	5,383
TOTAL	1,645	4,353	3	3	10	6,008

Other intangible assets include development costs of finished or marketed games for new platforms such as Nintendo DS, Nintendo's Wiiware service, Microsoft's Xbox Live Arcade service, etc.

Intangible assets in progress include development costs of games not completed as of the balance sheet date.

Advances on licences pertain to licence agreements signed with various automobile manufacturers, top-ranked athletes such as Reggie Bush (American football player), Lleyton Hewitt, Patrick Viera, Steven Gerrard, Cannavaro, Robinho, FIFPRO (International Federation of Professional Footballers) and so on.

In 2007, new licence agreements were signed with Dreamworks for Shrek The Third, Paramount for the film Beowulf, TV series and games such as CSI Miami, Grey's Anatomy, Desperate Housewives, Deal or No Deal, 1 vs. 100, Heroes and others.

The increase in amortisation related to advances on licences stemmed from higher sales which led to an increase in royalties prorated based on sales of the various licensed products or amortised on a straight-line basis according to the contract term for flat fees (fixed amount), as well as additional amortisation in the amount of €679,000.

II. TANGIBLE ASSETS

Tangible assets are as follows:

Assets	At 31.12.06 Cumulative	Increases	Decreases	Change in reporting entity	Exchange differential	At 31.12.07 Cumulative
Plant and equipment	1,012	1,139	63	1	71	2,160
Transportation equipment	2					2
Computer equipment and furniture	5,268	3,366	292	103	-433	8,012
Leased computer equipment	110				6	116
Construction work in progress	-	44	18			26
TOTAL	6,392	4,549	373	104	-356	10,316

The increase in tangible assets was due to:

- addition to the scope of consolidation of the Ukrainian and Brazilian companies, mobile game production subsidiaries,
- expansion of the other production studios,
- purchases of mobile telephones used for game creation.

The reductions in computer equipment stemmed from sales.

The reductions in general facilities are mainly due to disposals.

The change in reporting entity pertains to Gameloft LLC in Ukraine and Gameloft Do Brasil Ltda in Brazil.

Depreciation	At 31.12.06 Cumulative	Increases	Decreases	Change in reporting entity	Exchange differential	At 31.12.07 Cumulative
Plant and equipment	266	369	27	0	- 49	559

Transportation equipment	-					0
Computer equipment and furniture	2,526	2,030	120	10	- 133	4,313
Leased computer equipment	50	36			13	99
TOTAL	2,842	2,435	147	10	- 169	4,971

III. NON-CURRENT FINANCIAL ASSETS

Assets	At 31.12.06 Cumulative	Increases	Decreases	Change in reporting entity	Exchange differential	At 31.12.07 Cumulative
Non-consolidated companies (gross values)	113	64	113			64
Deposits and guarantees	963	1,822	501		-52	2,232
TOTAL	1,076	1,886	614		-52	2,296

The increases in deposits and guarantees mainly concern Gameloft Co Ltd (€219,000), Gameloft S de RL (€283,000), Gameloft Software Private (€438,000), Gameloft SA (€79,000), Gameloft Vietnam (€81,000) and Gameloft KK (€510,000).

The decreases mainly concern Gameloft Ltd. Co (€147,000) and Gameloft S de RL (€245,000).

Provisions	At 31.12.06 Cumulative	Increases	Decreases	Change in reporting entity	At 31.12.07 Cumulative
Non-consolidated companies	113	8	113		8
TOTAL	113	8	113	-	8

Percentage of ownership of non-consolidated companies:

Company	Acquisition cost of shares in €K	Percentage of ownership	Shareholders' equity in foreign currencies	Net profit in foreign currencies	Net book value in €K
Gameloft Live	37	100.00%	36,140	-860	36
Gameloft Sprl	20	99.50%	20,000	-	20
Gameloft Sro	7	100.00%	-820,170	-1,020,170	-
* Amounts in foreign currencies	64				56

Companies over which the group does not exercise significant influence are not part of the consolidation scope. The other companies excluded from the consolidation scope are excluded because they are not significant to the group (cf. note 5.4.2).

IV. DEFERRED TAX ASSETS

	31.12.07	31.12.06
Capitalised losses	70	905
Timing differences	557	- 84
TOTAL	627	821

Deferred tax assets are recorded if they are likely to be recovered, in particular if taxable income is expected during the period in which the deferred tax assets are valid.

Timing differences mainly concern provisions for accrued expenses and deferred depreciation.

The expiration periods of the tax losses are as follows:

- 3 years: €7,000
- 5 years: €63,000

Capitalised/non-capitalised losses

	31.12.07		31.12.06
In € K	capitalised losses	non-capitalised losses	capitalised losses
Gameloft Divertissements Inc.			300
Gameloft Bulgaria	3		
Gameloft Co. Ltd.			86
Gameloft Argentina			324
Gameloft S de RL de CV			12
Gameloft SRL Romania	60		182
Gameloft Srl Italy			1
Gameloft SA		13,534	
Gameloft Shanghai		86	
Gameloft KK		153	
Gameloft LLC	7		
Gameloft Cheng Du		372	
Gameloft Vietnam		27	
Gameloft Software India		45	
Gameloft Ltd. Co		59	
Gameloft GmbH		544	
TOTAL	70	14,820	905

V. INVENTORY

Description	At 31.12.06	Gross value	Provision	At 31.12.07
Asphalt Nintendo DS cartridges	111	70	-	70
TOTAL	111	70	-	70

Asphalt Nintendo DS cartridges are sold worldwide.

The inventory has not been put up as collateral.

VI. ADVANCE PAYMENTS MADE

	At 31.12.06	Increase	Decrease	At 31.12.07
Advance payments made	88	34	88	34
TOTAL	88	34	88	34

VII. TRADE RECEIVABLES AND RELATED ACCOUNTS

At 31.12.07	Gross	Provision	Net	At 31.12.06
Trade receivables and related accounts	30,846	361	30,485	26,283
Total	30,846	361	30,485	26,283

The increase in trade receivables is linked to the growth in activity throughout 2007.

The average term of payment of the Gameloft Group's customers is 90 days.

All trade receivables are due in less than one year and the impact of discounting is not significant and not recorded.

VIII. FINANCIAL ASSETS

	Gross value	Provision	Net at 31.12.07	31.12.06
Partners' current accounts	50	31	19	-
TOTAL	50	31	19	-

The current account concerns the Gameloft Sro subsidiary (Czech Republic).

IX. OTHER RECEIVABLES AND ACCRUALS

Other receivables are as follows:

	Gross value	Provision	Net at 31.12.07	31.12.06
VAT	1,433		1,433	1,148
Other tax and social security claims (2)	3,022		3,022	2,832
Credit notes from suppliers	141		141	377
Receivables from suppliers	179		179	75
Other	116		116	36
Pre-paid expenses	987		987	475
Called-up share capital (issue premium included)	-		-	124
TOTAL	5,878		5,878	5,067

All other receivables are payable within a period of less than one year.

(2) Of which tax claims = €3,001,000, due mainly to the tax credit related to the operating subsidies of Gameloft Canada.

Social security claims = €21,000

X. CASH AND CASH EQUIVALENTS

The “cash on hand” item includes bank account balances totalling €7,794,000 at 31 December 2007 compared with €11,573,000 at 31 December 2006.

Short-term investment securities consist of the following:

Description	Name	Number	31.12.07			31.12.06
			Gross value € K	Fair value € K	Capital gain/loss € K	Net value € K
Mutual fund	Negotiable CD	3	6,246	6,266	20	7,119
Unit trust	CAM – Capital Institution Cash	-	-	-	-	-
TOTAL			6,246	6,266	20	7,119

The change in net cash breaks down as follows:

Cash detail	31.12.07	31.12.06
Cash on hand	7,794	11,573
Short-term investment securities	6,266	7,119
Foreign currency advances	-	-
Bank overdrafts and short-term credit	-126	-43
TOTAL	13,934	18,649

XI. SHAREHOLDERS' EQUITY

Capital

At 31 December 2007, Gameloft S.A.'s share capital consisted of 73,058,357 shares, each with a par value of 0.05 euros, for a total of 3,652,917.85 euros.

Gameloft carried out capital increases through the exercise of stock options and start-up company stock purchase warrants.

Number of Gameloft S.A. shares

	Par value €	Number of shares	Amount in €K
At 31/12/04	0.05	64,566,823	3,228
Offsetting of claims 28/06/05	0.05	2,623,296	131
Exercised options on 25/10/2005	0.05	1,660,197	83
At 31/12/05	0.05	68,850,316	3,443
Exercised options on 25/10/2002	0.05	116,477	6
Exercised options on 21/03/2003	0.05	548,744	27
Exercised options on 04/12/2004	0.05	588,397	29
Exercised options on 15/09/2003	0.05	652,650	33
At 31/12/06	0.05	70,756,584	3,538
Exercised options on 25/10/2002	0.05	34,600	2
Exercised options on 21/03/2003	0.05	121,128	6
Exercised options on 04/12/2004	0.05	706,553	35
Exercised options on 15/09/2003	0.05	1,439,492	72
At 31/12/07	0.05	73,058,357	3,653

Stock options and BSPCE

As a reminder, the conditions under which stock options and BSPCE may be exercised are as follows:

Date of Board of Directors' meeting	21/03/03	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	714,000	164,256	43,128
Number of shares cancelled:		161,000	161,000
Number of people concerned: including managers	39 0		
Start of exercise	21/03/2006	21/03/2006	21/03/2006
End of exercise	21/03/2008	21/03/2008	21/03/2008
Subscription price	1.25 euros	1.25 euros	1.25 euros

Date of Board of Directors' meeting	15/09/03	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	1,544,500	849,000	190,500
Number of shares cancelled:		348,500	349,500
Number of people concerned: including managers	96 0		
Start of exercise	15/09/2006	15/09/2006	15/09/2006
End of exercise	15/09/2008	15/09/2008	15/09/2008
Subscription price	1.75 euros	1.75 euros	1.75 euros

Date of Board of Directors' meeting	03/12/04	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	1,585,800	960,850	577,650
Number of shares cancelled:		357,000	433,900
Number of people concerned: including managers	91 0		
Start of exercise	31/03/2006	31/03/2006	31/03/2006
End of exercise	03/12/2009	03/12/2009	03/12/2009
Subscription price	2.40 euros	2.40 euros	2.40 euros

Date of Board of Directors' meeting	11/01/06	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	2,790,300	2,716,200	2,547,900
Number of shares cancelled:		74,100	242,400

Number of people concerned: including managers	101 5		
Start of exercise	11/01/2008	11/01/2008	11/01/2008
End of exercise	11/01/2012	11/01/2012	11/01/2012
Subscription price	5.35 euros	5.35 euros	5.35 euros

Date of Board of Directors' meeting	11/01/06	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	612,000	468,000	363,000
Number of shares cancelled:		144,000	249,000
Number of people concerned: including managers	33 0		
Start of exercise	11/01/2008	11/01/2008	11/01/2008
End of exercise	11/01/2012	11/01/2012	11/01/2012
Subscription price	5.61 euros	5.61 euros	5.61 euros

Date of Board of Directors' meeting	7/06/06	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	40,200	40,200	40,200
Number of shares cancelled:	-	-	-
Number of people concerned: including managers	2 0	2 0	2 0
Start of exercise	07/06/2010	07/06/2010	07/06/2010
End of exercise	07/06/2012	07/06/2012	07/06/2012
Subscription price	5.37 euros	5.37 euros	5.37 euros

Date of Board of Directors' meeting	03/01/07	Balance at 31.12.07
Number of shares eligible for subscription:	2,811,000	2,734,800
Number of shares cancelled:		76,200
Number of people concerned: including managers	127 4	
Start of exercise	03/01/2009	03/01/2009
End of exercise	03/01/2013	03/01/2013
Subscription price	4.10 euros	4.10 euros

Date of Board of Directors' meeting	03/01/07	Balance at 31.12.07
Number of shares eligible for subscription:	710,100	604,800
Number of shares cancelled:		105,300
Number of people concerned: including managers	38 1	
Start of exercise	03/01/2009	03/01/2009
End of exercise	03/01/2013	03/01/2013
Subscription price	4.30 euros	4.30 euros

Date of Board of Directors' meeting	25/10/02	Balance at 31.12.05	Balance at 31.12.06	Balance at 31.12.07
Number of BSPCE allotted:	1,271,000	168,100	25,000	-
Number of shares cancelled:			92,000	92,000
Number of people concerned: including managers	28 0			
Start of exercise	25/10/2005	25/10/2005	25/10/2005	25/10/2005
End of exercise	25/10/2007	25/10/2007	25/10/2007	25/10/2007
Subscription price	0.50 euros	0.50 euros	0.50 euros	0.50 euros

Date of Board of Directors' meeting	21/03/03	Balance at 31.12.06	Balance at 31.12.07
Number of BSPCE allotted:	220,000	-	-
Number of shares cancelled:		60,000	60,000
Number of people concerned: including managers	9 0		

Start of exercise	21/03/2006	21/03/2006	21/03/2006
End of exercise	21/03/2008	21/03/2008	21/03/2008
Subscription price	1.25 euros	1.25 euros	1.25 euros

Date of Board of Directors' meeting	15/09/03	Balance at 31.12.06	Balance at 31.12.07
Number of BSPCE allotted:	1,422,500	1,064,850	282,858
Number of shares cancelled:		52,000	52,000
Number of people concerned:	36	36	36
including managers	0	0	0
Start of exercise	15/09/2006	15/09/2006	15/09/2006
End of exercise	15/09/2008	15/09/2008	15/09/2008
Subscription price	1.75 euros	1.75 euros	1.75 euros

Date of Board of Directors' meeting	03/12/04	Balance at 31.12.06	Balance at 31.12.07
Number of BSPCE allotted:	1,486,500	1,126,253	704,400
Number of shares cancelled:		39,800	61,400
Number of people concerned:	32		
including managers	0		
Start of exercise	31/03/2006	31/03/2006	31/03/2006
End of exercise	03/12/2009	03/12/2009	03/12/2009
Subscription price	2.40 euros	2.40 euros	2.40 euros

In total, at 31 December 2007, a maximum of 8,089,236 shares may be created through the exercise of stock options and BSPCE.

XII. PROVISIONS FOR CONTINGENCIES AND CHARGES

Non-current liabilities:

	At 31.12.06	Allocations for the year	Write-backs for the year		At 31.12.07
			Amount used during the year	Amount not used during the year	
Provisions for contingencies and charges					
For other risks	-	14			14
For charges	11		11		-
Total	11	14	11	-	14

Other provisions pertain to a restructuring provision at one of our subsidiaries.

Current liabilities:

	At 31.12.06	Allocations for the year	Write-backs for the year		At 31.12.07
			Amount used during the year	Amount not used during the year	
Provisions for contingencies and charges					
For other risks	30	20			50
For charges	-				
Total	30	20	-	-	50

A provision in the amount of €20,000 was set up to offset the potential risk of non-compliance with the period of non-transferability in order to cover the risk of a social security tax liability for a French employee's early exercise of stock options under the plan of 3/12/2004. This provision was determined based on Gameloft SA's share price at 31 December 2007.

XIII. EMPLOYEE BENEFITS

	At 31.12.06	Allocations	Write-backs	Exchange differential	Change in reporting entity	At 31.12.07
Provisions for retirement	46	16				62
Provisions for termination	-	68				68
TOTAL	46	84				130

The provision for retirement benefits received an allocation of €16,000 during the fiscal year and another provision in the amount of €68,000 was set up to cover possible employee terminations.

XIV. FINANCIAL DEBTS

Non-current financial debts are as follows:

	31.12.07	31.12.06
Loans	-	-
Bank overdrafts	-	-
Loans resulting from restatement of financial leases	4	44
Partners' current accounts	-	74
Financial debts	4	118

The long-term loan pertains to the financial lease for the purchase of computer equipment at the Gameloft Divertissements Inc. subsidiary.

Current financial debts are as follows:

	31.12.07	31.12.06
Loans	-	-
Bank overdrafts	122	32
Loans resulting from restatement of financial leases	42	64
Partners' current accounts	-	-
Financial debts	164	96

Bank overdrafts are used to fund occasional cash flow shortages.

	31.12.07	31.12.06
Financial debts excluding government advances	168	214
Cash on hand	- 7,794	- 11,573
Short-term investment securities	- 6,266	- 7,119
Net financial debt	- 13,892	- 18,478

At 31 December 2007, there was a net financial surplus of €13,892,000 versus €18,478,000 at 31 December 2006.

IFRS 7 sets out the rules for presenting financial information related to financial instruments, as defined by IAS 32 "Financial Instruments: Information and Presentation" and IAS 39 "Financial Instruments: Recognition and Measurement". The amendment to IAS 1 calls for the presentation of qualitative information about the objectives, principles and processes of operations impacting share capital and the presentation of quantitative information about the elements comprising share capital.

- Liquidity risk management

The group has no significant risk related to its financial debt and short-term investment securities (available for sale or cash equivalents). In fact, the group's portfolio of short-term investment securities consists mainly of short-term money market investments. The group's cash assets and portfolio of short-term investment securities available for sale enable it to meet its commitments without any liquidity risk.

- Interest rate risk management

The group does not rely on credit institutions to finance itself. However, it uses short- and medium-term financing facilities that charge interest based on the EURIBOR interest rate and invests its available cash in investment products that bear interest based on short-term variable rates. In this context, the group is subject to changes in variable rates and assesses this risk on a regular basis.

- Foreign exchange risk management

To date, the group has not implemented foreign exchange hedging. For intra-group transactions in foreign currencies, the group naturally protects itself through two-way transactions, such as the re-invoicing of the subsidiaries' expenses to the parent company, Gameloft SA's invoicing of royalties to its subsidiaries, and current account advances. This means that revenue generated in foreign currencies (US dollars, Canadian dollars and pounds sterling) is offset by the subsidiaries' expenses in these same currencies. To date, the group has not implemented foreign exchange hedging for its internal cash flows.

The breakdown of financial debts by currency is as follows:

	31.12.07	31.12.06
Euros	53	106
Canadian dollars	115	108
Financial debts	168	214

XV. DEFERRED TAX LIABILITIES

	31.12.07	31.12.06
Subsidies to be received	757	834
Miscellaneous	18	
TOTAL	775	834

Our Canadian subsidiary receives multimedia credits. As these credits are taxable in the year in which they are received but recorded on a fiscal year basis, the company must recognise a future tax liability for this item.

XVI. TRADE PAYABLES AND RELATED ACCOUNTS

	31.12.07	31.12.06
Trade payables	8,394	6,747
Trade payables on assets*	547	1,001
Total	8,941	7,748

(*) Restatement on 31/12/06 following correction of an error in the amount of €773,000.

The average period for paying our suppliers is 60 days.

XVII. OTHER DEBTS

Other non-current debts are as follows:

	31.12.07	31.12.06
Unearned income	287	-
TOTAL	287	-

Unearned income is income related to Canadian training subsidies.

Other current debts are as follows:

	31.12.07	31.12.06
Amounts owed to customers	12	87
Other debts	44	153
Unearned income	381	464

TOTAL	437	704
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Unearned income is income related to the relocation of Gameloft SA, which is spread out over the lease term (nine years).

XVIII. TAX AND SOCIAL SECURITY LIABILITIES

Tax and social security liabilities are as follows:

	31.12.07	31.12.06
Social security liabilities	4,015	2,431
Tax liabilities	3,931	2,954
TOTAL	7,947	5,385

Tax liabilities pertain mainly to Gameloft SA (€486,000), Gameloft S de RL (€521,000), Gameloft Ltd (€397,000), Gameloft Software Beijing (€560,000), Gameloft Inc. (€357,000), Gameloft Iberica (€174,000), Gameloft Argentina (€312,000) and Gameloft Rich Games (€241,000).

Social security liabilities mainly concern Gameloft SA (€1,004,000), Gameloft Inc. Divertissement (€549,000), Gameloft Software Beijing (€361,000), Gameloft SRL Romania (€344,000), Gameloft Rich Games Production France (€347,000), Gameloft Argentina (€244,000) and Gameloft Partnerships (€238,000).

4.2.6 Notes to the income statement

Net income on ordinary activities includes all ordinary activities carried out by Gameloft as part of its business, as well as any related activities undertaken by it which are incidental to or in line with its ordinary activities.

I. REVENUE

The breakdown of revenue by geographic area is as follows:

12-month fiscal year	2007		2006	
	€ K	%	€ K	%
Europe	42,662	44%	29,293	43%
North America	32,354	34%	27,830	41%
Rest of the world	21,054	22%	11,298	16%
Total	96,071	100%	68,421	100%

The breakdown of revenue by activity is as follows:

12-month fiscal year	2007		2006	
	€ K	%	€ K	%
Internet	-	-%	966	1%
Mobile	96,071	100%	67,455	99%
Total revenue	96,071	100%	68,421	100%
Self-constructed assets	3,537	-	-	-
Total	99,608		68,421	

II. OTHER BUSINESS-RELATED INCOME

Other operating income is as follows:

	2007	2006
Write-backs of provisions	40	18
on liabilities	-	18
on assets	40	-
Transfer of charges	-	-
TOTAL	40	18

The write-backs of provisions pertain to trade receivables (€33,000) and other receivables (€7,000).

III. COST OF SALES excluding change in inventory of finished products

Cost of sales is as follows:

	2007	2006
Purchases of goods	653	465
Expenses related to cost of sales	1,918	1,057
Costs of royalties	6,465	3,477
TOTAL	9,036	4,999

Purchases of goods refer to purchases of game cartridges for *Asphalt: Urban GT* for Nintendo DS.

Expenses related to cost of sales represent all costs incurred on the sale of mobile games.

Costs of royalties are related to the sale of licensed games.

IV. RESEARCH & DEVELOPMENT COSTS

Research and development costs are as follows:

	2007	2006
Purchases of studies, services and other supplies	72	785
Other external expenses	13,005	8,153
Employee compensation	34,937	26,395
Operating subsidy	-2,371	-3,114
Social security charges	7,935	6,180
Taxes	972	674
Depreciation of assets	2,429	1,613
TOTAL	56,979	40,686

Research and Development costs pertain to the mobile phone games development area.

At 31 December 2007, the R&D department had 3,413 employees.

R&D staff increased by 48% over the same period.

The increase in the compensation and social security charges items is due mainly to the creation of new production studios. This increase is lessened by the recognition of personnel expenses related to stock options and BSPCE. These expenses totalled €1,634,000 in 2007 versus €1,785,000 in 2006.

The Canadian subsidies are indexed on production-related salaries.

Depreciation increased following the purchase of a large amount of computer equipment at all the group's subsidiaries, as well as the renovation of several sites in 2006 and 2007 and the increase in R&D staff between the two periods.

V. COMMERCIAL EXPENSE

Sales & Marketing costs are as follows:

	2007	2006
Purchases of studies, services and other supplies	14	-
Other external expenses	13,504	10,336
Employee compensation	8,403	5,615
Operating subsidy	-166	-111
Social security charges	2,081	1,245
Taxes	533	56
Depreciation of assets	283	135
TOTAL	24,652	17,276

Commercial expenses pertain to the mobile game distribution area (sales, marketing, advertising, trade shows and conferences, etc.).

At 31 December 2007, the S&M department had 425 employees.

Advertising, marketing and trade show expenses for the year totalled €9,061,000 in 2007 compared with €7,496,000 in 2006.

The number of employees rose by 122% between the two periods, which resulted in an increase in the compensation and social security charges items. Personnel expenses related to stock options and BSPCE decreased. These expenses totalled €731,000 in 2006 versus €754,000 in 2007.

Operating subsidies are multimedia credits granted by the Canadian government for certain types of functions, including the Sales & Marketing function.

Depreciation increased following the purchase of a large amount of computer equipment at all the group's subsidiaries, as well as the renovation of several sites in 2006 and 2007 and the increase in S&M staff between the two periods.

VI. OVERHEAD COSTS

Administrative costs are as follows:

	2007	2006
Purchases of studies, services and other supplies	26	26
Other external expenses	3,046	2,192
Employee compensation	4,173	3,253
Operating subsidy	-212	-200
Social security charges	925	676
Taxes	163	40
Depreciation of assets	123	98
TOTAL	8,244	6,085

Overhead costs pertain to the administrative area.

At 31 December 2007, the Administration department had 185 employees.

The compensation and social security charges items increased as a result of the creation of new studios, which required the hiring of administrative employees to develop the structures more quickly, the increase in the group's business volume and the recognition of personnel expenses related to stock options and BSPCE. These expenses totalled €514,000 in 2006 versus €607,000 in 2007.

Operating subsidies are multimedia credits granted by the Canadian government for certain types of functions, including the administrative function.

Depreciation increased following the purchase of a large amount of computer equipment at all the group's subsidiaries, as well as the renovation of several sites and the increase in administrative staff between the two periods.

Information regarding pensions and similar benefits and share-based payments:

	2007	2006
Pensions and similar benefits	16	14
Share-based payments	2,995	3,030

VII. CHANGE IN INVENTORIES OF FINISHED PRODUCTS

	2007	2006
Change in inventories: Asphalt DS	41	130
TOTAL	41	130

VIII. PROVISIONS

	2007	2006
Provisions	532	32
TOTAL	532	32

Provisions pertain to the recognition of a retirement commitment (€16,000) and employee terminations (€95,000), provisions for trade receivables (€353,000), provisions for asset depreciation (€46,000), and a provision for risk related to stock options (€20,000).

IX. NON-RECURRING INCOME AND EXPENSE

Non-recurring operations are as follows:

	2007	2006
Income from the sale of assets	- 168	20,349
Other non-recurring income	11	-
Other non-recurring expenses	11	677
TOTAL	- 168	19,672

Income from the sale of tangible assets is -€55,000.

X. NET FINANCIAL INCOME/EXPENSE

Net financial income/expense breaks down as follows:

	2007	2006
Cost of net financial debt	515	199
<i>Cash and cash equivalents income</i>	547	332
<i>Income from the sale of cash equivalents</i>	-	1
<i>Interest on financing activities</i>	32	135
<i>Income from currency hedges on cash and cash equivalents</i>	-	-
Financial income	3,183	207
<i>Dividends</i>	-	-
<i>Foreign exchange gains</i>	070	178
<i>Other financial income</i>	113	29
Financial expense	5,197	1,986
<i>Foreign exchange losses</i>	5,158	1,986
<i>Other financial expenses</i>	39	-
TOTAL	- 1,499	- 1,580

The company has financial debts in euros and Canadian dollars. The interest on financing activities item includes the financial expenses (€14,000) related to the short-term loan financed by Banque BMO in Canada to fund the occasional cash flow shortages of Gameloft Divertissements Inc.

The other financial income refers to write-backs of provisions on the two liquidated companies.

The other financial expenses pertain to provisions for Gameloft Sro's current account advances (€31,000) and provisions for equity holdings (€8,000).

The company had no interest rate or foreign currency hedge at 31 December 2007.

XI. INCOME TAX

Income tax consists of the following:

	2007	2006
Current tax	2,363	1,669
Deferred tax	- 48	- 372

Total	2,315	1,297
--------------	--------------	--------------

- Current tax:

The tax was calculated for all companies reporting a profit based on the tax rates in effect in each country.

- Deferred tax:

	2007	2006
Deferred tax assets (see detail IV)	627	821
Deferred tax liabilities (see detail XIV)	775	834

Current tax concerns the following subsidiaries: Gameloft S de RL in Mexico (€571,000), Gameloft Inc. in the United States (€989,000), Gameloft Argentina (€458,000), Gameloft Divertissements Inc. in Canada (€217,000) and Gameloft Rich Games Production, Gameloft Partnerships and L'Odyssée Interactive Games in France at a rate of 33.33% for a total of €89,000.

Tax reconciliation:

	2007	2006
Pre-tax profit	- 1,765	17,555
Notional tax	-588	5,852
Use of tax losses:		
Gameloft SA:		-1,550
Charge to LT capital losses: 9,020 * 33.33%		-3,006
Gameloft Italy	3	
Gameloft Korea	-87	
Gameloft Romania	-2	
Tax rate difference	386	
Permanente differences between corporate income and consolidated income	1,132	
<i>of which taxes on stock options</i>	998	
Add-back:		
Gameloft SA	210	
Gameloft Iberica	319	
OIGames		1
Total	2,315	1,297

4.2.7 Sector information

In light of the group's organisational structure and the commercial links among the various subsidiaries, we proceed on the basis that the group operates in a single market in several geographic areas.

Breakdown of net profit by geographic area at 31 December 2007:

	Europe*	North America	Rest of the world	Total at 31.12.07
Revenue	42,663	32,354	21,054	96,071
Self-constructed assets	3,537			3,537
Other business-related income	40			40
Cost of sales	8,001	536	499	9,036
Research & Development costs	21,405	9,879	25,696	56,980
Commercial expense	16,775	4,839	3,038	24,652
Overhead costs	4,866	1,968	1,410	8,244
Change in inventories of finished products	41			41
Provisions	451		81	532
Other operating income and expenses	-405	5	139	-261

Operating income on ordinary activities	-5,704	15,137	-9,531	-98
Non-recurring expenses	-143	6	-31	-168
Operating income	-5,846	15,142	-9,563	-267
Cash and cash equivalents income	478	59	10	547
Cost of gross financial debt	-12	14	6	-32
Cost of net financial debt	466	45	4	515
Financial income	2,823	57	303	3,183
Financial expense	4,598	88	511	5,197
Net financial income/expense	-1,309	14	-204	-1,499
Tax expense	-110	1,206	1,219	2,315
Share in earnings of equity-accounted companies	-	-	-	-
Net profit before income from businesses discontinued or being sold	-7,045	13,951	-10,986	-4,080
Income from businesses discontinued or being sold	-	-	-	-
Net profit:				
Of the consolidated group	-7,045	13,951	-10,986	-4,080
Minority interests				-

* within the meaning of the European Union

Breakdown of net assets by activity:

Assets	Intangible		Tangible		Financial		Total
	Amount	As %	Amount	As %	Amount	As %	Amount
Mobiles & Development for platforms	7,154	100%	5,345	100%	2,288	100%	14,787
TOTAL	7,154	100%	5,345	100%	2,288	100%	14,787

Geographic breakdown of assets (gross values):

Assets	Europe*		North America		Rest of the world		Total
	Amount	As %	Amount	As %	Amount	As %	Amount
Office software	135	28%	158	32%	199	40%	492
Advances	8,522	93%	612	7%			9,134
Games marketed	1,340	100%					1,340
Development in progress	2,197	100%					2,197
General facilities	206	10%	499	23%	1,455	67%	2,160
Transportation equipment					2	100%	2
Computer equipment and furniture	3,144	39%	1,490	19%	3,378	42%	8,012
Construction work in progress					26	100%	26
Leased assets			116	100%			116
TOTAL	15,544	66%	2,875	12%	5,060	22%	23,479

* within the meaning of the European Union

Geographic breakdown of fixed assets (net values):

Assets	Europe*		North America		Rest of the world		Total
	Amount	As %	Amount	As %	Amount	As %	Amount
Office software	17	25%	7	10%	45	65%	69
Advances	3,579	95%	171	5%			3,750
Games marketed	1,137	100%					1,137
Development in progress	2,197	100%					2,197

General facilities	150	9%	240	15%	1,211	76%	1,601
Transportation equipment					2	100%	2
Computer equipment and furniture	1,385	37%	424	12%	1,890	51%	3,699
Construction work in progress					26	100%	26
Leased assets			18	100%			18
TOTAL	8,465	68%	860	7%	3,174	25%	12,499

* within the meaning of the European Union

Geographic breakdown of investments during the fiscal year (gross values):

Assets	Europe*		North America		Rest of the world		Total
	Amount	As %	Amount	As %	Amount	As %	Amount
Office software	45	0.45%	24	3.59%	109	2.38%	178
Advances on licences	4,764	47.67%	280	41.92%			5,044
Games marketed	1,340	13.41%					1,340
Development in progress	2,197	21.98%					2,197
General facilities	76	0.76%	18	2.69%	1,047	22.90%	1,141
Transportation equipment					-		-
Computer equipment and furniture	1,431	14.32%	306	45.81%	1,732	37.87%	3,469
Leased assets			-				-
Construction work in progress					44	0.96%	44
Other financial assets	141	1.41%	40	5.99%	1,641	35.89%	1,822
TOTAL	9,994	100.00%	668	100.00%	4,573	100.00%	15,235

* within the meaning of the European Union

Breakdown of consolidated assets (net value) by geographic zone at 31 December 2007:

ASSETS	Europe*	North America	Rest of the world	Total at 31.12.07
Other intangible assets	12,193	770	199	13,162
- Amort. intangible assets	-5,262	-592	-154	-6,008
Tangible assets	3,350	2,106	4,860	10,316
- Depr. tangible assets	-1,815	-1,424	-1,732	-4,971
Holdings in affiliates	64			64
- Provisions in affiliates	-8			-8
Non-current financial assets	364	107	1,761	2,232
Deferred tax assets	291	188	148	627
Non-current assets	9,176	1,154	5,083	15,413
Inventory and work in progress	70	-	-	70
Trade receivables and related accounts	18,843	7,960	4,042	30,846
- Provisions for trade receivables	-361			-361
Financial assets	50			50
- Provision for financial assets	-31			-31
Other receivables and accruals (1)	2,363	2,676	871	5,910
- Provisions for other receivables				-
Cash and cash equivalents	10,748	1,688	1,625	14,060
Current assets	31,682	12,323	6,539	50,544
Total Assets	40,858	13,478	11,621	65,957

- within the meaning of the European Union
- (1) including advance payments made

4.2.8 Additional information

4.2.8.1 Off-balance sheet commitments

Guarantees given: none

Collateral provided: none

Guarantees received: none

Off-balance sheet commitments:

* Gameloft SA has commitments toward some of the group's subsidiaries:

- Authorisation of a guarantee commitment in favour of Divertissement Canada Inc. under a framework lease agreement made between Gameloft Canada and Dell Financial Services Canada Ltd. in the amount of CAD 250,000;
- Authorisation of a bond agreement in favour of Gameloft Argentina SA, the company's subsidiary in Argentina, for the signing of a lease concerning the offices in Buenos Aires (Argentina) with Irsa Inversiones y Representaciones SA in the amount of USD 144,000.

Notes receivable discounted: none

Financial leases: none

Other commitments: The law of 4 May 2004 gives French employees an individual right to training. This new right entitles them, at their request but with the employer's approval, to take part in training courses. Each year, based on the agreements applicable at companies, full-time employees acquire a right to 20 to 21 hours of training. The rights acquired annually may be accumulated over a six-year period.

There are no other significant off-balance sheet commitments.

4.2.8.2 Compensation of the group's senior executives

The total gross compensation paid to senior executives in 2007 by both the company and its subsidiaries was €399,000. No directors' fees were paid.

	2007	2006
Salaries, misc. charges and benefits	399	255
Total pensions and other post-employment benefits	-	-
Severance pay	-	-
Total stock options and bonus shares issued	900,000	450,000

4.2.8.3 Loans extended to the group's senior executives

At 31 December 2007, no advance or credit was extended to the group's senior executives pursuant to Article L. 225-43 of the French Commercial Code.

4.2.8.4 Events subsequent to year end

No other event is likely to have an impact on the financial statements.

4.2.8.5 Personnel

The workforce at 31 December 2007 breaks down as follows:

a) Breakdown by geographic area:

	31.12.03	31.12.04	31.12.05	31.12.06	31.12.07
Europe	61	86	159	139	797
North America	53	247	370	335	324
Rest of the world	64	389	1,255	2,161	2,902
Total	178	722	1,784	2,635	4,023

b) Breakdown by department:

	31.12.03	31.12.04	31.12.05	31.12.06	31.12.07
Administration	9	31	83	138	185
Sales and Marketing	23	39	108	192	425
Internet development	10	12	23	-	-
Mobile phone development	136	640	1,570	2,305	3,413
Total	178	722	1,784	2,635	4,023

In 2007, the workforce increased by 53%; however, this growth resulted from expansion of the studios.

c) Average number of employees

	2007
Research & Development	2,933
Sales & Marketing	313
Administration	169
Total	3,415

4.2.8.6 *Information regarding related parties*

In accordance with IAS 24, transactions carried out with companies owned by common senior executives and over which they exercise control and transactions carried out with subsidiaries whose financial statements are not consolidated with those of the group are considered transactions with related parties.

Related parties are:

a) Guillemot Brothers S.A. These transactions pertain to the re-invoicing of services provided on behalf of Gameloft SA (€25,000).

b) the Ubisoft Group:

- the re-invoicing of services provided by Ubisoft on behalf of Gameloft SA (€429,000),
- the re-invoicing of services provided by Gameloft SA on behalf of Ubisoft (€1,698,000),
- the purchase of Asphalt DS game cartridges (€627,000),
- the sale of Asphalt DS game cartridge merchandise (€749,000),
- royalties under a licence agreement with Ubisoft Entertainment by which Gameloft SA is authorised to use their trademark (€825,000).

c) AMA: these transactions consist of royalties invoiced by AMA to Gameloft SA (€16,000). Gameloft re-invoiced services provided on behalf of AMA (€18,000) and expenses incurred by Gameloft in Romania on behalf of AMA (€11,000).

d) Longtail Studios: the transactions concern royalties on sales completed by Gameloft SA for distribution of the “Love Triangle” mobile game (€205,000).

	31.12.07	31.12.06
Assets (€K)		
Equity holdings	-	-
Trade receivables and related accounts	710	1,055
Prov. for trade receivables	-	-
Other receivables	-	-
Prov. for other receivables	-	-
Receivables from suppliers	-	-
Liabilities (€K)		
Trade payables and related accounts	699	1,173
Financial debts		74
Operating profit (€K)	347	- 1,449

Operating revenue	2,465	610
Operating expenses	2,118	2,059
Net financial income/expense (€K)		
Financial income	-	-
Financial expense	-	-

As the Gameloft Sro, Gameloft Sprl and Gameloft Live subsidiaries have not begun operations, they are not included in the consolidation scope at 31 December 2007.

	31.12.07	31.12.06
Assets (€K)		
Equity holdings	64	113
Prov. for equity holdings	7	-
Trade receivables and related accounts	-	-
Prov. for trade receivables	-	-
Other receivables	50	-
Prov. for other receivables	31	-
Receivables from suppliers	-	-
Liabilities (€K)		
Trade payables and related accounts	-	-
Financial debts	-	-
Operating profit (€K)	-	-
Operating revenue		
Operating expenses	-	-
Net financial income/expense (€K)		
Financial income	-	-
Financial expense	-	-

4.2.8.7 *Market risk:*

Interest rate risk: Since Gameloft SA's debts are based on a fixed rate, its income is not impacted by rate variations.

Foreign exchange risk: Gameloft has not implemented a foreign exchange hedging strategy.

4.2.8.8 *Individual Right to Training*

At 31 December 2007, hours totalled 3,311. The provision is not significant.

4.2.8.9 *Non-consolidated subsidiaries*

	COUNTRY	Currency	Capital	Reserves and retained earnings before allocation of profit	Share of capital held	Book value of shares held in thousands of euros		Loans and advances granted by the company and not yet repaid	Guarantees and security given by the company	Previous fiscal year pre-tax revenue	Previous fiscal year profit	Dividends collected
Detailed information regarding the subsidiaries and equity holdings of non-consolidated companies												
SUBSIDIARIES CAPITAL HELD AT LEAST 50%			in foreign currency, thousands	in thousands of euros		gross	net	in thousands of euros		in thousands of euros	in thousands of euros	
Gameloft Sprl Belgium	Belgium	€	20	-	99.5%	20	20	-	-	-	-	-
Gameloft Sro Czech Republic	Czech Republic	CZK	7	-	100%	7	-	50	-	-	- 38	-
Gameloft Live	France	€	37	-	100%	37	36	-	-	-	- 1	-
EQUITY HOLDINGS CAPITAL HELD BETWEEN 10 AND 50%												
GRAND TOTAL			64	-		64	56	50				

4.2.9 Auditors' report on the consolidated financial statements

Pursuant to the mission entrusted to us by your General Meeting, we have audited the consolidated financial statements of Gameloft SA for the fiscal year ended 31 December 2007, as attached to this report.

The consolidated financial statements were approved by your Board of Directors. It is our task, on the basis of our audit, to express an opinion on these financial statements.

I - Opinion on the consolidated financial statements

We have conducted our audit in accordance with the accounting standards applicable in France. These standards require the use of due diligence to provide reasonable assurance that the consolidated financial statements do not contain any significant misstatements. An audit consists in examining, on a test basis, the evidence supporting the information contained in the financial statements. It also consists in assessing the accounting principles applied, the significant estimates used in preparing the financial statements and their overall presentation. We believe that our audit forms a reasonable basis for the opinion expressed below.

We certify that the consolidated financial statements for the fiscal year are, from the standpoint of IFRS standards as adopted in the European Union, true and in good order and fairly present the assets, financial position and profit of the group comprised of the consolidated companies.

Without calling into question the above opinion, we draw your attention to attached Note 5.3.1.4 to the consolidated financial statements, which explains the change in accounting method used to recognise advances on licences.

II - Basis for the assessments

In accordance with Article L. 823-9 of the French Commercial Code related to the basis for our assessments, we wish to bring the following points to your attention:

- As part of our assessment of the accounting rules and principles applied by your company, we verified the relevance of the changes in presentation made during the fiscal year, as described in paragraph 5.3.1.4 "Comparability of accounts" of the notes.
- As part of our assessment of the accounting rules and principles applied by your company, we felt it appropriate to verify the valuations of intangible assets, and particularly the rules for capitalising development costs and licences, as described in Note 5.3.2.2. The company provided us with information concerning these estimates, including in particular the evidence requested concerning the reasonableness of the valuation of depreciation and provisions.
- The company presents its income statement by function and not by type. As part of our audit, we verified that the allocations made are accurate and that the method used complies with IFRS standards.

Our assessments were made within the context of our audit of the year-end financial statements as a whole, and therefore provided a basis for the unqualified opinion expressed by us in the first part of this report.

III - Specific verification

In accordance with the professional standards applicable in France, we also verified the information provided in the report concerning the group's management. We have no comments regarding the fairness of the information and its consistency with the consolidated financial statements.

Rennes, 5 June 2008

The Auditors

Correlation table of the attached notes:

Auditors' report

Note 5.3.1.4

Note 5.3.2.2

Reference Document

Paragraph 4.2.3.1.4

Paragraph 4.2.3.2.2

**Fees of the statutory auditors and members of their networks
related to the audit of the 2007 financial statements**

	Audit AMLD				MB Audit			
	Amount		%		Amount		%	
	2007	2006	2007	2006	2007	2006	2007	2006
Audit €K								
Audit of the accounts and certification of the year-end and consolidated financial statements	93.5	75.0	100%	96.65%	93.5	75.0	100%	100%
Other work and services directly related to the auditors' audit	-	2.6	-	3.35%	-	-	-	-
Subtotal	93.5	77.6	100%	100%	93.5	75.0	100%	100%
Other services provided by the networks to the consolidated subsidiaries as a whole								
Legal, fiscal, social	-	-	-	-	-	-	-	-
Subtotal	0	0	0%	0%	0	0	0%	0%
TOTAL	93.5	77.6	100%	100%	93.5	75.0	100%	100%

4.3 Individual financial statements at 31 December 2007

4.3.1 Balance sheet at 31 December 2007 (€K) (12-month fiscal year)

ASSETS					
12-month fiscal year	Notes	31.12.07 Gross €K	31.12.07 Amort/dep €K	31.12. 07 Net €K	31.12. 06 Net €K
Intangible assets (2)	I	13,927	7,008	6,919	3,179
Tangible assets	II	2,201	1,110	1,091	680
Financial assets	III	7,744	189	7,556	6,369
Long-term assets		23,872	8,307	15,565	10,228
Inventories of goods	IV	70	-	70	111
Advance payments made	V	-	-	-	4
Trade receivables and related accounts	VI	42,697	122	42,575	32,442
Other receivables	VII	13,433	221	13,212	8,500
Short-term investment securities	IX	6,266	-	6,266	7,119
Cash on hand	X	1,356	-	1,356	1,728
Current assets		63,822	343	63,479	49,904
Accruals	XI	1,557	-	1,557	588
Total Assets		89,251	8,650	80,601	60,720

LIABILITIES			31.12.06 12-month fiscal year €K
Notes	31.12.07 12-month fiscal year €K		
Share capital	3,653		3,538
Issue and merger premiums	62,860		58,592
Reserves	-15,619		-39,013
Fiscal year profit	-2,538		23,395
Shareholders' equity	XII	48,356	46,512
Provisions for contingencies and charges	XV	1,359	1,329
Misc. financial debts (1)	XVI	2,661	106
Trade payables and related accounts	XVII	23,877	10,021
Tax and social security liabilities	XVIII	1,490	1,173
Debts on assets*	XIX	2,156	810
Other debts	XX	178	233
Total debts		30,363	12,343
Accruals	XXI	522	536
Total Liabilities		80,601	60,720
(1) including group current accounts		2,645	74

* Restatement on 31/12/06 following correction of an error in the amount of €642,000.

4.3.2 Income statement at 31 December 2007 (€K)

	Notes	12-month fiscal year ended 31.12.07	12-month fiscal year ended 31.12.06
Sales of goods	I	751	660
Output sold for the year	I	73,486	47,241
Self-constructed assets for the year	I	3,537	-
Other operating income and transfers of charges	II	<u>819</u>	<u>4,036</u>
Total operating income		78,592	51,937
Purchases	III	57,618	35,104
Change in inventories	IV	41	130
Other purchases and external charges	V	11,783	8,095
Taxes		412	304
Personnel expenses	VI	5,680	5,443
Other expenses		307	200
Depreciation and provisions	VII	<u>4,743</u>	<u>1,517</u>
Total operating expense		80,584	50,794
Operating profit		-1,992	1,143
Income from other securities and receivables from long-term assets (1)		-	-
Other interest and similar income (1)		516	260
Write-backs of provisions		1,356	15,296
Foreign exchange gains		494	200
Net income from sales of short-term investment securities		=	=
Total financial income		2,366	15,756
Provisions		1,348	1,493
Other interest and similar expenses (2)		49	436
Foreign exchange losses		1,415	540
Net expenses on sales of short-term investment securities		=	=
Total financial expense		2,812	2,469
Net financial income/expense	VIII	-446	13,287
Profit from ordinary activities		-2,438	14,430
Extraordinary profit	IX	-100	8,964
Pre-tax profit		-2,538	23,395
Income tax	X	-	-
Net fiscal year profit		-2,538	23,395
(1) including income related to affiliates:		75	14
(2) including expenses related to affiliates:		45	436

4.3.3 Cash flow statement at 31 December 2007 (€K)

12-month fiscal year	2007	2006
Cash flow from operating activities		
Net profit	-2,538	23,395
Depreciation of tangible and intangible assets	4,548	1,487
Change in provisions	-79	-13,756
Capital gains and losses	111	-9,018
Cash from operations	2,042	2,108
Change in inventories	41	130
Change in trade receivables	-15,810	-20,923
Change in operating liabilities	14,104	5,558
Change in non-trade receivables	-	-
Change in non-operating liabilities	-	-
Total cash flow	-1,665	-15,234
Investment-related cash flow		
Purchases of intangible assets	-1,965	-6
Acquisition of advances on intangible assets*	-4,764	-1,910
Purchases of tangible assets	-694	-664
Purchases of equity holdings	-1,084	-248
Purchases of other financial assets	-79	-158
Sales of assets	27	22,897
Repayments of loans and other financial assets	18	23
Total investment-related cash flows	-8,541	19,934
Cash flow from financing activities		
New long- and medium-term loans		
Repayments of loans		
Share capital increase	115	95
Increase in issue premium	4,268	3,203
Change in shareholders' current accounts	2,570	-5,473
Other cash flows		
Total cash flows from financing activities	6,953	-2,174
Change in cash and cash equivalents	-1,211	4,634
Net cash and cash equivalents at start of fiscal year	8,815	4,181
Net cash and cash equivalents at end of fiscal year	7,604	8,815

* Restatement on 31/12/06 following correction of an error in the amount of €642,000.

4.3.4 Financial table (Art. 135 of the decree of 23 March 1967) (€K)

Fiscal year	31.12.03	31.12.04	31.12.05	31.12.06	31.12.07
	12 months	12 months	12 months	12 months	12 months
Share capital (€)	47,765,061	3,228,341	3,442,516	3,537,829	3,652,918
No. of ordinary shares	62,848,765	64,566,823	68,850,316	70,756,584	73,058,357
No. of preferred shares	-	-	-	-	-
Maximum no. of shares that may be created	6,268,174	9,340,474	7,358,777	7,414,609	8,311,036
By exercised options	3,308,274	4,894,074	4,061,677	5,198,506	7,323,778
By BSPCE subscriptions	2,959,900	4,446,400	3,297,100	2,216,103	987,258
Revenue	8,344	18,853	35,586	47,901	74,236
Profit before tax, profit-sharing, depreciation and provisions	-979	-8,951	-1,462	8,080	2,178
Income tax	-	15	19	-	-
Profit-sharing	-	-	-	-	-
Profit after tax, profit-sharing, depreciation and provisions	4,523	1,625	3,102	23,395	-2,538
Dividend payout	-	-	-	-	-
Per share, profit after tax and before depreciation and provisions (€)	-0.02	-0.14	-0.02	0.33	0.03
Per share, profit after tax and depreciation and provisions (€)	0.07	0.03	0.04	0.11	-0.03
Dividend allocated to each share	-	-	-	-	-
Average number of employees	43	42	41	36	40
Total payroll	2,169	2,731	3,313	3,828	3,929
Social security taxes and fringe benefits	935	1,135	1,463	1,615	1,752

4.4 Notes to the individual financial statements

The following notes and tables, presented in thousands of euros, form an integral part of the year-end financial statements for the year ended 31 December 2007 and constitute the appendix to the balance sheet (before distribution of earnings), which shows a total of 80.6 millions euros, and to the income statement, which shows a loss of 2.5 million euros.

4.4.1 Highlights of the fiscal year

- Creation and acquisition:

A new company was created in France, Gameloft Live, as well as other foreign subsidiaries in Ukraine, Gameloft LLC, and then in Belgium, Gameloft Sprl, the Czech Republic, Gameloft Sro, Brazil, Gameloft Do Brasil Ltda, and Australia, Gameloft Australia Pty Ltd.

- Liquidations:

Gameloft.com España and Gameloft.com Ltda were liquidated in 2007.

- Research and development costs

In FY 2007, Gameloft ventured into console game development. Expenses related to developing games for consoles are now capitalised on the balance sheet when technical feasibility has been established, these expenses are considered recoverable, and the company meets the six criteria of IAS 38.

- Currency fluctuations

The US dollar and pound sterling declined sharply in the last quarter of 2007. This fall in both currencies had a significant impact on our accounts and especially in terms of revenue.

- Share capital increase:

Gameloft carried out a share capital increase through the exercise of stock options and start-up company stock purchase warrants in the amount of €4,383,000, issue premiums included. The share capital is currently €3,653,000.

- Error correction:

The balance of guaranteed amounts under the various licence agreements is now recognised rather than being mentioned in the Notes. This change occurred for FY 2007 and, after the fact, for FY 2006.

4.4.2 Comparability of accounts

At 31 December 2007, advances on licences, which correspond to guaranteed minimums stipulated in the contracts, are now recognised in full in the financial statements based on the contract terms. Previously, the amounts not yet recognised were mentioned in off-balance sheet commitments. The amounts for the last two fiscal years are as follows:

- i. 2006: €642,000
- ii. 2007: €539,000

To allow comparability of the accounts, the error correction was incorporated into the financial statements at 31 December 2006. The off-balance sheet commitment of €642,000 in 2006 was restated in the Intangible Assets item on the asset side of the balance sheet and as an offset to Debts on Assets on the liability side. As a result, only the balance sheet is impacted and the company's profit and shareholders' equity are not affected.

4.4.3 Accounting principles

General accounting conventions have been applied based on the principle of conservatism in accordance with the following basic rules:

- continuity of operation,
- consistency of the accounting methods used from one year to the next,
- fair presentation, consistency, accuracy,
- time-period concept,

and in accordance with the general rules regarding the preparation and presentation of year-end financial statements.

The basic method used to determine the value of booked items is the historical cost method. The accounting methods used conform to industry practices and no future change in method is planned at this time. Gameloft's year-end financial statements comply with the provisions of Regulation 99-03 regarding individual financial statements, approved by the Order of 22 June 1999, Regulation 2000-06 regarding liabilities, adopted by the French Accounting Regulations Committee (CRC), as well as Regulation R. 2002-10 regarding assets, applicable since 1 January 2003, and Regulation CRC 2004-06 regarding the definition, recognition and valuation of assets. Gameloft applies the benchmark treatment for recognition as an asset of development costs of its games for new platforms such as Nintendo DS, Nintendo's Wiiware service, Microsoft's Xbox Live Arcade service, etc.

4.4.4 Accounting rules and methods

4.4.4.1 *Intangible assets*

- Brands

Brands acquired by the company are valued at the end of each year based on their contribution to commercial activity. This contribution is measured using criteria such as presence among the top-selling brands in the market and revenue likely to be generated in the future.

At year-end, if their valuation is less than their book value, a provision is recorded.

Expenses related to brands created in-house are recognised as expenses, as are expenses incurred to renew their protection.

- Development costs:

Starting in 2007, Gameloft draws a distinction between two types of activity in order to recognise its development costs:

- New platforms:

Development costs for new platforms are capitalised on the balance sheet when the criteria set out in IAS 38 are met:

- 1) technical feasibility needed to complete the intangible asset for its use or sale,
- 2) the company's intention to complete the intangible asset and to use or sell it,
- 3) the company's ability to use or sell the intangible asset,
- 4) the intangible asset's ability to generate future economic benefits,
- 5) the fact that the company has the appropriate technical, financial and other resources to complete the development and to use or sell the intangible asset,
- 6) the company's ability to reliably measure the costs attributable to the intangible asset during its development.

These costs are measured based on direct salary costs plus social security charges and operating costs.

Development costs are first recognised as intangible assets in progress over the course of development. They are then transferred to the "other intangible assets" account when the game is completed.

These costs are amortised over 12 months on a straight-line basis once the product is released on the market. Technical feasibility is determined on a product-by-product basis. At the end of the fiscal year, and for each software product, a value test is performed and the amount not yet amortised is compared to future sales forecasts. If these sales forecasts are insufficient, additional amortisation is applied accordingly.

The company does not conduct basic research.

- Mobile phones:

For mobile phone games, Gameloft currently records development costs as expenses at the time they are incurred. Each year, the company develops and places on various carriers' sites thousands of versions of its games covering the 1,200 different models of mobile telephones on the market and the 12 languages it supports. Given this extreme fragmentation and the more general nature of the sales-related information received from carriers, Gameloft is not in a position to reliably calculate the development costs of mobile phone games and the residual value of each of these versions. Since the development costs of mobile phone games cannot be itemised, these costs are recognised as expenses, unlike those for new platforms which have been capitalised since the start of FY 2007.

- Licences

Licences cover distribution and reproduction rights acquired from third-party publishers. The signing of licence agreements results in the payment of guaranteed amounts. These amounts are recognised in an advances on licences account. All commitments (guaranteed amounts stipulated in the contract) are recognised in the accounts.

These advances are reduced based on the amount of royalties paid in connection with sales or are amortised on a straight-line basis for flat fees (fixed amount).

At the end of the fiscal year, the net book value is compared to the future sales forecasts to which the terms of the contract are applied. If these sales forecasts are insufficient, additional amortisation is then applied accordingly.

- Office software

Office software is amortised over 12 months on a straight-line basis.

4.4.4.2 *Tangible assets*

These are booked at their historical cost.

Long-term assets must be identifiable, provide future economic benefits which the company controls and be used over a period of time. Assets are shown on the balance sheet at their acquisition cost less cash discounts and any investment subsidies granted. Given the types of assets owned, no component separate from the principal assets has been identified. The company regards the practical life of the assets as their useful life.

The following depreciation rates are applied:

- Fixtures and facilities:	5 years (straight-line method)
- Transportation equipment:	5 years (straight-line method)
- Computer and telephony equipment:	2 and 3 years (straight-line method)
- Furniture:	10 years (straight-line method)

The residual values and useful lives of the assets are reviewed and, where applicable, adjusted annually or when operating conditions are subject to long-term changes.

4.4.4.3 *Financial assets*

Equity holdings are recorded at their historical cost, exclusive of incidental expenses.

The value of the equity holding is assessed at the end of each fiscal year based on the share of the subsidiary's net position as of that date and its medium-term growth prospects. If the inventory value is less than the gross value, a provision for depreciation is set up to cover the difference.

4.4.4.4 *Inventory*

Inventory is valued based on the cost price determined under normal business conditions. It is valued using the FIFO method.

The gross value of goods includes the purchase price and incidental expenses. Financial costs are excluded from inventory valuation in all cases.

Inventory as of 31 December 2007 consisted of cartridges for *Asphalt: Urban GT* for Nintendo DS.

A provision for depreciation is set up when the probable net realisable value is less than the book value.

4.4.4.5 *Trade receivables and related accounts*

These are measured at their face value. Where applicable, receivables are depreciated through a provision for depreciation based on the likelihood of their collection at the balance sheet date.

4.4.4.6 *Transactions in foreign currencies*

Income and expenses in foreign currencies are recognised on the basis of monthly exchange rates.

Receivables, debts and cash assets in foreign currencies are converted to euros at the rate in effect on 31 December

2007. Unrealised gains and losses on long-term receivables and debts are reported on the balance sheet as translation gains and losses. A provision for foreign exchange losses is set up for unrealised unhedged losses. Translation gains and losses on cash assets and current accounts in foreign currencies are recognised immediately as foreign exchange income/expense.

4.4.4.7 *Other receivables*

These are primarily current account advances made to the group's subsidiaries. A provision is set up for these advances if the subsidiary's revalued net position, reduced to the percentage owned, becomes negative. The provision would then be equal to the negative amount obtained.

4.4.4.8 *Short-term investment securities*

Shares of listed companies are valued at the average market price of the last closing month. A provision is set up for unrealised capital losses (Chart of Accounts Article 332.6).

Securities in short-term investment funds are valued at their purchase price or market value, whichever is lower.

4.4.4.9 *Cash on hand*

Cash on hand consists of bank account balances.

4.4.4.10 *Provisions for contingencies and charges*

A provision is recorded when:

- the company has a present obligation (legal or constructive) resulting from a past event;
- it is probable that an outflow of resources representing economic benefits will be needed to settle the obligation;
- the amount of the obligation can be measured reliably.

If these conditions are not met, no provision is recorded.

At 31 December 2007, provisions for contingencies and charges concern:

- a possible social security tax liability related to an employee's early exercise of stock options,
- salaries and fringe benefits related to a restructuring,
- foreign exchange risk related to the discounting of receivables and debts in foreign currencies,
- provisions for subsidiaries that show a net loss,
- provisions for retirement benefits taken into account since 1 January 2003.

An actuarial calculation called "projected unit credit method" has been used to measure the employer's future obligations. This method entails determining the value of each employee's probable and discounted future benefits at the time of his/her retirement.

The assumptions made as of 31 December 2007 are as follows:

	France
Rate of growth in salaries	1 to 3%
Discount rate	2.00%
Retirement initiated by the employee	65 years

as well as changes in the workforce, the estimate of which is based on the prospective life table established by the INSEE and on a turnover rate resulting from statistical observation.

Gameloft has not set up special employee benefits.

4.4.4.11 Extraordinary profit

Extraordinary income and expenses include extraordinary items and items which, by their nature, are considered extraordinary by accounting law (sale of assets, loss or gain on sales of own shares, etc.).

4.4.5 Notes to the balance sheet

I. Intangible assets

Intangible assets are as follows:

Assets

	At 31.12.06				At 31.12.07
	Gross	Reclassifications	Increases	Decreases	Gross
Software	34		11		45
Brands	1,829				1,829
Development costs	-		1,340		1,340
Development in progress costs	-		2,197		2,197
Advances on licences*	4,395		4,121		8,516
TOTAL	6,258	-	7,669	-	13,927

* Restatement on 31/12/06 following correction of an error in the amount of €642,000.

Development costs include finished or marketed games for new platforms such as Nintendo DS, Apple iPod, Wiiware, etc. for €1,340,000.

Intangible assets in progress include development costs of games not completed as of the balance sheet date, which this year total €2,197,000.

Advances on licences pertain to licence agreements signed with various automobile manufacturers, top-ranked athletes such as Reggie Bush (American football player), Kevin Pietersen (cricket player), Lleyton Hewitt, Patrick Viera, Steven Gerrard, Cannavaro, Robinho, FIFPRO (International Federation of Professional Footballers) and so on.

In 2007, new licence agreements were signed mainly with Dreamworks for Shrek The Third, Paramount for the film Beowulf, TV series and games such as CSI Miami, Grey's Anatomy, Desperate Housewives, Heroes and others.

Amortisation and provisions

	Cumulative	Increases	Decreases	At 31.12.07 Cumulative
Software	33	7		40
Brands	1,829			1,829
Development costs	-	202	-	202
Advances paid/licences	1,217	3,720		4,937
TOTAL	3,079	3,929	-	7,008

The increase in development costs includes amortisation (€148,000) and additional amortisation (€6,000) for 2007 and asset depreciation (€46,000).

The increase in amortisation related to advances on licences stemmed from the increase in sales of the various licensed products or amortised on a straight-line basis over the contract term for flat fees (fixed amount).

In light of the weak sales outlook for various licences, an additional provision in the amount of €679,000 was recorded at 31 December 2007.

II. Tangible assets

Tangible assets are as follows:

Assets

	At 31.12.06			At 31.12.07
	Gross	Increases	Decreases	Gross
Plant and equipment	68			68
Transportation equipment	-			-
Computer equipment and furniture	1,072	1,100	39	2,133
TOTAL	1,140	1,100	39	2,201

The increases in tangible assets pertain to the purchase of mobile phones and the replacement of computers, as well as the expenses related to renovating the new site.

The decreases in tangible assets pertain to the sale of computer equipment (€27,000) and the disposal of obsolete computer equipment.

Depreciation

	At 31.12.06			At 31.12.07
	Cumulative	Increases	Decreases	Cumulative
Plant and equipment	12	13		25
Transportation equipment	-			-
Computer equipment and furniture	448	649	12	1,085
TOTAL	460	662	12	1,110

III. Financial assets

Financial assets are as follows:

Assets

	Gross	Increases	Decreases	Gross
	At 31.12.06			At 31.12.07
Equity holdings	6,574	1,083	113	7,544
Other long-term investments	-			
Deposits and guarantees	139	79	18	200
TOTAL	6,713	1,162	131	7,744

The increase in equity holdings is due to the capital increase through the capitalisation of debt of Gameloft Argentina (€939,000) and the creation of the following subsidiaries: Gameloft LLC (€30,000), Gameloft Belgium (€20,000), Gameloft Sro (€7,000), Gameloft Live (€37,000), Gameloft Australia Pty Ltd (€3,000) and Gameloft Do Brasil Ltda (€48,000).

The decrease in equity holdings resulted from the liquidation of the Gameloft.com Ltda subsidiary (€53,000) and the Gameloft.com España subsidiary (€60,000).

The increase in security deposits is due mainly to the indexing of our rent.

Provisions

	At 31.12.06			At 31.12.07
	Cumulative	Increases	Decreases	Cumulative
Equity holdings	344	33	188	189
TOTAL	344	33	188	189

The increases refer to the shares of Gameloft GmbH (€25,000), Gameloft Sro (€7,000) and Gameloft Live (€1,000).

The write-backs of provisions concern the liquidated companies: Gameloft.com España (€60,000) and Gameloft.com Ltda (€53,000), and the shares of Gameloft Vietnam Ltd (€40,000) and Gameloft Partnerships (€34,000).

Subsidiaries and equity holdings:

€K	Subsidiaries		Equity holdings	
	French	Foreign	French	Foreign
Book value of shares held:				
- gross	136	7,408	-	-
- net	135	7,220	-	-
Total loans and advances granted	1	188	-	-
Total security and guarantees provided	-	-	-	-
Total dividends collected	-	-	-	-

Subsidiaries and equity holdings:

	Currency	Capital in foreign currencies	SE other than capital in foreign currencies	Share of capital held (%)	Book value of shares (gross in €)	Book value of shares (net in €)	Total loans and advances granted In €	Total security and guarantees	Revenue at 31.12.07 in foreign currencies	Earnings at 31.12.07 in foreign currencies	Dividends distributed
SUBSIDIARIES											
CAPITAL HELD AT LEAST 50%											
Gameloft Inc. Divertissements (Canada)	CAD	3,971,142	1,726,406	100.00%	2,855,807	2,855,807	10,127	-	16,294,113	739,804	-
Gameloft Inc. (USA)	USD	2,001,000	2,821,184	99.50%	2,316,726	2,316,726	-	-	48,125,653	2,011,291	-
Gameloft Ltd.	£	1,000	-149,453	99.50%	1,666	1,666	-	-	9,743,761	-361,392	-
Gameloft GmbH	€	25,000	-1,839,027	100.00%	25,000	-	313,221	-	1,841,262	-617,666	-
Gameloft Iberica SA (Spain)	€	60,200	229,329	100.00%	60,201	60,201	-	-	9,514,178	44,228	-
Gameloft SRL (Romania)	RON	191,600	-1,757,414	99.00%	99,000	99,000	-	-	31,634,018	-314,874	-
Gameloft SRL (Italy)	€	96,900	208,438	99.74%	97,870	97,870	-	-	2,720,223	-27,718	-
Gameloft Software Beijing Ltd.	RMB	1,663,264	27,840,737	100.00%	173,340	173,340	-	-	74,279,896	11,091,320	-
Gameloft Rich Games Production France SARL 75 001 Paris - 450 415 237 00012	€	7,500	93,498	99.80%	7,485	7,485	-	-	3,463,207	113,407	-
Gameloft KK	JPY	10,000,000	-167,907,235	99.90%	78,720	78,720	1,655,409	-	651,809,296	-107,402,119	-
Gameloft Software Shanghai Ltd.	RMB	1,655,320	-4,104,592	100.00%	166,661	166,661	-	-	30,614,328	2,096,966	-
Gameloft Software Cheng Du	RMB	1,603,220	-12,582,837	100.00%	155,678	-	-	-	20,135,101	-467,849	-
Gameloft Ltd. (Vietnam)	\$	50,000	-373,674	100.00%	40,317	40,317	74,723	-	2,154,973	12,033	-
Gameloft EOOD (Bulgaria)	€	52,510	-184,061	100.00%	53,000	53,000	-	-	2,177,222	135,273	-
Gameloft S. de R.L. de C.V.	\$ PESO	1,997,000	20,897,194	99.95%	140,028	140,028	-	-	94,349,294	20,763,514	-
Gameloft Private Ltd.	INR	103,026	-27,746,712	99.99%	1,977	1,977	-	-	140,507,001	-20,021,812	-
Gameloft Co. Ltd.	KRW	100,000,000	-1,747,304,820	100.00%	80,111	80,111	1,509,799	-	1,768,132,651	-1,403,179,756	-
Gameloft Argentina	ARS	1,200,000	3,776,092	95.00%	953,726	953,726	623,063	-	29,558,676	3,505,910	-
Gameloft LLC (Ukraine)	UAH	199,419	-295,523	100.00%	30,000	30,000	252,956	-	1,231,208	-295,524	-
Gameloft Do Brasil Ltda	BRL	120,000	156,178	99.00%	48,000	48,000	-	-	1,580,994	156,178	-
Gameloft Australia Pty Ltd	AUD	5,000	32,282	100.00%	2,936	2,936	46,877	-	503,506	32,282	-
Gameloft Sro (Czech Republic)	CZK	200,000	-1,020,170	100.00%	7,108	-	50,000	-	-	-1,020,170	-
Gameloft Sprl (Belgium)	€	20,000	-	99.5%	19,900	19,900	-	-	-	-	-
Odyssee Interactive Games 15 000 Aurillac – 483 443 743 00024	€	1,000	83,457	99.90%	54,945	54,945	-	-	508,269	19,663	-
Gameloft Partnerships SAS 75 008 Paris – 488 934 506 00020	€	37,000	52,445	100.00%	37,000	37,000	-	-	2,361,245	86,992	-
Gameloft Live SAS 75 008 Paris – 500 819 537 00019	€	37,000	-860	100.00%	37,000	36,140	-	-	-	-860	-
EQUITY HOLDINGS											
CAPITAL HELD BETWEEN 10 AND 50%											

IV. Inventory

Description	At 31.12.06	Gross value	Provision	At 31.12.07
Asphalt game cartridge	111	70	-	70
TOTAL	111	70	-	70

Asphalt Nintendo DS cartridges are sold worldwide.
The inventory has not been put up as collateral.

V. Advance payments made

	At 31.12.06	Reclassification s	Increase	Decrease	At 31.12.07
Advance payments made	4		-	4	-
TOTAL	4		-	4	-

VI. Trade receivables and related accounts

	At 31.12.06	Gross value	Provision	At 31.12.07
Trade receivables and related accounts	32,442	42,697	122	42,575
TOTAL	32,442	42,697	122	42,575

Provisions for trade receivables are set up in an amount equal to our subsidiaries' negative shareholders' equity. At 31 December 2007, the provisions for trade receivables concern third-party customers (€28,000).

The increase in trade receivables is linked to the sharp growth in our activity during FY 2007 compared with 2006; however, more than one-half of the trade receivables item consists of intra-group receivables.

All trade receivables are due in less than one year.

VII. Due dates of receivables and debts

STATUS OF RECEIVABLES	Gross amount	less than 1 year	more than 1 year
Receivables on current assets			
Inventory	70	70	
Advance payments made	-		
Trade receivables and similar accounts	42,697	42,697	
Government (VAT credit, etc.)	693	693	
Group and partners	4,536	4,536	
Credit notes from suppliers	844	844	
Receivables from suppliers	7,318	7,318	
Other misc. debtors	41	41	
Called-up share capital (issue premium included)	=	=	
TOTAL	56,199	56,199	
STATUS OF DEBTS	Gross amount	less than 1 year	more than 1 year
Loans & similar accounts	17	17	
Trade payables and related accounts	23,877	23,877	
Tax and social security liabilities	1,489	1,489	
Other debts	178	178	
Debts on assets	2,156	2,156	
Group and partners	2,645	2,645	
TOTAL	30,363	30,363	

Provisions in the amount of €221,000 were recorded at 31 December 2007 for advances on subsidiaries' current

accounts. The interest rate on advances is 2.5%, 4% or 4.5% depending on the advance contracts signed with our subsidiaries.

For subsidiaries that are not in the process of being liquidated, a provision is recorded for the share of the subsidiary's net negative position.

In FY 2007, the company received €2,645,000 in current account advances from its Spanish subsidiary. The interest rate of the current account with Gameloft Iberica is 3%. During the period, the company also repaid €74,000 in advances to its principal shareholders.

The interest rate of advances on partners' current accounts is 3% for €2,600,000.

VIII. Revenue accruals

	31.12.07	31.12.06
Credit notes from suppliers	844	1,309
Customers, Unbilled income	10,631	8,389
Government, revenue accruals	-	-
TOTAL	11,475	9,698

IX. Short-term investment securities

Short-term investment securities are recorded at their acquisition cost. At year-end closing, a provision is set up for any capital losses.

Short-term investment securities consist of the following:

Description	Net 31.12.06	Gross value at 31.12.07	Provision at 31.12.07	Net at 31.12.07	Value per share shown on the balance sheet	Share price at 31.12.07	% of ownership at 31.12.07
Negotiable CD	7,119	6,246	-	6,246	6,266	6,266	-
TOTAL	7,119	6,246	-	6,246	6,266	6,266	-

The value shown on the balance sheet is €6,266,000, including €20,000 in accrued interest.

X. Cash on hand

The "cash on hand" item includes bank account balances totalling €1,356,000 at 31 December 2007 compared with €1,728,000 at 31 December 2006.

XI. Accruals

	31.12.07	31.12.06
Pre-paid expenses	389	113
Translation adjustments	1,168	475
Total	1,557	588

Pre-paid expenses consist mainly of ordinary expenses related to services not yet provided at the close of the fiscal year and the impact of which is carried over to a later year. The translation loss pertains mainly to the discounting of trade receivables (€1,150,000).

XII. Shareholders' equity

	Balance at 31.12.06	Share capital increase	Change in share capital	Result 31.12.06	Result 31.12.07	Balance at 31.12.07

Share capital	3,538	115		3,653
Issue premium	57,968	4,268		62,236
Merger premium	624			624
Other reserves	-39,013		23,395	-15,619
Fiscal year profit	23,395		-23,395	-2,538
TOTAL	46,512	4,383	-	-2,538
				48,356

The company carried out a share capital increase through the exercise of stock options and start-up company stock purchase warrants in the amount of €4,383,000, which contributed to the increase in shareholders' equity over the previous year but was offset by the loss for the period. Shareholders' equity is positive at €48,356,000 versus €46,512,000 in 2006.

Number of Gameloft S.A. shares

	Par value €	Number of shares	Amount in €K
At 31/12/04	0.05	64,566,823	3,228
Offsetting of claims	0.05	2,623,296	131
Exercised options and BSPCE	0.05	1,660,197	83
At 31/12/05	0.05	68,850,316	3,443
Exercised options on 25/10/2005	0.05	116,477	6
Exercised options on 21/03/2006	0.05	548,744	27
Exercised options on 31/03/2006	0.05	588,397	29
Exercised options on 15/09/2006	0.05	652,650	33
At 31/12/06	0.05	70,756,584	3,538
Exercised options on 25/10/2005	0.05	34,600	2
Exercised options on 21/03/2006	0.05	121,128	6
Exercised options on 31/03/2006	0.05	706,553	35
Exercised options on 15/09/2006	0.05	1,439,492	72
At 31/12/07	0.05	73,058,357	3,653

At 31 December 2007, the share capital consisted of 73,058,357 shares with a par value of 0.05 euros, for a total of 3,652,917.85 euros.

Stock options and BSPCE

The conditions under which stock options and BSPCE may be exercised are as follows:

Date of Board of Directors' meeting	21/03/03	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	714,000	164,256	43,128
Number of shares cancelled:		161,000	161,000
Number of people concerned:	39		
including managers	0		
Start of exercise	21/03/2006	21/03/2006	21/03/2006
End of exercise	21/03/2008	21/03/2008	21/03/2008
Subscription price	1.25 euros	1.25 euros	1.25 euros

Date of Board of Directors' meeting	15/09/03	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	1,544,500	849,000	190,500
Number of shares cancelled:		348,500	349,500
Number of people concerned:	96		
including managers	0		
Start of exercise	15/09/2006	15/09/2006	15/09/2006
End of exercise	15/09/2008	15/09/2008	15/09/2008
Subscription price	1.75 euros	1.75 euros	1.75 euros

Date of Board of Directors' meeting	03/12/04	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	1,585,800	960,850	577,650
Number of shares cancelled:		357,000	433,900
Number of people concerned:	91		

including managers	0		
Start of exercise	31/03/2006	31/03/2006	31/03/2006
End of exercise	03/12/2009	03/12/2009	03/12/2009
Subscription price	2.40 euros	2.40 euros	2.40 euros

Date of Board of Directors' meeting	11/01/06	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	2,790,300	2,716,200	2,547,900
Number of shares cancelled:		74,100	242,400
Number of people concerned:	101		
including managers	5		
Start of exercise	11/01/2008	11/01/2008	11/01/2008
End of exercise	11/01/2012	11/01/2012	11/01/2012
Subscription price	5.35 euros	5.35 euros	5.35 euros

Date of Board of Directors' meeting	11/01/06	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	612,000	468,000	363,000
Number of shares cancelled:		144,000	249,000
Number of people concerned:	33		
including managers	0		
Start of exercise	11/01/2008	11/01/2008	11/01/2008
End of exercise	11/01/2012	11/01/2012	11/01/2012
Subscription price	5.61 euros	5.61 euros	5.61 euros

Date of Board of Directors' meeting	7/06/06	Balance at 31.12.06	Balance at 31.12.07
Number of shares eligible for subscription:	40,200	40,200	40,200
Number of shares cancelled:	-	-	-
Number of people concerned:	2	2	2
including managers	0	0	0
Start of exercise	07/06/2010	07/06/2010	07/06/2010
End of exercise	07/06/2012	07/06/2012	07/06/2012
Subscription price	5.37 euros	5.37 euros	5.37 euros

Date of Board of Directors' meeting	03/01/07	Balance at 31.12.07	
Number of shares eligible for subscription:	2,811,000		2,734,800
Number of shares cancelled:			76,200
Number of people concerned:	127		
including managers	4		
Start of exercise	03/01/2009		03/01/2009
End of exercise	03/01/2013		03/01/2013
Subscription price	4.10 euros		4.10 euros

Date of Board of Directors' meeting	03/01/07	Balance at 31.12.07	
Number of shares eligible for subscription:	710,100		604,800
Number of shares cancelled:			105,300
Number of people concerned:	38		
including managers	1		
Start of exercise	03/01/2009		03/01/2009
End of exercise	03/01/2013		03/01/2013
Subscription price	4.30 euros		4.30 euros

Date of Board of Directors' meeting	21/03/03	Balance at 31.12.06	Balance at 31.12.07
Number of BSPCE allotted:	220,000	-	-
Number of shares cancelled:		60,000	60,000
Number of people concerned:	9		
including managers	0		
Start of exercise	21/03/2006	21/03/2006	21/03/2006
End of exercise	21/03/2008	21/03/2008	21/03/2008

Subscription price	1.25 euros	1.25 euros	1.25 euros
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Date of Board of Directors' meeting	15/09/03	Balance at 31.12.06	Balance at 31.12.07
Number of BSPCE allotted:	1,422,500	1,064,850	282,858
Number of shares cancelled:		52,000	52,000
Number of people concerned:	36	36	36
including managers	0	0	0
Start of exercise	15/09/2006	15/09/2006	15/09/2006
End of exercise	15/09/2008	15/09/2008	15/09/2008
Subscription price	1.75 euros	1.75 euros	1.75 euros

Date of Board of Directors' meeting	03/12/04	Balance at 31.12.06	Balance at 31.12.07
Number of BSPCE allotted:	1,486,500	1,126,253	704,400
Number of shares cancelled:		39,800	61,400
Number of people concerned:	32		
including managers	0		
Start of exercise	31/03/2006	31/03/2006	31/03/2006
End of exercise	03/12/2009	03/12/2009	03/12/2009
Subscription price	2.40 euros	2.40 euros	2.40 euros

In total, at 31 December 2007, a maximum of 8,089,236 shares may be created through the exercise of stock options and BSPCE.

XIII. Accrued expenses

	31.12.07	31.12.06
Bank charges payable	3	2
TOTAL Loans and Financial Debts	3	2
Suppliers, invoices pending	8,361	2,525
Suppliers, invoices pending intangible assets	1,582	1,341
Suppliers, invoices pending tangible assets	10	1
Rebates, discounts, reductions pending	121	145
Tax liabilities	486	473
Social security liabilities	1,004	700
TOTAL	11,564	5,185

XIV. Items pertaining to affiliates

	31.12.07	31.12.06
Assets		
Equity holdings	7,544	6,574
Trade receivables and related accounts	26,098	18,940
Prov. for trade receivables	94	-
Other receivables	4,536	1,369
Prov. for other receivables	221	84
Receivables from suppliers	7,264	4,970
Liabilities		
Trade payables and related accounts	18,420	3,854
Financial debts	2,645	-
Result		
Operating revenue	50,378	32,926
Operating expenses	59,239	36,142
Financial income	75	14
Financial expense	45	389

XV. Provisions recorded on the balance sheet

	At 31.12.06	Allocations for the year	Write-backs for the year	At 31.12.07
Provisions for contingencies and charges				
For foreign exchange risk	475	1,168	475	1,168
For other risks	44	11	-	55
For charges	<u>811</u>	<u>20</u>	<u>695</u>	<u>136</u>
Total	1,330	1,199	1,170	1,359
Provisions for depreciation				
trademarks	1,829			1,829
equity holdings	344	33	188	189
inventories	-			-
trade receivables	5	117		122
other receivables	91	146	16	221
short-term investment securities	=			=
Total	2,269	296	204	2,361
Total	3,599	1,495	1,374	3,720

A provision for retirement indemnities was increased by €11,000 during the year.

A provision in the amount of €20,000 was set up to offset the potential risk of non-compliance with the period of non-transferability in order to cover the risk of a social security tax liability for a French employee's early exercise of stock options under the plan of 3/12/2004. This provision was determined based on Gameloft SA's share price at 31 December 2007.

The write-backs of provisions for charges pertain to subsidiaries whose shareholders' equity was negative (€684,000) and to the restructuring of Gameloft.com España (€11,000).

The increases for equity holdings refer to the shares of Gameloft GmbH (€25,000), Gameloft Sro (€7,000) and Gameloft Live (€1,000).

The write-backs of provisions concern the shares of liquidated companies: Gameloft.com España (€60,000) and Gameloft.com Ltda (€53,000), and the equity holdings in Gameloft Vietnam Ltd (€40,000) and Gameloft Partnerships (€34,000).

The provisions for trade receivables concern third-party customers (€23,000) and intra-group receivables (€94,000). The provisions for other receivables concern advances made to Gameloft GmbH (€115,000) and Gameloft Sro (€31,000).

The write-backs of provisions for depreciation on other receivables pertain to misc. receivables (€7,000) and Gameloft Vietnam (€9,000).

XVI. Financial debts

Financial debts are as follows:

	31.12.07	31.12.06
Loans & similar accounts	17	32
Current account advances	2,645	74
Financial debts	2,662	106
	less than 1 year	1 year to 5 years
Amounts still due at 31.12.07	2 662	-

Financial debt:

	31.12.07	31.12.06
Financial debts	17	106
Cash on hand	-1,356	-1,728
Short-term investment securities	-6,266	-7,119
Net financial debt	-7,605	-8,741

At 31 December 2007, there was a net financial surplus of €7,605,000 versus €8,741,000 at 31 December 2006.
All financial debts are based on a fixed rate and are in euros.

XVII. Trade payables and related accounts

	31.12.07	31.12.06
Trade payables	23,877	10,021
Total	23,877	10,021

The average period for paying our suppliers is 60 days.

The increase in trade payables is linked to the sharp growth in the company's activity during FY 2007 but is offset by the debts of the group's subsidiaries which total €16.7 million.

XVIII. Tax and social security liabilities

	31.12.07	31.12.06
Tax liabilities	486	473
Social security liabilities	1,004	700
Total	1,490	1,173

XIX. Debts on assets

	31.12.07	31.12.06
Debts on assets (1)	2,156	810
Total	2,156	810

(1) Restatement on 31/12/06 following correction of an error in the amount of €642,000.

The increase in trade payables on assets resulted from the recognition of advances on guaranteed amounts at the time the contracts were signed.

XX. Other debts

	31.12.07	31.12.06
Customers – credit notes pending	121	145
Credit balances of customer accounts	11	86
Other debts	46	2
Total	178	233

XXI. Accruals

	31.12.07	31.12.06
Unearned income	381	351
Translation adjustments	140	185
Total	521	536

Unearned income consists of customer billings related to services not yet provided at year-end and income related to a rent exemption, the impact of which is carried over to a later year.

The translation gain pertains mainly to the discounting of trade payables (€74,000) and trade receivables (€61,000).

4.4.6 Notes to the income statement

Net income on ordinary activities includes all ordinary activities carried out by Gameloft as part of its business, as well

as any related activities undertaken by it which are incidental to or in line with its ordinary activities.

Mobile game development costs are recorded as expenses over the entire year. As described above, development costs of games for new platforms are capitalised when they meet the capitalisation criteria.

Production cost consists of the cost of “supplies” (other materials and supplies) plus other costs incurred by the company in the course of game production.

I. Revenue

The breakdown of revenue by business activity at 31 December 2007 is as follows:

	31.12.07		31.12.06	
	€ K	%	€ K	%
Mobile	74,236	95%	47,901	100%
Self-constructed assets	3,537	5%	-	-%
Total	77,773	100%	47,901	100%

The breakdown of revenue by geographic area at 31 December 2007 is as follows:

	31.12.07		31.12.06	
	€ K	%	€ K	%
Europe	41,767	56%	26,560	55%
<i>including France</i>	<i>15,598</i>	<i>37%</i>	<i>10,501</i>	<i>22%</i>
North America	25,941	35%	18,620	39%
Other	6,528	9%	2,721	6%
Total revenue	74,236	100%	47,901	100%
Self-constructed assets	3,537	-	-	-
Total	77,773		47,901	

II. Other operating income and transfer of charges

Other operating income is as follows:

	31.12.07	31.12.06
Write-backs of provisions	7	3,029
Transfer of charges	808	668
Other income	4	339
Total	819	4,036

The transfer of charges concerns the re invoicing of overhead costs (€790,000).

The write-backs of provisions pertain to misc. receivables (€7,000).

III. Purchases and other supplies

Cost of goods sold consist of purchases of products and goods intended for resale (€648,000), mobile game development costs (€56,970,000) and related overhead costs (€984,000).

IV. Change in inventory of finished products

	31.12.07	31.12.06
Change in inventories: Asphalt DS	41	130
TOTAL	41	130

The change in inventory resulted from the removal from inventory of Asphalt DS game cartridges.

V. Other operating purchases

Other operating purchases consist primarily of telecommunication and small equipment costs (€504,000), advertising and marketing expenses (€2,954,000), conference and trade fair expenses (€563,000), travel expenses (€647,000), administrative subcontracting and marketing expenses, commissions and brokerage fees on sales (€1,450,000), royalties on advances already amortised (€2,162,000) and professional fees (€679,000).

VI. Personnel expenses

At 31 December 2007, the company had 40 employees.

The amount of salaries and fringe benefits corresponding to game production is €2,610,000.

VII. Operating depreciation and provisions

Depreciation and provisions are as follows:

	31.12.07	31.12.06
Amortisation of intangible assets	7	9
Amortisation of intangible assets: development costs	156	-
Amortisation of intangible assets: licences	3,720	1,214
Depreciation of tangible assets	664	264
Provisions	195	30
TOTAL	4,742	1,517

Amortisation of intangible assets concerns amortisation of software and development costs, as well as advances on licences amortised according to sales volume or on a straight-line basis for flat fees, depending on the contracts.

Depreciation of tangible assets increased significantly as a result of the capitalisation of purchases of mobile phones used for research and development purposes and the renovation of the new site.

Provisions pertain to the recognition of a retirement commitment (€11,000), provisions for trade receivables (€117,000), provisions for asset depreciation (€46,000) and a provision for risk related to stock options (€20,000).

VIII. Net financial income/expense

Net financial income/expense breaks down as follows:

	31.12.07	31.12.06
Financial income:		
Income from other securities and receivables from long-term assets	-	-
Other interest and similar income	516	260
Write-backs of provisions	1,356	15,296
Foreign exchange gains	494	200
Net income from sales of short-term investment securities	=	=
	2,366	15,756
Financial expense:		
Provisions	1,348	1,493
Other interest and similar expenses	49	436
Net expenses on sales of short-term investment securities	-	-
Foreign exchange losses	1,415	540
	2,812	2,469
Net financial income/expense	-446	13,287

The write-backs of provisions in the amount of €1,356,000 are as follows:

- Gameloft Vietnam current account advances (€9,000),
- €188,000 on equity holdings, including €35,000 for Gameloft Partnerships, €40,000 for Gameloft Vietnam and €113,000 for Gameloft.com España (€60,000) and Gameloft.com Ltda (€53,000), companies which were legally and permanently liquidated,
- €475,000 for foreign exchange losses,
- a provision in the amount of €684,000 for subsidiaries whose shareholders' equity was negative (€603,000 for Gameloft Cheng Du and €81,000 for Gameloft Vietnam).

The provisions in the amount of €1,348,000 are as follows:

- €32,000 on equity holdings, including €25,000 for Gameloft GmbH and €7,000 for Gameloft Sro,
- €146,000 on current account advances, including €115,000 for Gameloft GmbH and €31,000 for Gameloft Sro,
- €1,168,000 for foreign exchange losses.

Other interest and similar expenses totalling €49,000 pertain to interest expenses.

All of Gameloft's debts are based on a fixed rate and are in euros. The company has no foreign exchange hedging strategy since its intra-group transactions, current account advances to subsidiaries, re-invoicing of the subsidiaries' expenses to the parent company and invoicing of royalties to the subsidiaries are done in foreign currencies (US dollars, Canadian dollars and pounds sterling), and since income in foreign currencies offsets the company's expenses in foreign currencies.

IX. Extraordinary profit

Extraordinary items are income or expenses resulting from events or transactions that are clearly distinct from the company's ordinary activities and are therefore not expected to recur on a frequent or regular basis.

Extraordinary profit is as follows:

	31.12.07	31.12.06
Extraordinary income:		
Write-backs of provisions	11	-
Extraordinary income from capital transactions	27	22,897
Extraordinary income from management operations	=	
	38	22,897
Extraordinary expenses:		
Extraordinary expenses on management operations	-	54
Extraordinary expenses on capital transactions	138	13,879
Depreciation and provisions	=	
	138	13,933
Total extraordinary profit	- 100	8,964

The write-backs of provisions concern the restructuring provision related to the liquidation of Gameloft.com España. Extraordinary income from capital transactions refers to the sale of computer equipment in the amount of €27,000. Extraordinary expenses on capital transactions pertain to the net book value of tangible assets (€25,000) and the liquidations of Gameloft.com España and Gameloft.com Ltda (€113,000).

X. Corporate income tax

There was no income tax for this year as a result of carry-over losses.

	31.12.07	31.12.06	31.12.05	31.12.04	31.12.03	31.12.02	31.08.01	31.08.00
Carry-over losses*	3,158	-	-	-	-	13,801	14,409	-
TOTAL	3,158	-	-	-	-	13,801	14,409	-

* non-cumulative data

In FY 2007, the reductions and increases in the future tax burden were as follows:

Future tax burden	Basis	Tax
Organic provision for the year	119	40
Tax on tourism and company vehicles	5	2
Contribution to housing tax	15	5
Unrealised foreign exchange gains	140	47
TOTAL REDUCTIONS	279	94

The tax rate in effect at 31 December 2007 was 33.33%.

Income tax consists of the following:

At 31.12.07	Accounting basis	Corporate tax
--------------------	-------------------------	----------------------

Pre-tax profit/loss on ordinary activities	- 2,438	0
Extraordinary profit	- 100	0
Profit/loss before tax	- 2,538	0

At 1 January 2008, there were €40,509,000 in non-lapsing losses carried forward.

4.4.7 Additional information

4.4.7.1 Consolidating company

Gameloft SA – 81 rue Réaumur 75 002 Paris

4.4.7.2 Personnel

In FY 2007, Gameloft SA's staff consisted on average of 40 employees, including 30 men and 10 women.

4.4.7.3 Financial commitments and other information

Guarantees given: none

Collateral provided: none

Guarantees received: none

Financial leases: none

Off-balance sheet commitments:

* Gameloft SA has commitments toward some of the group's subsidiaries:

- Authorisation of a guarantee commitment in favour of Divertissement Canada Inc. under a framework lease agreement made between Gameloft Canada and Dell Financial Services Canada Ltd. in the amount of CAD 250,000,
- Authorisation of a bond agreement in favour of Gameloft Argentina SA, the company's subsidiary in Argentina, for the signing of a lease concerning the offices in Buenos Aires (Argentina) with Irsa Inversiones y Representaciones SA in the amount of USD 144,000.

As shareholder, Gameloft S.A. sent a letter of intent to the Gameloft Ltd. Vietnam and Gameloft Ltd UK subsidiaries on 31 December 2007 regarding the continued operation of its financially troubled companies.

Notes receivable discounted: none

Other commitments:

The law of 4 May 2004 gives French employees an individual right to training. This new right entitles them, at their request but with the employer's approval, to take part in training courses.

Each year, based on the agreements applicable at the company, full-time personnel employed under open-ended contracts who have at least one year of seniority at the company acquire a right to 20 hours of training. Employees with one year of seniority as of 7 May 2005 may benefit from this law.

The rights acquired annually may be accumulated over a six-year period, i.e. a maximum of 120 hours. At 31 December 2007, hours totalled 1,743. The provision is not significant.

4.4.7.4 Events subsequent to close of year

No other event is likely to have an impact on the financial statements.

4.4.7.5 Compensation of senior executives

The total gross compensation paid in 2007 was €240,000.

No directors' fees were paid.

	2007	2006
Salaries, misc. charges and benefits	240	255
Total pensions and other post-employment benefits	-	-
Severance pay	-	-
Total stock options and bonus shares issued	900,000	450,000

4.4.7.6 *Loans extended to the group's senior executives*

At 31 December 2007, no advance or credit was extended to the group's senior executives pursuant to Article L. 225-43 of the French Commercial Code.

4.4.8 **Proposed allocation of profit**

The Board of Directors has proposed allocating the loss at 31 December 2007, i.e. €2,538,406, to losses carried forward.

4.5 *Auditors' report*

General auditors' report for the fiscal year ended 31 December 2006

Pursuant to the mission entrusted to us by your General Meeting, we present to you our report for the fiscal year ended 31 December 2007 regarding:

- the audit of the year-end financial statements of Gameloft SA, as attached to this report;
- the basis for our assessments;
- the specific verifications and information required by law.

The year-end financial statements were approved by your Board of Directors. It is our task, on the basis of our audit, to express an opinion on these financial statements.

I - Opinion regarding the year-end financial statements

We have conducted our audit in accordance with the accounting standards applicable in France. These standards require the use of due diligence to provide reasonable assurance that the year-end financial statements do not contain any significant misstatements. An audit consists in examining, on a test basis, the evidence supporting the information contained in the financial statements. It also consists in assessing the accounting principles applied, the significant estimates used in preparing the financial statements and their overall presentation. We believe that our audit forms a reasonable basis for the opinion expressed below.

We certify that the year-end financial statements are, from the standpoint of French accounting rules and principles, true and in good order and fairly present the company's net profit from operations during the previous fiscal year, as well as its financial position and assets at the end of said year.

Without calling into question the above opinion, we draw your attention to attached Note 6.2 to the individual financial statements, which explains the change in accounting method used to recognise advances on licences.

II - Basis for the assessments

In accordance with Article L. 823-9 of the French Commercial Code related to the basis for our assessments, we wish to bring the following points to your attention:

- Attached Note 6.2 describes a change in method that occurred during the fiscal year. We have reviewed, based on our assessment of the accounting rules and principles applied by your company, the relevance of this change.
- As part of our assessment of the accounting rules and principles applied by your company, we felt it appropriate to verify the valuations of intangible assets, and particularly the rules for capitalising development costs and licences, as described in Note 6.4.1. The company provided us with information concerning these estimates, including in particular the evidence requested concerning the reasonableness of the valuation of depreciation and provisions.
- In addition, attached Note 6.4 describes the accounting rules and methods related to financial assets. As part of our assessment of the accounting rules and principles and valuation methods applied by your company, we verified the appropriateness thereof and ensured their correct application.

Our assessments were made within the context of our audit of the year-end financial statements as a whole, and therefore provided a basis for the unqualified opinion expressed by us in the first part of this report.

III - Specific verifications and information

In accordance with the professional standards applicable in France, we also conducted the specific verifications required by law.

We have no comments regarding:

- the fairness and consistency with the year-end financial statements of the information provided in the Board of Directors' management report and in the documents sent to shareholders pertaining to the financial position and year-end financial statements;
- the fairness of the information provided in the management report regarding the compensation and benefits paid to the company managers in question and the commitments made to them at the time of the assumption, termination or change in their duties or subsequent thereto.

In accordance with the law, we have verified that all information relative to acquisitions of shareholdings and control and to the identity of holders of capital and voting rights was provided to you in the management report.

Rennes, 5 June 2008

The Auditors

AMLD AUDIT
André Métayer

MB AUDIT
Roland Travers

Correlation table of the attached notes:

<u>Auditors' report</u>	<u>Reference Document</u>
Note 6.2	Paragraph 4.4.2
Note 6.4.1	Paragraph 4.4.5.1
Note 6.4	Paragraph 4.4.4

4.6 Special auditors' report for the fiscal year ended 31 December 2007

In our capacity as your company's auditors, we present to you our report on regulated agreements and commitments.

1) AGREEMENTS AND COMMITMENTS AUTHORISED DURING THE FISCAL YEAR AND UP TO THE DATE OF THIS REPORT

Pursuant to Article L. 225-40 of the French Commercial Code, we have been advised of the agreements and commitments for which prior authorisation was granted by your Board of Directors.

It is not our responsibility to determine the possible existence of other agreements and commitments, but rather to inform you, based on the information provided to us, of the characteristics and essential terms and conditions of those brought to our attention, without our being required to comment on their usefulness and relevance. According to the provisions of Article R. 225-31 of the French Commercial Code, it is your responsibility to assess whether it is in your interest to enter into these agreements and commitments before approving them.

We have conducted our audit in accordance with the accounting standards applicable in France. These standards require that we follow certain procedures to ensure the consistency of the information provided to us with the source documents from which it was derived.

We inform you that we have not been notified of any new agreement or commitment.

2) AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR FISCAL YEARS AND REMAINING IN FORCE DURING THE PAST FISCAL YEAR

In addition, pursuant to the French Commercial Code, we have been informed that the following agreements and commitments, approved in prior fiscal years, were performed during the previous fiscal year.

2-1 Trademark licence contract with Ubisoft Entertainment SA

Nature and purpose:

On 24 August 2003, your Board of Directors authorised the signing of a trademark licence contract with Ubisoft Entertainment SA under which Ubisoft Entertainment granted to your company a licence to operate trademarks that it owns or for which it was granted a licence to operate. This licence contract took effect retroactively as of 1 April 2002.

Terms and conditions:

The trademark licence was granted in return for the payment of royalties proportional to the revenue earned by Gameloft SA.

The amount of royalties to be paid by your company for FY 2007 is 825,432.43 euros, exclusive of tax.

2-2 Distribution contract signed with Longtail Studios Inc.

Nature and purpose

On 20 January 2006, your Board of Directors authorised the signing of a contract with Longtail Studios Inc. for the distribution of “Love Triangle: Dating Challenge”, a video game for mobile telephones. Under the terms of this contract, Longtail Studios Inc. grants worldwide distribution rights to the “Love Triangle: Dating Challenge” mobile game to Gameloft S.A. in return for the payment of a royalty equal to 50% of the revenues earned by Gameloft S.A. on sales of the game. This licence contract took effect retroactively as of 1 July 2005.

Terms and conditions

During the year, the total royalties owed amounted to 204,964.65 euros.

Rennes, 5 June 2008

The Auditors

AMLD AUDIT

MB AUDIT

André Métayer
Partner

Roland Travers
Partner

5 CORPORATE GOVERNANCE

5.1 The group's Board of Directors and management

• THE GROUP'S MANAGEMENT:

Name	Start date of term	Expiration date of term
Michel Guillemot Chief Executive Officer	3 December 2001 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Christian Guillemot Executive Vice President Administration	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Claude Guillemot Executive Vice President Technology	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Yves Guillemot Executive Vice President Strategy and Development	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008

• BOARD OF DIRECTORS:

Name	Start date of term	Expiration date of term
Michel Guillemot Chairman of the Board of Directors	3 December 2001 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Christian Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Claude Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Yves Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Gérard Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Marcel Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008

5.2 *Other offices held within the group by members of the administrative and managing bodies in the last five years*

a) Offices currently held

Member	Offices currently held
Michel Guillemot	Manager of Gameloft Rich Games Production France SARL President of Gameloft Partnerships SAS President of Gameloft Live SAS Manager of Odyssée Interactive Games SARL President and Director of Gameloft Inc. (United States) President and Director of Gameloft Inc. (Canada) President and Director of Gameloft Limited (Great Britain) President of Gameloft Srl (Romania) President and Director of Gameloft KK (Japan) President of Gameloft Software (Beijing) Company Ltd. (China) President of Gameloft Software (Shanghai) Company Ltd. (China) President of Gameloft Software (Chengdu) Company Ltd. (China) President and Director of Gameloft Company Ltd. (Vietnam) President and Director of Gameloft Iberica SA (Spain) Manager of Gameloft GmbH (Germany) Manager of Gameloft Srl (Italy) Manager of Gameloft EOOD (Bulgaria) Manager of Gameloft S. de R.L. de C.V. (Mexico) Manager of Gameloft S.P.R.L. (Belgium) Manager of Gameloft S.r.o. (Czech Republic) President and Director of Gameloft Argentina S.A. (Argentina) President and Director of Gameloft Private India (India) President and Director of Gameloft Co. Ltd. (Korea) President and Director of Gameloft Ltd. (Hong Kong) ¹ Director of Gameloft Australia Pty Ltd (Australia)
Claude Guillemot	Director of Gameloft Inc. (United States) Director of Gameloft Iberica SA (Spain) Director of Gameloft Inc. (Canada) Director of Gameloft Limited (England)
Yves Guillemot	Director of Gameloft Inc. (United States) Director of Gameloft Inc. (Canada)
Gérard Guillemot	Director of Gameloft Inc. (United States) Director of Gameloft Inc. (Canada)
Christian Guillemot	Director of Gameloft Inc. (United States) Director of Gameloft Iberica SA (Spain) Director of Gameloft Inc. (Canada) Director of Gameloft Limited (England)

b) Expired terms

Member	Expired terms
Michel Guillemot	Manager of Ludigames Srl (Italy) Director of Jeuxvideo.com S.A.
Claude Guillemot	Director of Gameloft.com España (Spain) Director of Jeuxvideo.com S.A.
Yves Guillemot	Director of Jeuxvideo.com S.A.
Gérard Guillemot	Executive Vice President of Gameloft SA Director of Jeuxvideo.com S.A. President of Gameloft AG (Germany) President and Director of Gameloft.com España (Spain) Director of Gameloft.com Pty Limited (Australia)
Christian Guillemot	Director of Gameloft AG (Germany) Director of Gameloft.com España (Spain)

	Director of Gameloft.com Pty Limited (Australia) Director of Jeuxvideo.com S.A.
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5.3 *Other offices held outside the group by members of the administrative and managing bodies in the last five years*

a) Offices currently held

Michel Guillemot	Director and Executive Vice President of Guillemot Brothers SA Manager of Ubi Studios Srl (Italy) Manager of Ubisoft Studios SL (Spain) Director and Executive Vice President of Ubisoft Entertainment SA Director of Ubisoft Inc. (United States) Director of Ubisoft Holdings Inc. (United States) Director of Shanghai Ubi Computer Software Company Ltd. (China) Director of Ubisoft Chengdu Ltd (China) Director of Advanced Mobile Applications Ltd. (Great Britain) Director and Executive Vice President of Guillemot Corporation SA Director of Guillemot Inc. (United States) Director of Guillemot Limited (Great Britain) Director of Guillemot Inc. (Canada) Director of Guillemot SA (Belgium)
Claude Guillemot	Director and Executive Vice President of Guillemot Brothers SA Director and Executive Vice President of Ubisoft Entertainment SA Director and Vice President of Ubisoft Divertissements Inc. (Canada) Director of Ubisoft Canada Inc. (Canada) Director of Ubisoft Music Inc. (Canada) Director of Ubisoft Music Publishing Inc. (Canada) Director of Ubisoft Inc. (United States) Director of Ubisoft Holdings Inc. (United States) Director of Ubisoft Sweden A/B (Sweden) Director of Ubisoft Entertainment Ltd. (Great Britain) Director of Ubisoft Nordic A/S (Denmark) Director of Shanghai Ubi Computer Software Company Ltd. (China) Director of Ubisoft Limited (Ireland) Alternate Director of Ubisoft Norway A/S (Norway) Vice President of Ubisoft Digital Arts Inc (Canada) Director of Advanced Mobile Applications Ltd. (Great Britain) President of Hercules Thrustmaster SAS Chief Executive Officer of Guillemot Corporation SA President and Director of Guillemot Inc. (Canada) President and Director of Guillemot Recherche et Développement Inc. (Canada) President and Director of Guillemot Inc. (United States) Manager of Guillemot GmbH (Germany) Director of Guillemot Limited (Great Britain) Director of Guillemot Corporation (HK) Limited (Hong Kong) Director of Guillemot SA (Belgium) Director of Guillemot Srl (Italy) Director of Guillemot Romania Srl (Romania)
Yves Guillemot	Director and Executive Vice President of Guillemot Brothers SA Chief Executive Officer of Ubisoft Entertainment SA itself President of: Ludi Factory SAS Ubisoft Books and Records SARL Ubisoft Design SAS Ubisoft Graphics SAS Ubisoft Manufacturing & Administration SAS Ubisoft Organisation SAS

	<p>Ubisoft Pictures SAS Ubisoft Productions France SAS Ubisoft Simulations SAS President of Ubisoft France SAS President of Ubisoft World SAS President of Ubisoft World Studios SAS President of Tiwak SAS President and Director of Ubisoft Ltd. (Great Britain) President of Ubisoft Norway A/S (Norway) President of Ubi Games SA (Switzerland) President of Ubisoft Finland OY (Finland) President of Ubisoft Nordic A/S (Denmark) President and Director of Ubisoft SpA (Italy) President and Director of Ubisoft SA (Spain) President and Director of Ubisoft KK (Japan) President and Director of Ubisoft Ltd. (Hong Kong) President and Director of Ubisoft Divertissements Inc. (Canada) President and Director of Ubisoft Canada Inc. (Canada) President and Director of Ubisoft Music Inc. President and Director of Ubisoft Music Publishing Inc. President of Ubisoft Holdings Inc (United States) President of Red Storm Entertainment Inc (United States) Vice President and Director of Shanghai Ubi Computer Software Company Ltd. (China) Manager of Ubisoft Computing SARL Manager of Ubisoft Production Montpellier SARL Manager of Ubisoft Production Annecy SARL Manager of Ubisoft Development SARL Manager of Ubisoft Editorial SARL Manager of Ubisoft Support Studios SARL Manager of Ubisoft Paris Studios SARL Manager of Ubisoft Castelnau SARL Manager of Ubisoft EMEA SARL Manager of Ubisoft Marketing International SARL (France) Manager of Ubisoft Operational Marketing SARL (France) Manager of Ubisoft Counsel & Acquisitions SARL (France) Manager of Ubisoft 1 SARL (France) Manager of Ubisoft 2 SARL (France) Manager of Ubisoft Sarl (Morocco) Manager of Ubisoft BV (Netherlands) Manager of Ubisoft GmbH (Germany) Manager of Blue Byte GmbH (Germany) Manager of Sunflowers Interactive Entertainment Software GmbH (Germany) Manager of Spieleentwicklungskombinat GmbH (Germany) Manager of Max Design Entertainment Software (Austria) Manager of Ubisoft Warenhandels GmbH (Austria) Director of Ubisoft Entertainment Ltd. (Great Britain) President and Director of Ubisoft Chengdu Ltd (China) President and Director of Ubisoft Digital Arts Inc. (Canada) Director and Executive Vice President of Guillemot Corporation SA Director of Guillemot Inc. (United States) Director of Guillemot Limited (Great Britain) Director of Guillemot Inc. (Canada) Director of Red Storm Ltd (Great Britain) Director of Ubisoft Pty Ltd. (Australia) Director of Ubisoft Sweden AB (Sweden) Director of Advanced Mobile Applications Ltd. (Great Britain)</p>
Gérard Guillemot	<p>Director and Executive Vice President of Guillemot Brothers SA President of Longtail Studios Inc. (United States) Director of Advanced Mobile Applications Ltd. (Great Britain) Director and Executive Vice President of Ubisoft Entertainment SA Director of Shanghai Ubi Computer Software Company Ltd. (China)</p>

	Director of Ubisoft Inc. (United States) Director of Ubisoft Holdings Inc. (United States) Director and Executive Vice President of Guillemot Corporation SA Director of Guillemot Limited (Great Britain) Director of Guillemot Inc. (United States) Director of Guillemot Inc. (Canada)
Christian Guillemot	Chief Executive Officer of Guillemot Brothers SA President and Director of Advanced Mobile Applications Ltd. (Great Britain) Director and Executive Vice President of Ubisoft Entertainment SA Director of Ubisoft Nordic A/S (Denmark) Director of Ubisoft Ltd. (Great Britain) Director of Shanghai Ubi Computer Software Company Ltd. (China) Director of Ubisoft Inc. (United States) Director of Ubisoft Holdings Inc. (United States) Director of Ubisoft Sweden AB (Sweden) Manager of Guillemot Administration et Logistique SARL Director and Executive Vice President of Guillemot Corporation SA Director of Guillemot Inc. (United States) Director of Guillemot Limited (Great Britain) Director of Guillemot Corporation (HK) Limited (Hong Kong) Director of Guillemot SA (Belgium) Director of Guillemot Inc. (Canada) Director of Guillemot Recherche et Développement Inc. (Canada) Director of Longtail Studios Inc. (United States)
Marcel Guillemot	Director of Guillemot Corporation SA Director of Guillemot Brothers SA

b) Expired terms

Member	Expired terms
Michel Guillemot	Director of Ubi.com SA Director of Ubisoft SpA (Italy) Director and Vice President of Ubisoft Divertissements Inc. (Canada) Director of Ubisoft Canada Inc. (Canada) Director of Ubi Computer Software Beijing Company Ltd. (China) Director of Ubisoft Ltd. (Hong Kong) Director of Ubisoft SA (Spain) Director of Ubisoft KK (Japan) Director of Guillemot France SA Director of Guillemot Online.com Inc. (United States) Director of Hercules Technologies Inc. (United States) Director of Thrustmaster Inc. (United States)
Claude Guillemot	Director of Ubisoft SpA (Italy) Director of Ubi Studios Ltd. (United Kingdom) President of Hercules Technologies SAS President of Thrustmaster SAS President and Director of Guillemot Online.com Inc. (United States) President and Director of Hercules Technologies Inc. (United States) President and Director of Thrustmaster Inc. (United States) Director of Ubisoft Ltd. (Hong Kong) Manager of Guillemot Recherche et Développement Sarl Director of Guillemot B.V. (Netherlands) Director of Guillemot SA (Spain)
Yves Guillemot	President and Director of Ubi.com SA President and Director of Wolfpack Inc. (United States) President and Director of Blue Byte Software Inc. (United States) President of Ubisoft Marketing & Communication SAS Manager of Ubi Administration SARL Manager of Ubi Research & Development SARL

	Manager of Ubi Marketing Research SARL Manager of Ubi Info Design SARL Manager of Ubi Sound Studio SARL Manager of Ubi World Studios SARL Manager of Ubisoft SprL (Belgium) Manager of Ubi Color SARL Director of Ubi.com Inc. (United States) Director of Blue Byte Software Ltd. (United Kingdom) Director of Ubi Studios Ltd. (United Kingdom) Director of Sinister Games Inc. (United States) President and Director of Ubi Computer Software Beijing Company Ltd. (China) Manager of Ubisoft Books and Records SARL Manager of Ubisoft Manufacturing & Administration SARL Manager of Ubisoft Pictures SARL Manager of Ubisoft Design SARL Manager of Ubisoft Graphics SARL Manager of Ubisoft Organisation SARL Manager of Ubisoft Productions France SARL Co-Manager of Ludifactory SARL Director of Guillemot France SA Director of Guillemot Online.com Inc. (United States) Director of Hercules Technologies Inc. (United States) Director of Thrustmaster Inc. (United States)
G�rard Guillemot	President of Ludim�dia SAS President and Director of Ubi Soft Entertainment Inc. (New York) President and Director of Ubi Voices Inc. (United States) Director of Ubisoft SpA (Italy) President and Director of Ubisoft Music Inc. (Canada) President and Director of Ubisoft Music Publishing Inc. (Canada) Director of Ubisoft Ltd. (Hong Kong) Director of Ubisoft KK (Japan) Director of Ubisoft SA (Spain) Co-Manager of Ludifactory SARL Director of Ubisoft Divertissements Inc. (Canada) Director of Ubisoft Canada Inc. (Canada) Director of Guillemot France SA Director of Guillemot Online.com Inc. (United States) Director of Hercules Technologies Inc. (United States) Director of Thrustmaster Inc. (United States)
Christian Guillemot	Director of Ubi.com SA Director of Sinister Games Inc. (United States) Director of Ubisoft SpA (Italy) Director of Ubisoft Divertissements Inc. (Canada) Director of Ubisoft Canada Inc. (Canada) Director of Ubisoft Music Inc. (Canada) Director of Ubisoft Ltd. (Hong Kong) Director and Executive Vice President of Guillemot France SA Director of Guillemot Logistics Ltd. (Hong Kong) Director of Guillemot Online.com Inc. (United States) Director of Hercules Technologies Inc. (United States) Director of Thrustmaster Inc. (United States)
Marcel Guillemot	Director of Guillemot SA (Belgium)

5.4 Fraud conviction, liquidation proceeding, sanctions imposed on members of the Board of Directors

To the company's knowledge, over the last five years:

- None of the members of the Board of Directors has been convicted of fraud;
- None of the members of the Board of Directors has been associated with a bankruptcy, receivership or court-ordered liquidation proceeding;
- No official public incrimination and/or sanction has been delivered by a statutory or regulatory authority against any of the members of the Board of Directors.

To the company's knowledge, in the last five years no member of the Board of Directors has been prohibited by a court from acting in his capacity as a member of an issuer's administrative, management or supervisory body or from being involved in the management or running of an issuer's business.

5.5 Possible conflicts of interest involving members of the Board of Directors

To the company's knowledge, there is no potential conflict of interest between any of the members of the company's Board of Directors' obligations toward the company and their own private interests.

Messrs. Michel, Claude, Yves, Gérard and Christian Guillemot are members of the Management and Board of Directors of Gameloft SA and Ubisoft Entertainment SA. As such, there may be potential conflicts of interest when these two companies have occasion to work together on certain projects.

The two companies are bound by a trademark licence contract under which Ubisoft Entertainment SA granted to Gameloft SA a licence to operate trademarks that it owns or for which it was granted a licence to operate. The trademark licence was granted in return for the payment of royalties proportional to the revenue earned by Gameloft SA. This agreement is one of Gameloft SA's regulated agreements.

In addition, the two companies collaborated on the launch of Nintendo DS games in FY 2004, 2005, 2006 and 2007. Since Gameloft SA had developed several titles for Nintendo DS but lacked the necessary experience and know-how to distribute them physically, Ubisoft Entertainment SA handled sales of the games among the distribution chains. Gameloft SA's Nintendo DS games were distributed in return for the payment to Ubisoft Entertainment SA of royalties proportional to the revenue earned.

Gérard Guillemot is Director of Gameloft SA and Longtail Studios Inc. Christian Guillemot is Director of Gameloft SA and Longtail Studios Inc. Gameloft SA distributed to its telecom operator customers the "Love Triangle" mobile game developed by the design studios at Longtail Studios Inc.

Messrs. Michel, Claude, Yves, Gérard and Christian Guillemot are Directors of Gameloft SA and Advanced Mobile Applications Limited. Gameloft SA distributed the mobile games developed by Advanced Applications Limited's design studios.

5.6 Interest of the senior executives

5.6.1 Compensation of the company managers

The following table gives a summary of the total gross compensation and benefits of any kind paid or owed for FY 2007 to each company manager either by Gameloft S.A. itself or by the controlled companies pursuant to Article L. 233-16 of the French Commercial Code or the companies that control it.

Amounts in euros	Gameloft SA	Gameloft Inc.	Gameloft Ltd.		Ubisoft Entertainment SA		Guillemot Brothers SA	TOTAL compensation for 2007
	Gross fixed compensation	Gross fixed compensation	Gross fixed compensation	Benefits in kind	Gross fixed compensation	Directors' fees	Gross fixed compensation	
Michel Guillemot	60,000	0	87,755	2,378	109,200	37,500	45,600	342,433

Claude Guillemot	60,000	0	0	0	109,200	37,500	45,600	252,300
Gérard Guillemot	0	71,240	0	0	109,200	37,500	45,600	263,540
Yves Guillemot	60,000	0	0	0	109,200	37,500	45,600	252,300
Christian Guillemot	60,000	0	0	0	109,200	37,500	45,600	252,300

Mr. Marcel Guillemot is not paid for his duties as a Director within the Gameloft Group.
No directors' fees were paid to Gameloft SA's company managers.

5.6.2 Obligations of any kind assumed by the company in favour of the company managers

No obligation has been assumed in favour of the members of the Board of Directors with regard to compensation, financial consideration or benefits owed or likely to be owed as a result of the discontinuation or change in their duties or subsequent to said duties, except as described in paragraph 15.1.

5.6.3 Stock option plan

The senior executives and members of the Board of Directors have the following options to buy or subscribe for shares:

	Stock options	Grant date	Expiration date	Price	Plan No.
STOCK OPTIONS GRANTED DURING FY 2006					
- Mr. Michel Guillemot	90,000	11/01/2006	11/01/2012	€5.35	6
- Mr. Christian Guillemot	90,000	11/01/2006	11/01/2012	€5.35	6
- Mr. Yves Guillemot	90,000	11/01/2006	11/01/2012	€5.35	6
- Mr. Claude Guillemot	90,000	11/01/2006	11/01/2012	€5.35	6
- Mr. Gérard Guillemot	90,000	11/01/2006	11/01/2012	€5.35	6
STOCK OPTIONS GRANTED DURING THE FISCAL YEAR					
- Mr. Michel Guillemot	270,000	03/01/2007	03/01/2013	€4.10	7
- Mr. Christian Guillemot	30,000	03/01/2007	03/01/2013	€4.10	7
- Mr. Yves Guillemot	30,000	03/01/2007	03/01/2013	€4.10	7
- Mr. Claude Guillemot	30,000	03/01/2007	03/01/2013	€4.10	7
- Mr. Gérard Guillemot	90,000	03/01/2007	03/01/2013	€4.30	7

5.6.4 Information regarding transactions carried out with members of the administrative and managing bodies

None

5.6.5 Loans and guarantees granted to or established in favour of the administrative and managing bodies

None

5.7 Employee profit-sharing

5.7.1 Incentive contract and profit-sharing agreement

The company has not established an incentive contract or profit-sharing agreement.

5.7.2 Options granted to personnel regarding the company's shares

The Combined General Meeting of 28 June 2007 authorised the Board of Directors to create stock option plans (cf. paragraph 2.2.1.3).

5.7.3 Stock option plan

The Combined General Meeting of 28 June 2007 approved the issuance of stock options (cf. paragraph 2.2.1.3).

5.8 Chairman's report on the conditions under which the Board of Directors' work is prepared and organised and on the internal control procedures implemented by the company

This report, prepared in accordance with Articles L. 225-37 paragraph 6 and L. 225-68 of the French Commercial Code, details the conditions under which the Board of Directors' work is prepared and organised, as well as the internal control procedures implemented by the company.

It describes the key components of the system implemented by the company in terms of organisation and procedures applicable to the company and to its subsidiaries whose financial statements are consolidated based on the full consolidation method. This report was prepared with the help of the company's Legal and Finance department and presented to the Board of Directors on 27 March 2008.

I/ CONDITIONS UNDER WHICH THE BOARD OF DIRECTORS' WORK IS PREPARED AND ORGANISED

1) The Board of Directors

a) Members

At 31 December 2007, the company's Board of Directors consisted of six Directors, none of which is independent as defined in the 2002 Bouton report.

Name	Start date of term	Expiration date of term
Michel Guillemot Chairman of the Board of Directors	3 December 2001 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Christian Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Claude Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Yves Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
Gérard Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008

Marcel Guillemot Director	Incorporation meeting of 1 December 1999 Term renewed on 27 June 2003	At the end of the AGM called to approve the financial statements for the fiscal year ended 31 December 2008
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Given Gameloft's small size, it did not seem necessary to appoint independent directors to the Board of Directors in 2007. In view of the company's adherence to the principles of corporate governance, it is possible that one or more independent directors may be appointed to Gameloft's Board of Directors in the future based on the company's growth.

Directors are appointed, reappointed or removed by the Ordinary General Meeting. Directors are appointed for six years. Their terms of office expire at the end of the Ordinary General Meeting called to approve the financial statements of the preceding fiscal year and held during the year in which their terms expire.

b) The Board's operation

The Board of Directors defines the company's general strategic policies, which are in turn implemented by General Management under its supervision. Subject to the powers expressly granted to shareholders' meetings and within the limits of the corporate purpose, the Board of Directors deals with all issues affecting the company's proper functioning and, through its proceedings, handles all matters concerning the company. In addition to the Board of Directors' meetings, each Director receives information on a regular basis from General Management regarding the company's business and current operations.

To help the Board members prepare their work and based on necessity, memoranda are sent in advance to the Directors. Minutes of the Board of Directors' meetings are prepared at the end of the meeting and sent immediately to all the Directors.

b) Board meetings

Board meetings are held at the registered office or any other place indicated in the meeting notice. For calculating the quorum and majority, Directors participating in the Board meeting via videoconference or telecommunication media are deemed to be present. However, the actual presence or presence by representation will be required for all Board proceedings related to the closing of the year-end and consolidated accounts, as well as the drafting of the management report and the report on the group's management. Pursuant to Article L. 225-38 of the French Commercial Code, the auditors were called to the Board meeting at which the year-end financial statements were reviewed and approved.

The Board met 13 times in 2007. The Directors attended the Board meetings regularly, with an overall attendance rate of 69.23% in 2007.

They participated actively and freely in the proceedings and contributed their knowledge and professional expertise in an effort to promote the general interest of the shareholders and the company.

Following are the main agendas of the meetings:

- 3 January 2007: Share capital increase following the exercise of 2006 SO & start-up company warrants.
Decision to create a stock option plan in favour of the group's employees.
- 4 January 2007: Creation of a subsidiary in Ukraine.
- 10 January 2007: Participation in the share capital increase of Gameloft Argentina SA.
- 29 January 2007: Extension of the corporate purpose of the Gameloft Romania SRL subsidiary.
- 16 February 2007: Amendment to the trademark licence contract made with Ubisoft Entertainment.
- 15 March 2007: Approval of the individual and consolidated financial statements for the fiscal year ended 31 December 2006. Proposed allocation of profit. Notice to attend the annual Ordinary General Meeting.
- 25 April 2007: Decision to set up a subsidiary in Belgium: Gameloft Sprl.
- 27 April 2007: Preparation of the report on the management planning documents for 2007. Power given to approve the accounts of the subsidiary in India.
- 15 June 2007: Decision to set up a subsidiary in the Czech Republic: Gameloft s.r.o.
- 30 July 2007: Decision to set up a subsidiary in Hong Kong: Gameloft Limited.
- 30 August 2007: Approval of the half-year accounts at 30 June 2007.
- 14 September 2007: Decision to set up a subsidiary in Australia: Gameloft Australia Pty Limited.
- 29 October 2007: Update of the report on the management planning documents for 2007.

d) Choice of General Management – Limitation of powers

At a proceeding held on 3 December 2001, the Board of Directors opted to combine the functions of Chairman of the Board of Directors and Chief Executive Officer of the company, with the Chairman of the Board of Directors also assuming responsibility for the company's general management.

The powers of the Chief Executive Officer and the Executive Vice Presidents are not subject to any statutory limitation or limitation imposed by the Board.

2) Specialised Committees

Appointments and Compensation Committee

- **Members**

This Committee is made up of Michel Guillemot, Chairman, who is assisted by Claude Guillemot.

- **Mission**

The role of the Appointments and Compensation Committee is to review the compensation of the members of the Board of Directors, the Chief Executive Officer and the Executive Vice Presidents and to decide whether it is appropriate to grant them stock options. The Committee will review candidacies and make proposals to the Board of Directors regarding the appointment or reappointment of Directors and, in particular, the selection of independent directors.

II/ INTERNAL CONTROL PROCEDURES

1) Definitions and objectives of internal control

Internal control is a process implemented by a company's general management and managerial and other personnel designed to provide reasonable assurance to the Directors, managers and shareholders that the following objectives are achieved:

- effectiveness and efficiency of operations,
- reliability of accounting and financial reporting,
- compliance with the laws and regulations in force,
- protection of assets, human capital and brands.

One of the objectives of the internal control system is to prevent and manage risks resulting from the company's activity and risks of errors or fraud, particularly in the accounting and financial areas. As with any type of control system, however, it cannot provide an absolute guarantee that these risks are completely eliminated.

The aim of internal control is therefore to:

- ensure that management activities, transactions carried out and employee behaviour are in line with the guidelines issued by the Board,
- ensure that transactions comply with applicable laws and regulations,
- prevent and manage risks inherent to the company's activity and risks of errors or fraud, particularly in the accounting and financial areas.

Internal control procedures related to preparing and processing accounting and financial information include those which allow the company to produce the financial statements and information concerning the company's financial position.

2) Scope of the internal control system

This report covers all controlled companies included in the group's scope of consolidation and describes the internal control system put in place by Gameloft to ensure the reliability of its individual and consolidated financial statements.

Each company applies the procedures, the main characteristics of which are summarised below. This internal control is based on the following key principles:

- recognition of the full responsibility of the managers of the group's companies,
- a system of regular financial reporting,
- a regular and/or occasional review of key points and of the company's activity.

3) General organisation of internal control

a) The players or departments involved in internal control activities

The Board of Directors

The composition of the Board of Directors and specialised committees and the way in which their work is organised contribute to the company's smooth operation in terms of effectiveness and transparency.

The Board of Directors represents, as a group, all shareholders and is required to act at all times in the group's best corporate interest. Its proceedings cover all issues that are vital to the life of the group, including in particular general strategic policies.

Other key players in internal control

Gameloft is organised into game development subsidiaries and marketing subsidiaries. The Gameloft Group's management, based in France, informs its subsidiaries of the strategic directions to follow and oversees their implementation.

The organisation of internal control is centred around three international departments:

- the Development department,
- the Publishing department,
- the Administrative department.

These three central departments are overseen by Gameloft's Chief Executive Officer, whose powers are derived from certain laws and regulations. The company has introduced a procedures manual and conducts application tests on a regular basis.

• Development department

The Development department oversees the activity of the mobile game development studios located in France, Spain, Canada, the United States, Japan, South Korea, Romania, Bulgaria, China, Vietnam, India, Mexico and Argentina. The studios report weekly to the Development department on the progress of the games currently under development. Publishing decisions for the development of new games are made by the Development department together with the Publishing department.

• Publishing department

The Publishing department oversees the activity of the mobile game marketing teams located in France, Germany, the United Kingdom, Spain, Italy, the United States, Canada, Japan, South Korea, China, India, Mexico and Argentina. These marketing teams handle the distribution and marketing of mobile games in the geographic areas for which they are responsible. The managers of these departments have broad latitude in terms of seeking out new partners to distribute the games. However, all partnership and game distribution agreements are approved by the Publishing department located in France, which facilitates monitoring and minimises risk. Each marketing subsidiary sends a detailed weekly account of its sales and marketing activity (new contacts, report of customer meetings, etc.) to the Publishing department.

• Administrative department

The Administrative department's areas of responsibility include cash flow management, monitoring of accounting and management rules, legal affairs, identifying external growth investments, finance, and relations with the financial community and shareholders. It also coordinates the company's corporate policy. The administrative departments at the registered office may be consulted by the company's subsidiaries outside of management channels. Each manager of a development or marketing subsidiary is a signatory on the subsidiary's bank account and manages independently its expenses and physical investments (limited for the most part to computer equipment). Every month, however, each subsidiary manager sends a detailed monthly income statement and a cash flow report to the Administrative department, which can then closely monitor changes in income and expenses on a global scale. These monthly income statements are then sent immediately to the company's two other departments, thus enabling them to monitor changes in the subsidiaries for which they are responsible.

The group's Legal department, which is part of the Administrative department, ensures the legal certainty of the group and its managers. The Legal department's duties include the formalisation and drafting of all contracts. It monitors laws and regulations in order to identify and anticipate changes to them. In addition, all lawsuits and pre-litigation disputes are monitored by the Legal department in close collaboration with law firms.

b) Management rules

Gameloft's management rules are founded on three basic principles:

- forecasts and actual costs come from the field;
- the quality of the forecasts is essential;
- management is consistent with the accounting records.

The monthly income statement is the basic management tool. The income statement is generated locally with the help of accounting software used at all the subsidiaries. Expenses are entered into this program by the accounting departments and income is entered by the subsidiary manager.

Each person is responsible at his/her level for the figures provided.

Prior to the start of development of any new game, forecasts are made regarding the composition of the development team, the amount of time allocated to development and the number of telephones on which the game will be developed. This work method makes it possible to determine with the greatest accuracy the estimated cost of developing each game and serves as an efficient alert system in case of a delay in development of the game. Any variance between estimated and actual costs is analysed and subsequent games benefit from the lessons learned. This forecasting tool is used to measure the performance of the development subsidiary managers.

The accounting records are the only management reference. There is therefore only one income: accounting income. It is the responsibility of the managers of the business subsidiaries to determine income, which is the true value of progress. Each manager is informed of the performance of his/her colleagues.

c) Internal control procedures related to the preparation and processing of financial and accounting information

Internal control procedures related specifically to the preparation and processing of financial and accounting information are designed to define and implement the accounting policy and manage resources and constraints in order to meet the company's objectives. The Administrative department prepares the financial and accounting information.

In terms of financial information, Gameloft has a decentralised organisation. Each subsidiary's financial statements are prepared by the local accounting and financial teams under the supervision of the subsidiary's managers.

Management control

Given the group's small size, there is no "Internal Audit" department. However, there is a "Management Control" department which is part of the Development department. The group's management control is the management control coordination unit which monitors all activity of the mobile game development studios at the group level.

Preparation of the individual financial statements

The Administrative department is responsible for preparing Gameloft's financial statements in a manner that ensures accuracy and compliance with the regulations of the market on which the company is listed: Euronext Paris – Segment B.

The accounting procedures are in line with the key objectives of completeness, precision, compliance of transaction recording with the applicable rules, and consistency of the recording method with the group's rules.

Specific procedures apply to the recording of entries that affect the main balance sheet, income statement and off-balance sheet items.

Preparation of the consolidated financial statements

The consolidated financial statements are prepared by the Administrative department based on data collected from the information systems and the financial statements prepared by the subsidiaries.

Since 2005, the group's consolidated financial statements have been drawn up in accordance with international standards (IFRS). They are prepared quarterly based on a schedule established by the Administrative department at the time of each closing.

The entities' consolidation reporting packages are completed by the subsidiaries' accountants. The Administrative department produces the consolidated financial statements for the entire group. It ensures that the source data submitted by the subsidiaries is consistent and that the consolidated financial statements are prepared in accordance with the rules and regulations in force and fairly present the group's activity and financial position.

Each quarter, the group announces its consolidated revenue. The group's consolidated financial statements are published twice a year. They are audited annually and undergo a limited review twice a year, as required by law. They are approved by the Board of Directors and then by the shareholders' meeting. Each year, the group also publishes financial documentation.

Collection procedures and off-balance sheet commitments

At the time of the half-year and annual account closings, the information needed to prepare the consolidated off-balance sheet commitments is collected by the Administrative department from all the company's departments and the group's subsidiaries.

The off-balance sheet commitments are validated finally by the auditors when they express their audit opinion on the financial statements.

Procedures for tracking operating assets

The group uses software applications to track assets for accounting purposes. At the time of each closing, the information from these applications is reconciled with the accounting records.

Financial communication

Aside from the Chief Executive Officer, the Administrative department is solely authorised to release financial information concerning the group and its strategy outside the company, and the Board of Directors is responsible for final approval.

Under the supervision of the Administrative and Finance Director, the group's Administrative Director, together with the Legal department, drafts the following documents:

- financial press releases,
- half-year management report,
- reference document,
- presentation for the General Meeting.

Financial information is released in strict compliance with the markets' operating rules and with the principle of equal treatment of investors.

Audit performed by the auditors

The ongoing and independent mission of the auditors of the company and its subsidiaries is to verify the company's values and accounting documents, ensure that the accounting records comply with the rules in force, and verify the fairness and consistency with the year-end financial statements of the information provided in the Board of Directors' management report and in the documents sent to shareholders regarding the financial position and financial statements of the group and its subsidiaries.

The auditors perform their work twice a year when certifying the half-year financial statements and the year-end and consolidated financial statements. They are routinely informed of specific significant operations.

The auditors are informed prior to the preparation of the financial statements and present a summary of their work to the group's Administrative department at the time of the half-year and year-end closings.

4) Action plan for improving internal control

Gameloft's general management is mindful of changes in the legal and regulatory framework of corporate governance and internal control.

In collaboration with the Board of Directors, it is introducing more stringent measures in both these areas, while endeavouring to ensure that all the company's management levels remain flexible and responsive.

In FY 2007, a great deal of emphasis was placed on auditing the existing procedures implemented by the three central departments. The group maintained light management structures while ensuring observance of the policy principles based on the autonomy of the operating entities in order to:

- ensure the proper application of rules and procedures,
- monitor changes in regulatory requirements,
- maintain effective management of key risks,
- guarantee reliable, regular and high-quality financial information.

Generally speaking, continuous improvement of the processes, standards and information systems remains one of the primary objectives and is in line with a three-fold commitment to operational efficiency, management and control.

Paris, 27 March 2008,

Chairman of the Board of Directors.

5.9 Auditors' report on the Chairman of the Board of Directors' report concerning the conditions under which the Board of Directors' work is prepared and organised and on the internal control procedures implemented by the company

In our capacity as auditors of Gameloft SA and in accordance with the provisions of Article L. 225-235 of the French Commercial Code, we present to you our report on the report prepared by the Chairman of the Board of Directors of your company pursuant to the provisions of Article L. 225-37 of the French Commercial Code for the fiscal year ended 31 December 2007.

The Chairman is responsible for giving an account, in his report, of the conditions under which the Board of Directors' work is prepared and organised and of the internal control procedures implemented at the company. It is our responsibility to give you our observations based on the information contained in the Chairman's report concerning the internal control procedures related to the preparation and processing of accounting and financial information.

We have performed our work in accordance with the professional standards applicable in France. These standards require that we follow certain procedures to assess the fairness of the information contained in the Chairman's report concerning the internal control procedures related to the preparation and processing of accounting and financial information. These procedures consist in:

- acquiring an understanding of the internal control procedures related to the preparation and processing of the accounting and financial information underlying the information presented in the Chairman's report as well as the existing documentation;
- acquiring an understanding of the work involved in preparing this information and of the existing documentation;
- determining whether any major weaknesses in internal control related to the preparation and processing of accounting and financial information detected by us during our audit are appropriately reported in the Chairman's report.

Based on this work, we have no observation regarding the information about the company's internal control procedures related to the preparation and processing of accounting and financial information, as contained in the Chairman of the Board of Directors' report, which was prepared in accordance with the provisions of the last paragraph of Article L. 225-37 of the French Commercial Code.

Rennes, 5 June 2008

The Auditors

AMLD AUDIT
André Métayer

MB AUDIT
Roland Travers